



Llywodraeth Cymru
Welsh Government

GUIDANCE

Renewable Energy Deep Dive Biannual Recommendations Update 1

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

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1. Renewable energy vision

Recommendation

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.

Key highlights / milestones

This recommendation sets out the vision for renewable energy in Wales. The recommendations that follow will help deliver on the ambition to achieve this vision.

Through Net Zero Wales we committed to consulting on our renewable energy targets. The vision from this recommendation provides the context and the ambition for those targets.

Key highlights include:

- Working with an independent contractor to gather an evidence base to provide the baseline for how Wales can move to achieve the vision;
- Taking into account the evidence base, launching a formal consultation before the end of 2022.

Next steps towards completion

This recommendation is complete.

Given the implications our vision has for our consultation on Wales' renewable energy targets, the forthcoming actions linked to this recommendation are:

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- Publishing a consultation on Wales' renewable energy targets before the end of 2022;
- Publishing our updated renewable energy targets by Summer 2023.

2. National energy plan

Recommendation

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.

Key highlights / milestones

This recommendation is making steady progress. Building on the completion of four Regional Energy Strategies, and the successful delivery of two pilots of Local Area Energy Plans (LAEP) in Newport and Conwy, support is being provided on a regional basis.

Key highlights since the deep dive include:

- Appointing the Energy System Catapult (ESC) as our technical advisor to support the development of LAEPs across all Local Authorities in Wales by 2024;
- ESC working with the mid Wales region (Powys and Ceredigion) to develop their energy plans;
- Working with businesses who might deliver the energy plans for the three other regions (North Wales, South West Wales and Cardiff Capital Region) to promote the upcoming opportunity;
- Holding early engagement sessions with all regions and Local Authorities and agreed support packages to help deliver LAEPs with an agreed

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methodology;

- Establishing a National Advisory Group for the programme which will help drive our commitment for a combined holistic National Energy Plan by 2024.

Next steps towards completion

This recommendation is scheduled to be completed by 2024, once all LAEPs have been produced together with a combined National Energy Plan.

Our next steps over the coming 6 months include:

- Appointing suppliers to work with Cardiff Capital Region, Ambition North Wales and South-West Wales to develop LAEPs for their local authorities;
- Setting-up a local authority forum for collaboration and knowledge. The first forum took place on 13 September;
- Further meetings of the National Advisory Group;
- Engaging with key stakeholders to inform development of the energy plans.

3. Public engagement and behaviour change strategy

Recommendation

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.

Key highlights / milestones

This recommendation is progressing well as we seek to engage with the public to embrace the ambition of Net Zero Wales and drive behaviour change to

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effectively respond to climate change.

Key highlights since the deep dive include:

- Updating and republishing **Working Together to Reach Net Zero** in April 2022, with latest public pledges, case studies, inputs from our youth and further impact of COP26 and COP Cymru events;
- Publishing our **Stakeholder Engagement Plan** in June 2022, which sets out how we intend to grow momentum, stimulate ideas and strengthen the coalition of Team Wales on matters of climate change;
- Holding early engagement events with key stakeholders as well as internal cross-Government officials to shape our Behaviour Change Strategy.

Next steps towards completion

The majority of the work to implement this recommendation is expected to be completed within the next 6 months, although engaging with the public to improve energy efficiency, alongside the wider drive towards Net Zero, will be an ongoing Team Wales effort.

Our next steps over the next 6 months include:

- Publishing a draft Behaviour Change Strategy (currently expected late September 2022);
- Completing an open consultation of our draft Behaviour Change Strategy;
- Holding at least one blended engagement event to build on the success of Wales Climate Week 2020 and COP Cymru 2021;
- Publishing a final version of our Behaviour Change Strategy early in 2023;
- Revamping our web content and other tools to improve communication to go live in 2023.

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4. Energy advice: Warm Homes / Heat Strategy

Recommendation

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.

Key highlights / milestones

An easy to access advice service is linked to both the Welsh Government's emerging Heat Strategy and review of the Warm Homes Programme alongside the public engagement campaign on Net Zero Wales (see recommendation 3).

Key highlights since the deep dive include:

- Completing, in April 22, a public consultation on the future of the next iteration of the Warm Homes Programme;
- Ongoing development of a business case to inform options, including advice services, for the next iteration of the Warm Homes Programme (WHP);
- Appointing Carbon Savings Trust and Regen as independent expert advisors to support the development of our Heat Strategy;
- Ongoing provision of an advice service as part of the Nest demand led fuel poverty scheme led by British Gas/EST which typically provides tailored advice and refers to third party services to over 15,000 households per year.

