

# Green Growth Wales: Local Energy



Llywodraeth Cymru  
Welsh Government

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Leading on  
local generation

Removing  
barriers

Supporting  
local action

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to finance



# Foreword



The energy system is in a period of transition, offering a huge opportunity for the people of Wales to take control of their own energy needs. We are already delivering support to reduce the amount of electricity used in homes and workplaces, increase the amount of renewable energy generated locally, and use local grid infrastructure more effectively. However, if we are to create local energy systems that work for Wales, and fulfil their potential to tackle poverty, we need an approach to local energy across the spectrum of energy generation, distribution, supply and demand reduction. This approach will also be guided by our responsibilities under the Wellbeing of Future Generations (Wales) Act.

The Welsh Government has achieved great success in improving the energy efficiency of low income households and deprived communities across Wales. We must build on this strong foundation, and continue to increase the rate at which all our homes and businesses become more energy efficient, creating good quality jobs in installation and maintenance, reducing the demand for energy and helping to meet our climate change targets.

Our vision is to see all communities and businesses using locally generated electricity and heat, from a range of renewable installations, to supply local demand and to minimise our dependence on central generation. This local generation can deliver decent jobs locally in installing and maintaining the renewable technologies and the systems used to manage them. It also reduces the need for more transmission and distribution infrastructure, the cost of which is currently applied to electricity bills. And by harnessing innovation such as smart grids, meters and storage we can also help householders and businesses use less energy, or use it at times when energy is less expensive. Although this needs a major change in the way we think about energy, it can put the job of powering Wales into the hands of people in Wales.

We have already done much to support this transition, and I am determined that we will accelerate its pace and capture more of its benefits for the people of Wales. We will accelerate this change by:

- setting a clear direction for local energy;
- removing barriers to generation, where this is right and responsible;
- supporting people and organisations to find and develop new projects; and
- enabling access to capital funds for energy projects.

By using our natural resources in the most effective and sustainable ways, we will create the local energy systems that Wales needs, tackle poverty for the long term and put Wales at the forefront of carbon reduction – and the Welsh Government is committed to actively leading this change, working closely with communities and businesses across Wales.

A handwritten signature in black ink, reading 'Carl Sargeant'.

**Carl Sargeant AM / AC**

Minister for Natural Resources

# A vision for local energy in Wales

## How will our energy system look in the future?

- Small and medium renewable energy generators are connected within communities and businesses, and with the smarter use of technology and storage, reduce the need for major grid infrastructure.
- Renewable energy installations are developed as part of local plans, benefit the local area, and are consented through straightforward and proportionate planning and permitting regimes.
- Work on energy efficiency and renewable energy is part of a programme delivering a zero carbon Welsh public sector.
- People generate energy at home and work, and have the knowledge and tools to use it more effectively.
- Long-term fuel poverty is in decline as we live in more energy efficient homes, and people and communities have access to locally generated energy.

## Key benefits

- Our clear and stable direction encourages investment, supporting jobs, clean local energy supply, and benefits to local people and local businesses.
- Wales is more resilient to fluctuations in energy prices, which protects income for homes and businesses.
- Clean and sustainable energy enables Wales to meet climate change commitments.
- Generating and using energy locally helps reduce the need for expensive and visible power lines.
- A thriving sector creates prosperity through good jobs installing and maintaining energy generation and efficiency projects.
- Benefits from local projects provide funding directly to communities to meet local priorities.
- People have the opportunity to invest in local projects, with a fair return.
- Support for innovative technologies through the risky stages has developed new technology jobs in Wales.
- Investment in smarter technology, systems and processes releases resource that can be used to deliver other broader benefits.
- Communities build pride in their places through harnessing the benefits of their natural resources.

# Leading on local generation

## Recent successes

- We have supported 250 community energy initiatives, resulting in 9 new social enterprises and 58 projects that have been built or are in development across Wales.
- Our Building Regulations in Wales set minimum energy efficiency targets for new buildings, and require developers to consider high-efficiency alternative energy systems including local renewable sources, before work starts.
- We are working with Bridgend County Borough Council on an innovative Smart Systems and Heat programme, which will receive support and expertise to develop district heating solutions.
- We have supported local authorities to collaboratively procure long term sustainable solutions for processing residual and food waste. Energy from waste and anaerobic digestion plants are generating renewable electricity through the sustainable processing of residual and food waste through these facilities.

