

Dysfunctional Markets, Propaganda & Goodhart's Law

1. Dysfunctional Markets

It would be inaccurate, and wrong, to bundle all landowners, developers and their consultants into the same basket of accusation of entirely selfish motives. However, when it comes to the housing market, the development sector has for many years successfully appropriated the widely accepted shortage of *suitable* housing to advance their own interests and maximise their profits.

Fair enough, you might think. It would be, too, if they hadn't largely taken control of the implementation of government housing policy while greatly influencing it. The result has been the proliferation of sub-optimal choices of type and location of new homes. Sub-optimal for UK society, that is, not for developers and landowners.

Now the renewable energy sector is falling into the same pattern, as if by default. Few people would question the urgent need to step up renewable energy capacity and phase out fossil fuels. Harnessing solar energy is one of the quicker means of doing so. But the solar energy sector is hijacking the issue and using propaganda to carve out an ever-larger slice for itself of the broader renewables market, particularly ground-mounted solar. As a lobbying entity, the sector has been increasingly successful at promoting itself while remaining insufficiently challenged by alternative, complementary or more imaginative approaches.

2. Propaganda

Take the recent proposal for Botley West Solar Farm in Oxfordshire, a solar installation that will cover an area of greenfield (and largely green belt) land the size of Heathrow Airport or nearly 2,000 football pitches. The proposer of this massive project, PVDP, published its Scoping Report in June 2023. This thinly disguised sales document quickly resorts to subtle and then blatant propaganda.

It claims that the revisions proposed to the government's *EN-3 Renewable Energy Infrastructure* "emphasise the central role that solar will play". In fact, EN-3 does not place solar above other renewables, referring to it correctly as "a [not the] key part"

with an “important role”. PVDP portrays Botley West’s generation output as “vitally important if the Government’s commitments are to succeed, significantly helping to deliver the transition to net zero.” Helpful, yes, but not vital.

Then the propaganda really kicks in: “The UK’s electricity needs will not be met by small, patchwork solar installations on roofs and wasteland”, it argues. But the reality is not simply a binary choice between either the all-singing all-dancing Botley West or a scattered collection of inadequate installations. Nor is the context confined to solar energy only; the Scoping Report makes no mention of all the other available or near-future carbon-saving means of reaching, or approaching, net zero.

Then comes the most egregious paragraph with the heading “Do Nothing”: “The consequence of a do-nothing scenario is that the need for renewable energy to displace fossil fuel energy sources, to provide the UK with energy security, and to achieve net zero by 2030 may not be met without the Project . . . A do-nothing strategy would materially undermine the Governments [sic] strategy.”

This paragraph is a striking misrepresentation of reality, for the following reasons:

- Who, apart from climate change deniers and some fossil fuel enthusiasts, is suggesting a do-nothing strategy, locally or nationally? The implication – an unjustified slur – is that anyone who opposes the size and location of this particular project is deluded.
- It assumes there are only two alternatives, Botley West or nothing.
- It ignores all the other renewable facilities up and running or granted approval in Oxfordshire alone, with more in the pipeline. According to CPRE Oxfordshire, the county already has solar capacity of over 800 MW in place or planned and approved – about the same as Botley West is proposing. The county also has wind, hydro and energy from waste resources.
- It claims that the government’s strategy is likely to fail (“be materially undermined”) without Botley West, because, as mentioned earlier, it is “vital” to the strategy. Not only is this claim breathtakingly self-important; it is almost an implied threat to The Planning Inspectorate and the Secretary of State – if you don’t approve our project as it is proposed, you will be responsible for policy failure.

3. Goodhart's Law

The outcome, or ultimate **target**, that most people recognise as desirable for the UK, and other countries, is energy security based on a transition from fossil fuels to renewables. There are a number of ways of achieving this – from solar, windpower and other renewable sources to carbon capture and storage, recycling, energy efficiency and nuclear, to name just a few. These are the **measures** being taken to reach the ultimate target and, as the word suggests, they can be used to measure progress. **Incentives**, financial or otherwise, have been and are necessary to encourage adoption of the measures.

In his recently published book *How to Expect the Unexpected*, Kit Yates cites Goodhart's Law: "When a measure becomes a target, it ceases to be a good measure." Furthermore, when the measure of progress is gameable, "the provision of strong incentives can actually lead to diminished, rather than improved, outcomes". In other words, if an incentivised measure is sold to government and the public as a target in itself of supreme importance, "then we might expect people to try to reach those targets by any route – not necessarily the optimal route we might have hoped for".

As it stands, the solar sector, and Botley West in particular, offers a good example of Goodhart's Law in action.

The financial incentives are clear. Just as in the housing market, solar businesses see a particularly profitable opportunity in ground-mounted solar on greenfield land; and landowners perceive that more money can be made from solar farms than agriculture. But there is another incentive of arguably greater importance, provided by the government: Nationally Significant Infrastructure Projects, or NSIPs.

NSIPs are very attractive to businesses. You would think that any project of national significance would need to be put out to tender in an open competition, in order to find the contractor, or contractors, most qualified to carry out the work. This is not the case. Qualification as an NSIP – in the renewables context a project of sufficient size in terms of generating capacity – allows the proposer of a project to bypass open competition.

But that is not all. Qualification as an NSIP means that local councils, who would normally be decision-makers on local planning applications, are reduced to the status of essentially powerless consultees, and local people are kept at more than one arm's length from the decision-making process. It is The Planning Inspectorate and the Secretary of State alone who take the decision to grant or deny approval for the project. Since the need for renewable energy is urgent and a policy priority, the odds are pre-stacked in favour of anything large enough to qualify as an NSIP, whether or not there are alternative renewable routes available locally or nationally, and whether or not there is a wider menu and better mix of land uses.

You would expect the solar sector to present itself, and in particular ground-mounted solar, as the best answer to the UK's renewable energy requirements. That's reasonable business practice; it's not a charity. But we don't have to buy the propaganda which, with the help of NSIPs, portrays the solar installation measure as a target of supreme importance, and one that is in danger of eclipsing the ultimate target. If the solar lobby achieves the same kind of influence and impact that volume house builders have acquired in the housing market, the renewables market will become equally dysfunctional, and the route to net zero will become seriously sub-optimal.

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