



Llywodraeth Cymru
Welsh Government

POLICY AND STRATEGY

Renewable energy deep dive: recommendations

Outcome of the exercise to identify opportunities to significantly scale up renewable energy in Wales.

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Strategy

Recommendations:

1. Our Vision is for Wales to generate renewable energy to at least fully meet our energy needs and utilise surplus generation to tackle the nature and climate emergencies. We will accelerate actions to reduce energy demand and maximise local ownership retaining economic and social benefits in Wales.
2. We will scale up local energy plans to create a national energy plan by 2024, mapping out future energy demand and supply for all parts of Wales to identify gaps to enable us to plan for a system that is flexible and smart - matching local renewable energy generation with energy demand.

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3. Our Net Zero Wales public engagement and behaviour change plans will help citizens to take action to reduce demand, improve energy efficiency and use energy in a way which supports our vision.

4. We want to see an easy to access advice service set up to help people improve the energy efficiency and smart performance of their homes and businesses as well as a ready supply of trusted suppliers and installers of low carbon heating systems in Wales. We will scope additional actions as we develop our future Warm Homes Programme and Heat Strategy.

Grid

5. We will step up our engagement with Ofgem to set out Wales' investment needs, with a focus on retaining value within Wales. We will set up a joint-working group to look at options for supporting new, flexible grid connections for renewables and energy storage solutions.

6. Building on the Future Energy Grid Project, we will press Ofgem to create a Wales Energy System Architect to oversee:

- a. Demand side flexibility, domestic, non-domestic and dedicated, including energy storage
- b. The mapping of fuel (& transport) poor households against Distribution Network Operators (DNO) current & predicted constraint management zones (where demand side response/flexibility has greatest system value) with a view to socialised deployment of low carbon flexibility technologies to these homes and households
- c. Smart solutions for transmission and distribution including the use of Artificial Intelligence (AI) to maximise the use of the existing network. Including development of requirements, funding and opening up to the market for innovation. Engagement and inputs required from across industry.
- d. Supporting business cases for whole system planning and bring together of plans across South, Mid and North Wales
- e. Competition for network build to decrease costs and accelerate build times
- f. Development of a detailed whole system plan covering transmission and

distribution

- g. Celtic Sea offshore network design and onshore reinforcements.

Consenting, licensing and supporting advisory arrangements

Recommendations:

7. We will undertake a review of consenting and supporting evidence and advice, to ensure a timely and proportionate process including:

- a. An end-to-end review of the marine licensing, consenting and supporting advisory processes to remove barriers, drawing on the work of existing groups
- b. A review of resource needs and options for consenting and advisory processes to keep pace with the growth in renewables, including an urgent review of resource needs and options for NRW's Offshore Renewable Energy Programme
- c. Identifying priority marine and terrestrial evidence gaps and mechanisms to fill them, to expedite the application process
- d. Reviewing and mapping the process for land based renewables installations to obtain an environmental permit, with a focus on emerging technologies
- e. Identifying options for releasing capacity and redirecting resource to agreed priority areas

We will report our findings during summer 2022, except for point b. which we will report on in spring 2022.

8. We will, with NRW and key stakeholders, identify marine 'strategic resource areas' by 2023 and provide guidance to signpost appropriate and inappropriate areas for development of different renewable energy technologies. Our marine planning, licensing and marine conservation policies will work together to provide a pathway for marine renewable developments.

9. While we pursue the devolution of the Crown Estate we will streamline the

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process for developing the Celtic Sea renewable energy projects including delegating offshore advisory powers from the Joint Nature Conservation Committee (JNCC) to NRW.

Finance

Recommendations:

10. We will set up an expert group to explore ways of drawing down additional investment in renewable energy generation in Wales. We will prioritise local and community ownership to maximise local economic and social value.

11. We will seek to create an alliance with devolved Governments to ensure the UK Government's Contract for Difference (CfD) process evolves appropriately to: (a) reflect the primacy of supply chain development and (b) to achieve a coherent and balanced development pathway for early commercial and emerging technologies.

12. We will look at the options to support local and community renewable energy generation through Non-Domestic Rates.

13. A working group will be set up to review options for how procurement can support the acceleration of renewable energy generation in Wales to maximise local economic and social value to include but not limited to:

- a. Improve procurement policy to incorporate social value including exploring with commercial developers how they can best meet local need.
- b. Options for utilising the buying power of the public sector in Wales to support reliable routes to market for community and public sector energy projects, including through long term Power Purchase Agreements.
- c. How advice and support services can better assist community energy developers access market opportunities.
- d. How to better engage the community energy sector in the Wales funding Programme.
- e. How best practice can be disseminated including feeding into the Welsh

Governments best practice group or the Procurement Centre for Excellence if established.

Opportunities to scale up Community and Local Energy in Wales

Recommendations:

14. We will scale up resources to support community and local renewable energy in Wales including:

- a. From the Welsh Government Energy Service with staff and financial support to ensure coverage for community owned heat, energy efficiency and transport project development (with continuation for renewable electricity) and support for shared ownership
- b. Action from government to encourage private developers to include options for shared local and community ownership including through tenders issued on public land.
- c. Welsh Government funding to build additional capacity in community enterprises to help them start to scale their work and mentor smaller organisations, to create a larger, sustainable sector.

15. We will ensure that community owned sector is involved and gains input into Ynni Cymru considering the following 3 options:

- a. The community energy sector has a stake in the publicly owned developer
- b. WG invest in an existing community energy organisation to deliver this work e.g., YnNi Teg, Egni or a Coop of Energy Coops
- c. WG invest in both the publicly owned energy developer and a community owned energy developer = two bodies with resource to develop projects.

16. We will improve access to the public estate for the community energy sector via (a) community enterprises have rights to first proposal if not developed by a public body (b) structuring tendering processes to favour socially minded projects / community schemes.

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17. We will finalise and publicise the guidance on shared ownership, including what meets the definition of 'shared ownership', and work closely with private developers to maximise impact. We will publish the guidance in spring 2022.

Opportunities to maximise Economic and social value in Wales

Recommendations:

18. We will work with the UK Government to bring new investment to ports in Wales. We will work with ports in Wales to identify opportunities for specialisation and collaboration, and to make Welsh ports investment ready. We call on The Crown Estate and UK Government to maximise the value of supply chain and infrastructure development opportunities in Wales from their leasing rounds.

19. As we develop a net zero skills action plan by spring 2022 we will support greater industry collaboration to maximise supply chain opportunities in Wales.

20. Working with industry, we will scope a programme of work to maximise the installation of renewables, flexibility and storage on business and industrial sites. The programme will explore mechanisms to support and de-risk investment.

Innovation

Recommendation:

21. We will call on Ofgem to develop a Welsh regulatory derogation to enable energy business model innovation in support of the wider recommendations of the Renewable Energy Deep Dive. The objectives of the derogation should include:

- a. Accelerate the scale-up of renewable energy in Wales

- b. Enable energy business model innovation
- c. Realise the benefits and wider co-benefits of renewable energy (from a Welsh and energy systems perspective)
- d. Unlock energy system value, such as that from demand flexibility customers and consumers peer to peer trading and local electricity supply
- e. Better engage and protect the interests of Welsh citizens.

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