



Llywodraeth Cymru
Welsh Government

POLICY AND STRATEGY

Renewable energy deep dive biannual recommendations update 2

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

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Strategy

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

In January 2023 we published a consultation reviewing our renewable energy targets. This provided a series of proposals for Welsh Government to set a target:

- To meet the equivalent of 100% of our annual electricity consumption from renewable electricity by 2035, and continue to keep pace with consumption thereafter.
- for at least 1.5GW of renewable energy capacity to be locally owned by 2035, excluding heat pumps.
- for 5.5GW of renewable energy capacity to be provided by heat pumps by 2035, contingent on scaled up support from the UK Government and reductions in the cost of technology

Next steps towards completion

This recommendation is complete.

Given the implications our vision has for our consultation on Wales' renewable

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energy targets, the forthcoming actions linked to this recommendation are:

- Analysing responses to the consultation, which closes 18 April, and making any adjustments to the targets as necessary;
- 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 scheduled to be completed in 2024. LAEPs will form the foundation of the National Energy Plan (NEP). The NEP will also consider insights from the Future Energy Grids in Wales project, regional energy strategies, the emerging heat strategy and our energy targets.

Key LAEP highlights over this period include:

- Appointing suppliers to work with Cardiff Capital Region, Ambition North Wales and South-West Wales;
- Mobilising local authorities;
- Recruiting regional resource to support development of the LAEPs;
- Further meetings of the local authority forum;
- Further meetings of the National Advisory Group.

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Next steps towards completion

Our next steps over the coming 6 months include:

- Appointing suppliers to work with Cardiff Capital Region, Ambition North Wales and
- Wider engagement with local stakeholders to inform the LAEPs;
- Monitoring of progress to ensure timely completion of the LAEPs;
- A technical review of emerging LAEPs to ensure consistency with approved methodology;
- Defining and developing the NEP

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

Over the last 6 months the focus has been towards laying the important foundations for the new national public engagement programme which is due to go live this Summer. The main pieces of work have included:

- Publishing a draft '**Strategy for Public Engagement & Action on Climate Change**' for consultation between October-December 2022;
- Commissioning a panel of behavioural science experts to examine a range of social evidence using behavioural science techniques to identify the key

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barriers and motivations towards green travel, home energy, food and consumption behaviours;

- Building the foundations for the 'Climate Action Wales' national campaign and digital hub (website);
- Completing a review of our current approach to stakeholder and public engagement to ensure their involvement in the shaping of future policy solutions. The aim of this exercise is to consider opportunities for building on Wales Climate Week and conducting other year-round engagement with a particular focus on marginalised groups.

Next steps towards completion

The next steps towards completion will be as follows:

- Reviewing the responses to the consultation on the draft '**Strategy for Public Engagement & Action on Climate Change**' with a view to refining and publishing the final Strategy in the Summer;
- Launching the new national Climate Action Wales campaign and digital hub (in the Summer to follow the publishing of the Strategy);
- Working collaboratively with the sector policy teams to build a prioritised timeline for the introduction of the required policies and programmes identified in Net Zero Wales to enable people to adopt greener home energy, transport, food and consumption choices (on-going);
- Introducing a new bi-annual national tracking survey with a Welsh focus to continue to build on our baseline understanding around people's knowledge, awareness and attitudes on climate change (wave 1 survey anticipated to be undertaken in July);
- Considering the results of the review of our current engagement approach

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and the opportunity (and capacity) to deliver to a year-round programme of climate engagement events;

- Developing an evaluation framework to ensure the outcomes from this programme link to emissions reduction targets set out in our net zero pathways.to go live in 2023.

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

Heat Strategy

- We have concluded our review of published evidence and our pre-consultation stakeholder engagement. It confirmed our need for trusted advice and suppliers as part of a wider package of policies to support the implementation of low carbon heating solutions.

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Policy proposals have been developed in preparation for consultation and we have been assessing priorities, sequencing and reviewing inter-dependencies.

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Warm Homes Programme

- We have finalised the Lessons Learned and Government response to the Warm Homes consultation documents, which will be published in spring, alongside a policy statement for the new programme.