Next steps towards completion

Our ongoing research will continue to inform the implementation of this recommendation. Next steps over the coming 6 months include:

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- Using the Lessons Learned and consultation responses to inform a policy direction for the new WHP by autumn 2022;
- Rolling out the new WHP, expected to be from 2023, which will be supported by Building Research Establishment (BRE);
- Conducting stakeholder engagement as we develop our Heat Strategy, which is due for publication at the end of 2023.

5. Ofgem engagement

Recommendation

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

Key highlights / milestones

Key highlights since the deep dive include:

- Regular ministerial and official engagement with Ofgem considering strategic investment in grid networks in Wales and discussing Ofgem's draft determinations on DNOs' business plans;
- Working with Energy System Catapult (ESC), our independent lead on the Future Grid Project, to agree modelling assumptions to create scenarios that will help identify the infrastructure investment necessary in most probable futures, to strengthen the case for investment.

Next steps towards completion

This recommendation will remain an ongoing priority for the Welsh Government.

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Our priorities over the next 6 months include:

- Working with ESC on Phase 2 of our Future Grid Project, leading to a set of network insights and a final action plan by Spring 2023;
- Establishing the routes for Welsh views to inform the development of routes to connect the proposed north-south transmission connection in Wales.

6. Wales Energy Systems Architect

Recommendation

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

1. Demand side flexibility, domestic, non-domestic and dedicated, including energy storage
2. 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
3. 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.
4. Supporting business cases for whole system planning and bring together of plans across South, Mid and North Wales
5. Competition for network build to decrease costs and accelerate build times
6. Development of a detailed whole system plan covering transmission and distribution
7. Celtic Sea offshore network design and onshore reinforcements.

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Key highlights / milestones

We have created a 'grid working group' of deep dive members to develop recommendation taking due account of developments since the deep dive reported. This working group will also consider how we implement recommendation 21.

The announcement from the UK Government to create a Future System Operator together with the publication of the Holistic Network Design proposal have been important developments to implement this recommendation.

Key highlight since the deep dive:

- Working with the 'grid working group,' we are assessing the need for a 'System Architect' and what its aims and objectives should be if it is to have meaningful value for Wales as an advocate or champion.

Next steps towards completion

This recommendation will remain an ongoing priority for the Welsh Government. Our priority steps over the next 6 months include:

- Working with the Energy System Catapult on Phase 2 of our Future Grid Project, the insights from which will help inform the need of/for a System Architect;
- Working with deep dive working group and a wide range of stakeholders to further shape the aims of the Systems Architect taking account of the announcement of a **Future Systems Operator** by the UK government and further information on the implementation of the Holistic Network Design through the Detailed Network Design;
- Considering synergies between this recommendation and the role of the National Infrastructure Commission for Wales's work on energy.

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7. NRW review

Recommendation

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

1. An end-to-end review of the marine licensing, consenting and supporting advisory processes to remove barriers, drawing on the work of existing groups
2. 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
3. Identifying priority marine and terrestrial evidence gaps and mechanisms to fill them, to expedite the application process
4. Reviewing and mapping the process for land based renewables installations to obtain an environmental permit, with a focus on emerging technologies
5. Identifying options for releasing capacity and redirecting resource to agreed priority areas
6. We will report our findings during summer 2022, except for point b. which we will report on in spring 2022.

Key highlights / milestones

This recommendation has involved extensive internal work within NRW and discussions between Welsh Government and NRW.

Key highlights since the deep dive include:

(a)

- Appointing a contractor to undertake an independent review of the marine licensing process as it applies in Wales.

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- In July, a series of consultee and stakeholder interviews were held to gather evidence on current processes. The evidence gathered will inform recommendations.

(b) NRW has completed a review of resource needs which has been fed into the independent review.

(c)

- NRW has published its **Marine and Coastal Evidence Priority Needs**
- NRW is also working with external partners on strategic offshore evidence initiatives (such as Defra's Offshore Wind Environmental Evidence Register, the Offshore Renewables Joint Industries Programmes for Offshore Wind and Ocean Energy, and Wales' Consenting Strategic Advisory Group Science and Evidence Subgroup) to address evidence gaps for both offshore wind and wet renewables.
- Noting that relevant environmental evidence is a shared responsibility of WG, NRW and developers, WG has also identified evidence needs to support marine planning for renewables.
- Further work expected on terrestrial evidence, dependent in part on the outcome of the above business case.

(d) Multiple relevant decision-making bodies identified to work on this recommendation collectively

(e) See b. This is now complete.

Next steps towards completion

Over the next 6 months our priority actions include:

(a) Final report on the end-to-end review of marine licensing, expected at the end of October. This will include a series of recommendations for improvements

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to the process.