## Actions over the next 12 months

- We will continue to urge the UK Government to set appropriate levels of support for renewable technologies.
- We will set out a clear pathway for decarbonisation in Wales by strengthening our legal framework through the Environment Bill.
- The Minister for Natural Resources will be working with local authorities and other stakeholders across Wales, setting out his ambitions and working collectively to accelerate progress on this agenda.
- The Minister will write to local planning authorities setting out the expectation that they will plan positively for renewable and low carbon developments with appropriate spatial policies in their local development plans.
- We will publish the Welsh National Marine Plan which will promote renewable projects in Welsh waters, maximising benefits to Wales and safeguard marine resources.
- Alongside actions to generate local energy, a new Energy Efficiency Strategy for Wales will set out how we will help households, businesses and the public sector to reduce energy use.

## Further Actions

- The Planning Wales Act will establish a National Development Framework which will help Welsh Ministers to make decisions on Development of National Significance including renewable energy generation schemes between 25 and 50 MW.
- We will move to carbon budgeting which will help guide delivery and prioritise action. Our aim is to set out a clear pathway within the context of our existing UK and EU obligations for at least an 80% reduction in emissions by 2050.
- We will develop a programme aimed at generating more energy from the industrial and commercial waste that cannot be recycled.
- Building upon the success of the current municipal food waste programme, we will encourage the development of further anaerobic digestion infrastructure for the treatment of commercial food waste.
- We will review Part L of the Building Regulations to help us to meet the EU obligation to achieve “near zero energy” new buildings by 2018 in the public sector and 2020 for all new buildings.
- We will develop and promote smart living demonstrators to improve resource efficiency and increase the benefits to Wales from innovation.
- We will work with the agriculture and land based industries to increase the supply of renewable energy projects and provide sustainable supply chains for local biomass installations.

## Removing barriers

### Recent successes

- We have worked with Distribution Network Operators and Ofgem to identify actions to improve access to constrained electricity networks.
- Natural Resources Wales has streamlined the process for issuing abstraction licences for hydropower projects, speeding up the process particularly for low risk schemes, reducing the amount of evidence needed during licencing and therefore the cost.
- We have held a series of workshops on non-traditional business models, in order to represent Wales' views to Ofgem on their role in regulating a system that enables a broader range of suppliers to flourish.

## Actions over the next 12 months

- The Minister for Natural Resources will continue to meet with key stakeholders to understand and agree the removal of barriers to development.
- We will continue to work with network operators to help local energy generation schemes to connect to the grid and we will support innovation to reduce the need for connection.
- We will continue to work with network operators and Local Authorities on innovative ways to reduce capacity that can be rolled out elsewhere.
- We will identify strategic barriers to clusters of Welsh energy generation projects and collectively remove the barriers. This will involve innovation, working with academic partners, technology providers and distribution network operators.
- We will continue to streamline the permitting and consenting processes, whilst protecting our natural resources for future generations, including:
  - continuing to work with conservation bodies and decision makers on consents in our wave and tidal test and demonstration zones, to encourage developers to test in our waters;
  - co-funding a UK wide marine energy research partnership to de-risk and accelerate the consenting of marine renewables by addressing priority environmental issues;
  - reviewing the scope to reduce the need for environmental impact assessments for smaller scale wind energy developments;
  - reviewing the scope to further extend permitted development rights for non-domestic solar renewable energy development in Wales.
- We will continue to fund research and evaluation to provide evidence for our own and others' delivery work on energy projects.

## Further Actions

- We will work with local authorities to help improve local development plans and Wellbeing Plans, ensuring that they include positive and proactive policies for local renewable energy.
- We will consider the options available to us to help local authorities adopt a more consistent approach to landscape sensitivity assessments.
- We will develop more demonstrator projects that help to remove barriers through using innovative or technology, systems and processes solutions.