-

We have generated evidence, supported by Building Research Establishment (BRE), to underpin the next Warm Homes Programme.

Public engagement

- See the update to recommendation 3.

Next steps towards completion

Our next steps over the coming 6 months include:

Heat Strategy

- A public consultation on the Heat Strategy will take place in Summer 2023;
- The outcome of the consultation will inform the content of the final Strategy, to be published by the end of 2023.

Warm Homes Programme

- We expect to invite tenders for the new Warm Homes Programme in the summer, including an element of advice services and procure the new programme by the end of the calendar year.

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Public engagement

- See the update to recommendation 3.

Grid

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 October 22:

- Continuing engagement including the Ofgem board GEMA's visit to Wales, which included site visits to see evidence of key issues with grid in Wales.
- Progressing the Future Grids for Wales project including workshops with network officials on emerging insights, conveyed in a public webinar;
- Discussing with National Grid their process for developing route options for the proposed north-south transmission connection in Wales.

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Next steps towards completion

Our priorities over the next 6 months include:

- Publishing the final report of the Future Grids for Wales project in May and establishing next steps;
- Continuing dialogue to inform the development of the proposed north-south transmission connection in Wales;
- Working with networks on opportunities around innovation and digitisation in the sector.

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:

- 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

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- f. Development of a detailed whole system plan covering transmission and distribution
- g. Celtic Sea offshore network design and onshore reinforcements.

Key highlights / milestones

We have worked with members of the Deep Dive group to further shape the concept of an Energy System Architect. Following the announcement of a Future System Operator for the GB system, we agreed that many of the functions envisaged for the WESA were likely to fall to this body, evolving from the ESO. We are working on proposals to focus thinking on remaining priority areas.

We have made significant progress with local energy plans following the appointment of delivery contractors for all regions. Plans are on track for completion by March 2024 and we are developing thinking on aggregating them with other work to develop the National Energy Plan.

We are working with networks and businesses to develop a digital twin of Welsh electricity networks to maximise network uses.

Next steps towards completion

Our next steps over the coming 6 months include:

- Continuing to develop thinking on the need for additional capacity to maximise the development of flexibility assets and the use of smart solutions, working towards smart local systems that retain benefit locally. This activity will seek to plug any remaining gaps in Wales as the FSO is established.
- Actively looking for opportunities from our energy planning programme to develop innovative pilots around smart energy systems.

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Consenting and licensing

7. NRW review

Recommendation

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.

Key highlights / milestones

- (a) An independent review of marine licensing has been undertaken to consider where improvements could be made to the process. Officials have been working with Natural Resources Wales on the outcomes of the review to ensure the process is fit for purpose, supporting our ambitions for marine

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renewable energy and healthy seas.

(b) The review was completed and a proposed Service Level Agreement setting this out submitted to WG detailing the resources required to deliver the end-to-end service including advisory, evidence and consenting. NRW is in ongoing discussions with WG regarding funding and indications are that a proportion of the required funding will be made available. Those discussions also include identification of priorities for allocation of the available funding, recognising that the number of renewable energy proposals is already increasing significantly.

(c) An updated set of **priority marine and coastal evidence gaps** has been published on the NRW website (Natural Resources Wales / Marine and coastal evidence priorities). A high proportion of these relate to offshore renewable energy. Some of these are being progressed by NRW (e.g. methods for modelling fish encounter and collision rates for tidal range developments), or likely to be progressed in 2023 (e.g. levels of marine mammal bycatch is there in the Welsh Zone) but resource constraints and the complexity of the evidence needs mean that only a small number of priority evidence need can be progressed under the current funding arrangements.

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

(e) Complete

Next steps towards completion

Over the next 6 months our priority actions include:

(a) Publishing of the end-to-end review of marine licensing, which includes a series of recommendations for improvements to the process.

(b) Welsh Government will provide £0.95m of addition funding in 2023/24 to

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allow NRW to deliver the recommendations of the Marine end-to-end review.

(c) Progress of the fuller evidence programme, both marine and terrestrial, is dependent on the outcome of the business case.

NRW will also continue to work with external partners on strategic offshore evidence initiatives.