(b) Further work to review the future resource needs to align NRW resources to fulfil the renewable energy sector needs.

(c)

- NRW to commission additional marine evidence, dependent on the outcome of the business case.
- Further collaborative delivery options to be identified for large and long-term evidence gaps.
- Scoping this autumn on priority environmental evidence needs for terrestrial renewables from NRW including assessing the best way to resource those evidence needs

(d) A scoping conversation is to be set up with all bodies involved in land-based permitting (e.g. WG, NRW, LAs etc)

(e) Complete.

8. Marine strategic resource areas

Recommendation

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.

Key highlights / milestones

This recommendation is progressing well with a mapping exercise underway and

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progress reported throughout the summer.
Key highlights since the deep dive include:

- Holding an introductory stakeholder event in March 2022;
- Completing stakeholder feedback exercises, enabling technical criteria to be agreed and initial baseline resource mapping to be undertaken;
- Completing a series of technical sector-specific stakeholder workshops to agree Strategic Resource Area (SRA) mapping criteria for each sector;
- Completing and publishing Habitat Regulation Appraisal and Strategic Environmental Assessment screening reports. Work commenced on Sustainability Appraisal;
- NRW progression of complementary environmental mapping exercise .

Next steps towards completion

This recommendation will be completed in 2023 when proposed marine strategic resource areas will be consulted upon.

Over the next 6 months our priority actions include:

- Circulating baseline resource maps to stakeholders in September 2022;
- Holding stakeholder events to discuss our approach to reflecting environmental considerations in SRA mapping in autumn 2022;
- Delivering the outputs of NRW environmental mapping exercise by end of October;
- Sharing the preliminary SRA mapping with stakeholders for discussion by end 2022;
- Finalising maps of proposed SRAs together with a Sustainability Appraisal report by spring 2023.

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9. Offshore Advisory Powers (JNCC to NRW)

Recommendation

While we pursue the devolution of the Crown Estate we will streamline the process for developing the Celtic Sea renewable energy projects including delegating offshore advisory powers from the Joint Nature Conservation Committee (JNCC) to NRW.

Key highlights / milestones

Key highlights since the deep dive include:

- Creation of a briefing paper for Welsh Government, by NRW, to explain the background to the delegation including how the approach has been adopted in England and Scotland;
- NRW initiation of discussions with JNCC to discuss the transfer of advisory powers in the offshore region;
- Sharing a draft forward plan for evaluating the delegation with JNCC.
- Continued discussions with The Crown Estate on how to maximise the economic and social value from offshore wind developments and actions for how the Crown Estate can provide greater clarity on future investment pipeline potential.

Next steps towards completion

Subject to agreement between Welsh Government, NRW and JNCC, over the next 6 months our priorities include:

- NRW and JNCC conducting a full review of delegation options in collaboration with JNCC and Welsh Government and in consultation with developers operating in Wales;

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- NRW and JNCC seeking final decision via Welsh Government, NRW Marine Programme Board and JNCC Committee and potentially put plans into delivery.

10. Investment group

Recommendation

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.

Key highlights / milestones

Key highlights since the deep dive include:

- Establishing an Investment in Renewables subgroup, comprising deep dive members and experts in the field. The group held a series of meetings and a workshop aimed at exploring models for financing and seeking investment in renewables projects and how the scaling up of renewable energy projects might be achieved in a way that retains wealth and value in Wales;
- Receiving input from the Development Bank of Wales and officials working on proposals for the Renewable Energy Developer to inform the range of options for financing renewable energy projects;
- Finalising a draft report to provide insight and recommendation on public, private and community financing of renewable developments.

Next steps towards completion

Outputs from the Investment in Renewables working group to be communicated once completed.

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11. Contract for Difference

Recommendation

We will seek to create an alliance with devolved Governments to ensure the UK Government's Contract for Difference (CfD) process evolves appropriately to:

- reflect the primacy of supply chain development and
- to achieve a coherent and balanced development pathway for early commercial and emerging technologies.

Key highlights / milestones

This recommendation is progressing although due to the risks around legal action by the EU, the focus has shifted away from an alliance of devolved governments instead towards seabed leasing rounds and actions that will secure local benefit for Wales.

Key highlights since the deep dive include:

- Holding meetings between WG Ministers and The Crown Estate (TCE) on the economic and social benefits to be secured for upcoming leasing rounds and the practical considerations of devolving the TCE to Wales;
- Holding meetings with officials and the UK government on the latest CfD proposals and the result of the latest leasing rounds for Wales.