# Supporting local action

## Recent successes

- The Resource Efficient Wales service was launched in October 2014 to help people, businesses and the public sector to take control of their energy use and generation.
- We have worked with partners and provided support to develop a pipeline of community, local authority, Smart Living and Natural Resources Wales energy projects.
- We have provided public bodies with commercial expertise to help in delivering local energy generation and efficiency projects.
- Our Register of Community and Economic Benefits sets out how local communities have received support from energy developers to fund local priorities.
- We have worked with food and drink businesses in Wales on the competitive advantages that efficient energy use can bring.

## Actions over the next 12 months

- We will continue to refine and expand our advice and support services for local renewable energy projects, including:
  - Increasing the range of support provided by the Resource Efficient Wales service, helping people, businesses and the public sector to take control of their energy use and generation;
  - Launching a new package of support for local generation, including support for communities and commercial energy developers to share ownership of renewable projects;
  - Continuing support to local authorities to generate energy from food and residual waste;
  - Continuing to work with Community Energy Wales and other third sector organisations to develop community capacity to take forward local action.
- We will provide a range of new and updated advice and guidance, which will help people deliver projects, including:
  - revised practice guidance for local authority planners on renewable and low carbon energy development and how to assess the potential in their area;
  - guidance and training to local communities and local planning authorities on community renewable energy projects;
  - a community renewable energy toolkit that will help communities deliver local energy projects more efficiently and quickly. Local energy delivers broader community benefits such as ownership of an income stream that can tackle poverty and deprivation;
  - guides for small builders that will help them meet the 2014 changes to Part L energy requirements for Wales.
- The Marine Planning Portal will help the marine energy industry identify areas for development and areas of constraint, encouraging the right schemes in the right places.

## Further Actions

- The Rural Development Plan will work with other services to promote on farm energy generation, and bring together farmers and landowners with communities to develop local community projects.
- Ongoing support for Smart Living demonstration projects, which will ensure that Wales is at the cutting edge of new developments.
- We will develop a future pipeline of green investment projects by providing funding mechanisms and technical expertise to find projects and speed up development.
- We will develop support mechanisms to enable people to invest in renewable energy schemes in Wales.

# Access to finance

## Recent Successes

- Under Ynni'r Fro, we have provided grants to community groups to scope and develop renewable energy projects and established a revolving loan scheme to provide capital funds to build them.
- We have worked with finance providers to increase their understanding of renewable energy projects, and bring investment into Wales.
- We have supported community groups to develop share offers, and schemes that we have supported have raised well over a million pounds so far.
- We have committed £5 million this year to increase and accelerate green investment in Wales, including energy generation, energy efficiency and waste projects. Our aim is to promote investment that reduces carbon emissions, covers its own costs, creates public sector savings or income over the longer term, and creates economic benefits including employment.

## Actions over the next 12 months

- We will provide grants to local authority area based energy efficiency schemes this year, which will leverage in additional support from large energy suppliers through the Energy Company Obligations scheme.
- We will continue to invest capital in local renewable energy generation schemes.
- We will be making a further statement on actions to accelerate investment in energy generation, energy efficiency and waste projects.
- We are helping Bridgend Council to access funding from the Energy Technologies Institute Smart Systems and Heat Programme to deliver two district heating schemes.



## Further Actions

- We will be making significant additional investments in Welsh-owned energy generation and energy efficiency projects from 2016/17.
- The Welsh Government has committed over £120m to local authority regional waste treatment infrastructure projects so far, and will continue to support this programme.
- The Rural Development Plan will support rural energy generation and energy efficiency through the Rural Community Development Fund and the Sustainable Production Grant.
- We will develop a number of Smart Living demonstrator projects, and work across Welsh Government and stakeholders to enable them to access funding and support to ensure that they are delivered.

If you would like further information on the work described in this document please go to the Welsh Government website or contact the Renewable Energy team

[www.gov.wales/environmentandcountryside](http://www.gov.wales/environmentandcountryside)

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