NRW are investigating options for collaborative projects with universities but these are dependent on the universities being able to secure research funding.

(d) Further discussion with relevant decision makers to take this element forward.

(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

Additional work has been undertaken over this period to consider approaches to environmental considerations (including reviewing findings of Habitat Regulation Appraisal and Strategic Environmental Assessment screenings). This has led to an adjustment in delivery timescales, with consultation on draft SRAs now expected in autumn 2023.

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Key highlights over this period include:

- Holding two stakeholder events to discuss our approach to reflecting environmental and cultural & socio-economic considerations;
- Circulating baseline resource maps and validating these with stakeholders, displaying this mapping interactively on the Wales Marine Planning Portal;
- Receipt of initial outputs of NRW environmental mapping exercise;
- Undertaking additional work, in consultation with NRW, to review findings of Habitat Regulation Appraisal and Strategic Environmental Assessment screenings;
- Commencing work with regulators to discuss guidance requirements to support implementation of SRAs.

Next steps towards completion

Over the next six months, our priority actions include:

- Holding the final stakeholder mapping event;
- Receipt of updated environmental mapping from NRW;
- Developing guidance and supporting material to sit alongside SRAs;
- Developing SRA mapping for consultation;
- Preparing for consulting on draft SRAs later in 2023, including drafting potential Marine Planning Notice(s) for consultation.

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.

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Key highlights / milestones

Key highlights include:

- Scoping and agreeing a draft plan between Welsh Government, NRW and JNCC;
- Identifying implications, including resource implications, for a transfer of responsibility.

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 Welsh Government, and Defra and in consultation with developers operating in Wales;
- NRW and JNCC seek final decision via Welsh Government, NRW Marine Programme Board and JNCC Committee and potentially put plans into delivery

Finance

10. Investment group

Investment group

Recommendation

We will set up an expert group to explore ways of drawing down additional

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investment in renewable energy generation in Wales. We will prioritise local and community ownership to maximise local economic and social value.

Key highlights / milestones

Since the Investment in Renewables subgroup report officials have been working on delivering the recommendations arising from that report. Update provided below

Next steps towards completion

This recommendation is complete. We will continue to take forward the recommendations from the Investment in Renewables report.

Investment in Renewables sub-group recommendations

Recommendation

1. The Welsh Government should explore developing a partnership initiative/ Charter with the commercial renewable energy sector: the sector committing to standards on local and community benefits, supply chain benefits; and the Welsh Government committing to supporting the vision for Wales to be a net exporter of renewable energy, publishing updated renewable targets and clarity on community ownership requirements.
2. As Welsh pension funds look to implement their legal requirements to manage their funds and supervise risks, including protecting the pension funds from financial risks relating to climate change, Welsh Ministers will continue engaging on the opportunities for investment in renewable energy project in Wales through existing mechanisms such as the Partnership Council. The renewable energy sector also has an important role in promoting opportunities to invest in renewables in Wales. The Welsh

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Government will facilitate investment, for instance by bringing pension fund managers and renewables developers together to explore these opportunities further.

3. DBW should continue to develop the business case for investing in renewable energy developments. Investment by DBW should plug identified gaps where the existing models for local and community ownership is not possible. Returns from investments should support economic and social investment in local communities.
4. The Welsh Government should review progress in implementing the grid recommendations from the deep dive and wider UK reforms. If, following that review, the scale and pace of change remains insufficient to meet Wales' needs, it should review and seek to make use of all the practical levers that Welsh Government can exercise to encourage direct investment in the grid infrastructure in Wales.
5. With additional funding provided to CEW to promote community share offers, work needs to be completed to understand why take up in Wales is lower than the UK average. CEW needs to be able to demonstrate the positive impact of their activity and ensure people have adequate protection when considering an investment. CEW should report back to the Welsh Government on the effectiveness of the additional funding and report any funding gaps, should there be any.

Key highlights / milestones

Key highlights over the last 6 months include:

Sector Deal

- The Welsh Government has already delivered on some of the aspects of the initiative/charter in publishing the revised renewable energy targets consultation and the updated guidance on local and community ownership. The Welsh Government are in discussion with Renewable UK Cymru on the best way to take forward the development of a partnership initiative/charter

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with the commercial renewable sector in Wales.