Next steps towards completion

This recommendation will remain an ongoing priority for the Welsh Government ahead of each leasing round. Our priorities over the next six months include:

- Analysis of the Round 4 allocations to better understand the outcomes for

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Wales.

- Ensuring a ringfenced wave and tidal pot with sufficient capacity is provided for in the next leasing round.

12. Non-domestic rates

Recommendation

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

Key highlights / milestones

We have agreed to continue providing relief to community scale hydropower schemes in Wales. This intervention will ensure the schemes remain viable and deliver social and environmental benefits to communities in Wales.

Next steps towards completion

This recommendation will be progressing over the next 6 months. We are consulting on the reform of non-domestic rating in Wales. The consultation can be found here:

13. Procurement group

Recommendation

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

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local economic and social value to include but not limited to:

1. Improve procurement policy to incorporate social value including exploring with commercial developers how they can best meet local need.
2. 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.
3. How advice and support services can better assist community energy developers access market opportunities.
4. How to better engage the community energy sector in the Wales funding Programme.
5. How best practice can be disseminated including feeding into the Welsh Governments best practice group or the Procurement Centre for Excellence if established.

Key highlights / milestones

The value of a designated working group to pursue this recommendation is being considered following the conclusions of the Investment in Renewable Working Group. Completion of several elements of this recommendation have been achieved through current Welsh Government work.

Key highlights since the deep dive include:

- Recognising the progress already underway through WGES and CEW to disseminate best practice on procurement and ongoing support for renewable energy projects;
- Interrogating these themes through the Investment in Renewables group and the actual barrier that some of the suggestions pose.

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Next steps towards completion

This recommendation will be progressing over the next 6 months with officials and members of the deep dive analysing the options in relation to Power Purchase Agreements (PPAs) alongside wider support for procurement.

This will also feed into recommendation 16 on opportunities for community enterprises on access to the public estate.

14. Resources for community / local energy

Recommendation

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

1. 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
2. Action from government to encourage private developers to include options for shared local and community ownership including through tenders issued on public land.
3. 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.

Key highlights / milestones

This recommendation is progressing well with continued support for community and local energy from the Welsh Government.

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Key highlights since the deep dive include:

- Increasing funding for the Welsh Government Energy Service (WGES) to support community groups access grants to support their projects. The funding enables the groups to employ staff and explore opportunities for investing in shared ownership projects;
- Publishing more detailed guidance on our expectations, in terms of encouragement, for private developers to include options for shared ownership, (see recommendation 17).
- Feasibility analysis is underway on the Welsh Government Woodland Estate which will inform the development of renewable energy projects in public land.
- In March 2022, we awarded Community Energy Wales (CEW) with a four-fold increase of funding to deliver their three-year business plan.

Next steps towards completion

Recruitment for new positions within WGES and CEW will support the continued implementation of this recommendation.

15. CEW and publicly owned developer (Ynni Cymru)

Recommendation

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

1. The community energy sector has a stake in the publicly owned developer
2. WG invest in an existing community energy organisation to deliver this work e.g., YnNi Teg, Egni or a Coop of Energy Coops
3. WG invest in both the publicly owned energy developer and a community

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owned energy developer = two bodies with resource to develop projects.

Key highlights / milestones

There are two strands of activity to implement this recommendation.

Discussions continue on the implementation of the cooperation agreement to “work towards the creation of Ynni Cymru.

As those discussions continue, work continues withing Welsh Government on establishing a publicly owned renewable energy development function.

A key highlight since the deep dive included the appointment of a non-executive director to the Renewable Energy Developer interim board to represent the interests of community energy.

Next steps towards completion

This recommendation is complete with the investment in YnNi Teg and appointment of a community Board member to the public developer.

Over the next 6 months our priorities include:

- Continued discussions between the Welsh Government and Plaid Cymru on working towards the creation of Ynni Cymru.
- Welsh Government Ministers to agree the scope and scale of the publicly owned renewable energy developer in the autumn.
- Welsh Government and CEW to continue to review the capacity of YnNi Teg, and also consider the broader role of community groups in the energy transition.

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16. Community energy access to public estate

Recommendation

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.

Key highlights / milestones

The principal driver for this recommendation was access to the Welsh Government Woodland Estate. As noted above feasibility analysis is underway on the Welsh Government Woodland Estate which will inform the development of renewable energy projects in public land.

Next steps towards completion

Over the coming months we will work with CEW and WGES to provide guidance on the benefits from communities having access to the public estate.

As Local Area Energy Plans are developed, these will provide a solid basis for identification of potential joint projects for public bodies and the communities in the area.

The outcome of those considerations should result in improved access to the public estate for the community energy sector.