Opportunities for using Welsh pension funds

- Agreement that the Welsh Government would work with the public sector to agree a strategy to decarbonise public sector pensions by 2030, to bring them into line with current public sector net-zero targets.
- Meetings between Welsh Government and the Wales Pension Partnership (WPP) officers to discuss the details of this work.
- Placing Decarbonising Local Government pensions on the agenda for the November 2022 Partnership Council for Wales. The Wales Pension Partnership provided an update on progress and plans for decarbonising the pooled Local Government pensions. The approach was supported and members were keen for local government and Welsh Government to work together on the matter.
- Meeting between the First Minister met with Jack Sargeant MS and Bleddyn Lake of Friends of the Earth Cymru, in January 2023, to discuss what more can be done to encourage and support Local Government pensions to decarbonise and move towards net zero, noting that Welsh Government has no statutory ability to impose targets. Following the meeting it was agreed that Jack Sargeant would discuss the issue further with the WLGA and others, to develop the thinking and a firm proposal.
- As part of the Renewable Energy Development programme, discussions are starting to be held with Local Government Pensions authorities to explore interest in investing in wind energy, subject to appropriate due diligence.

Development Bank of Wales's support for renewables

- Discussions between the Development Bank of Wales (DBW) and renewable energy developers to understand any funding gaps, which could be filled directly by DBW or through funding a local community group;
- DBW continuing to offer funding from the Welsh government backed Local Energy Fund to support smaller developers with local based energy

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solutions;

- Launching DBW's Green Business Loan Scheme, which provides support for businesses to invest in their decarb journey, a number of the initial applications have been to support the installation of solar.

Implementation of Grid Recommendations:

- See above for grid update.

Implementation of CEW Recommendations:

- See below for CEW update.

Next steps towards completion

Over the next 6 months our priority actions include:

- Exploring and capitalising on opportunities to support the investment in renewables in Wales.
- Attending the WLGA organised Climate Change event (under the Leadership strand of the Climate Support Programme that WG provides funding towards) to build on previous conversation on the decarbonisation of pensions and discuss whether we can commit to decarbonising Welsh public sector pensions by 2030 in line with our public sector net zero carbon ambition.
- Continuing to push the agenda for decarbonising local government pensions at the Partnership Council for Wales.

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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:

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

Key highlights / milestones

We continue to press the UK Government for our key asks around the Contracts for Difference and will continue pushing for the process to secure long-lasting benefits for the communities that host renewable developments.

Key highlights include:

- Analysing the Round 4 allocations to better understand the outcomes for Wales.
- Highlighting to the UK Government the risk that the strike price for floating offshore wind may be insufficient to support this emerging technology, and could dent investor confidence.
- Pressing for a more generous ringfenced wave and tidal pot with sufficient capacity for projects in Wales to progress.

Next steps towards completion

This recommendation is complete, and our work to influence future auction

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rounds of the Contracts for Difference has now moved into business as usual.

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

Key highlights include:

- Consulting on the reform of non-domestic rates in Wales, and have published a summary of the responses to the consultation.
- Assessing the continuation of relief to community scale hydropower schemes in Wales to ensure they remain viable and deliver social and environmental benefits to communities in Wales.

Next steps towards completion

Over the next 6 months our priority actions include:

- Considering options for providing long-term relief for local and community renewable energy generation.

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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 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.

Key highlights / milestones

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.

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Next steps towards completion

We have arranged a session to work through PPA options and analysis and understand how we might unlock options for communities. We are engaging with CEW and WGES to understand what the options for a PPA would look like. We are also engaging with our Welsh Government procurement colleagues to understand if there are any barriers to procurement, they can help communities / public sector organisations overcome.

Community and local energy

14. Resources for community / local energy

Recommendation

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.

Key highlights / milestones

This recommendation continues to progress well with continued support for community and local energy from the Welsh Government.

Highlights over the last 6 months include:

- CEW's recruitment of a new team, which will support the continued implementation of this recommendation;
- Continuing work with CEW and WGES to provide guidance on the benefits from communities having access to the public estate.

Next steps towards completion

Priorities over the next 6 months include:

- Developing plans with the newly appointed Welsh Government Energy Service to support communities in engaging with private developers;
- Considering options for funding resource grants to community groups to employ people locally to speed up the delivery of existing projects and start to develop new work;
- Considering how additional funding to Community Energy Wales, could support communities to engage directly with the Local Area Energy Plans being developed by all local authorities, to support expansion of community energy and the development of SLES within the plans;
- Using the above to ensure that community voices are directly heard and help shape the plan development, as well as communities understanding the opportunities for locally led action the plans will identify.

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15. CEW and publicly owned developer (Ynni Cymru)

Recommendation

CEW & Publicly Owned Developer (Ynni Cymru)

We will ensure that the 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.

Key highlights / milestones

Key highlights include:

- Discussions between the Welsh Government and Plaid Cymru on working towards the creation of Ynni Cymru.
- Welsh Government Ministers agreeing the scope and scale of the publicly owned renewable energy developer.

Next steps towards completion

Over the next 6 months our priority actions include:

- As these separate strands of activity continue, we will engage with the community sector.

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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

We have completed the review of opportunities across the Welsh Government Woodland Estate. We are progressing early feasibility of the most promising sites as we continue to prepare for the company's launch in April 2024. The community non-exec Director on our Board continues to challenge the programme to consider community involvement.

Once the developer is established, we will work with NRW and communities to identify areas of the estate that may be of interest to communities and ensure the principles behind any tender exercise support social/community outcomes.

As Local Area Energy Plans are developed, these will provide a solid basis for identification of further 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, particularly when supported by the Energy Service to highlight the benefits of such cooperations.

Next steps towards completion

We expect to be in a position to develop this work later in 2024 following the establishment of the company.

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

Reporting of our local ownership targets will be reported in our regular Energy Generation in Wales publication

Next steps towards completion

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Economy and social value

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

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).

- Early stage support through match funding of up to £1m has been provided to Port Talbot and discussions are continuing with Pembroke Port;
- A financial model has been developed and discussed with the ports, exploring the revenue risk perspective, given the timing and visibility of the long-term development pipeline. A refined model will be used to explore discussions and possible options with possible co-funders – the Crown Estate, UKIB and UKG.

Next steps towards completion

Our priority actions over the next 6 months include:

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- Discussions with the UK Infrastructure Bank on potential investment – planned for the next 3 to 6 months, linked to the bullet below;
- Progressing a multiport strategy for Floating Offshore Wind (FLOW) for the development of both Port Talbot and Pembroke. The two ports have jointly bid with local authority partners for freeport status and have linked their bids for FLOWMIS funding (final process/announcement awaited);
- Continuing to explore the opportunities to secure more projects from 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

The Net Zero Skills Action Plan was published on 28 February 2023. It includes 7 key areas for action:

- Gain an understanding of the current skills position for each emission sector;
- Build a shared understanding of net zero skills across Wales;
- Grow a skilled workforce to meet our net zero commitments;
- Strengthen the skills system;
- Promote opportunities for early years and young people to realise their potential;
- Cross-government and partnership approach to meet our skills commitment;
- Just transition.

The plan is available here: [Net zero skills action plan](#)

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Next steps towards completion

This recommendation is complete.

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

Key highlights over this period include:

- Net Zero Industry Wales (NZIW) becoming an incorporated company with a Board of Directors;
- NZIW working on a bid for a Launchpad, which is a UK Gov funded programme;
- Following the launch of the South Wales Industrial Cluster (SWIC) Industrial Cluster plan working with industry to develop pathways to decarbonisation.

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:

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

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published;

- Continuing the collaboration to progress the SWIC Industrial Cluster plan.

Innovation

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:

- 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.

Key highlights / milestones

We have worked with the team bringing the FLEXIS energy innovation programme to a close and identified areas for continuing collaboration between academia, regional energy teams and businesses. As yet we have not identified any specific projects where a derogation is needed.

The Optimised Retrofit Programme is piloting projects around innovative business models and unlocking system value. We continue to monitor and prepare to share key insights.

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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. With plans due to be complete in March 2024 we envisage this work being carried out later that year.

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