17. Ownership guidance

Recommendation

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

Key highlights / milestones

This recommendation is now complete with the publication of our [guidance document](#) on Shared and Local Ownership of Energy Projects in Wales. This publication followed on from our earlier [policy statement](#) on local ownership of energy generation published in 2020.

Key highlights since the deep dive include:

- Consulting on updated drafts with members of the deep dive group and the Welsh Government Energy Service;
- Publishing [Guidance](#) in June 2022 along with a [statement](#) of support from the Minister for Climate change.

Next steps towards completion

While this recommendation is now complete, ongoing work will continue to ensure we maximise the impact of this guidance by raising awareness with local authorities, community and commercial developers, other government bodies and relevant stakeholders.

Ongoing monitoring of our local ownership targets will be reported in our regular Energy Generation in Wales publication.

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18. Port and marine infrastructure (TCE and UK Government)

Recommendation

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.

Key highlights / milestones

Key highlights since the deep dive include:

- Working with Erebus to secure a Welsh Port as its preferred option for its project;
- Supporting applications for BEIS funding to support upgrades to the Floating Offshore Wind Manufacturing and Infrastructure Scheme (FLOWMIS).

Next steps towards completion

This recommendation will be an ongoing priority especially as FLOW opportunities are linked to the release of sea-bed leases as well as future decisions for the Contract for Difference process (see recommendation 11). Our priority actions over the next 6 months include:

- Discussions with the UK Infrastructure Bank on potential investment;
- Exploring a multiport strategy for Floating Offshore Wind (FLOW) by facilitating joint meetings to discuss a plan for the development of both Port

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Talbot and Pembroke;

- Investigating whether a 'risk-share approach' might be a feasible option, so that it includes match funding from Welsh Government, to raise funding for early-stage facilitative work for Port Talbot and Pembroke;
- Making the long-term investment business case for FLOW work from a revenue risk perspective, given the timing and visibility of the long-term development pipeline;
- Continuing to explore the opportunities to secure more funding for fixed wind in north Wales.

19. Net zero skills action plan

Recommendation

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.

Key highlights / milestones

This recommendation is progressing but to a revised timetable.

Key highlights since the deep dive include:

- Commissioning the Wales Centre for Public Policy to undertake a literature review on Net Zero Skills and test the findings with key stakeholders;
- Conducting extensive stakeholder engagement (internally and externally) to develop key actions/themes.

Next steps towards completion

This recommendation is due to be completed by the end of 2022 with an

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expected Net Zero Skills Action Plan published.

Our next steps over the next 6 months include:

- Further commissioning of evidence for a range of sectors, with expected consultation events being run during the autumn and winter 2022;
- Developing a pilot to test findings of skills gaps identified through the Personal Learning Accounts delivery;
- Final publication of Net Zero Skills Action Plan towards the end of 2022.

20. Industry renewable programme

Recommendation

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.

Key highlights / milestones

This recommendation is in progress with the newly established Net Zero Industry Wales set to take the lead in this programme.

Key highlights since the deep dive include:

- The **Ministerial announcement** of the formation of Net Zero Industry Wales;
- The recruitment of a CEO, and starting the process of the appointment of a chair and board to lead this work programme.

Next steps towards completion

This recommendation will lead to an ongoing work programme for Net Zero Industry Wales. Our priorities over the next 6 months include:

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- Completion of the governance of this body and an expected programme of works, including exploiting opportunities for industrial rooftop solar, to be published.

21. Welsh Regulatory Derogation with Ofgem

Recommendation

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:

1. Accelerate the scale-up of renewable energy in Wales
2. Enable energy business model innovation
3. Realise the benefits and wider co-benefits of renewable energy (from a Welsh and energy systems perspective)
4. Unlock energy system value, such as that from demand flexibility customers and consumers peer to peer trading and local electricity supply
5. Better engage and protect the interests of Welsh citizens.

Key highlights / milestones

This recommendation is in progress and is connected to recommendation 6. Key highlights since the deep dive include:

- Ministerial and official engagement with Ofgem about innovation and considering regulatory options within Wales;
- Working with a subgroup of deep dive members to interrogate the barriers to innovation within Wales as well as consider the aims of a Wales Energy Systems Architect (recommendation 6).

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Next steps towards completion

This recommendation will remain an ongoing priority for the Welsh Government. Our priorities for the next 6 months include:

- Using local energy plans (recommendation 2) to identify a series of challenges for the regulatory and funding regimes as evidence to present to Ofgem for a credible solution;
- Further shaping of the aims of the Wales Energy Systems Architect as a potential means for testing and championing innovation in Wales.

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