

Integrated Natural Resource Scheme: Project Delivery - Rationale for Including Renewable Energy Elements in INRS Projects

Introduction

The Integrated Natural Resources Scheme (INRS) funding is delivered under the Sustainable Land Management (SLM) objectives of the Agriculture (Wales) Act 2023, which include:

- Producing food sustainably
- Mitigating and adapting to climate change
- Maintaining and enhancing ecosystem resilience
- Conserving cultural and natural resources

Rationale for Including Renewable Energy Elements

The INRS guidance encourages agricultural businesses to manage energy effectively by adopting energy efficiency and energy-saving practices and generating renewable energy on their land. Projects will score highly if they demonstrate and evidence a lasting positive impact for environmental, social, cultural, and economic well-being.

A project focus can include priorities such as nature-based solutions, increasing renewable energy, or resource efficiency. This is clearly set out in the guidance and doesn't preclude any specific energy efficiency improvements.

When the scheme was initially designed as an integrated scheme to deliver the priorities of the NRP, it by definition also needed to include energy efficiencies. This may need to be reviewed for future Windows but should be considered in scope due to its inclusion in the current guidance and the notified Subsidy Scheme.

Conditions for Funding Renewable Energy or Energy Efficiency under INRS

The following conditions are intimated in the guidance:

- Not standalone: Renewable energy installations (e.g., solar PV, wind, heat pumps) or energy efficiency upgrades must be integrated into a collaborative project that delivers environmental benefits at a landscape or catchment scale.
- Collaborative approach: Projects must involve multiple stakeholders (farmers, foresters, land managers, NGOs, etc.).
- Strategic fit: The renewable energy element should contribute to climate mitigation/adaptation and ecosystem resilience, not **just** reduce costs for individual holdings.
- Scale and impact: Funding is aimed at actions that complement nature-based solutions (e.g., powering water management systems, supporting habitat restoration, notably improving resource efficiencies) rather than purely commercial energy generation.

The table below demonstrates that 100% intervention has been granted in the past by Welsh Government; however, there are no current specific schemes available for the agricultural sector at time of writing.

Schemes in Wales supporting Renewable Energy Generation

Scheme Name	Type	Eligibility	Funding Amount	Application Link	Status/Notes
Future Proofing Fund	Business Grant	SMEs in Wales (1–249 employees, trading since Apr 2023)	£5,000–£10,000	https://businesswales.gov.wales/future-proofing-fund	Now closed, only for retail, hospitality, or leisure sectors (75% costs)
Ynni Cymru Capital Grant	Business/Community	Local energy projects, Smart Local Energy Systems	Up to £10 million	https://www.gov.wales/ynni-cymru-capital-grant-funding-programme-2025-2026-guidance-html	For linked smart energy local systems. 100% Intervention for Communities CiCs etc.
Local Authority Grants	Business	Varies by council; check local decarbonisation plans	Typically £1,000–£10,000	Local council websites	
Smart Export Guarantee (SEG)	Incentive	Businesses & households with solar PV installed	Variable (payment for exported energy)	https://www.ofgem.gov.uk/environmental-and-social-schemes/smart-export-guarantee-seg/smart-export-guarantee-seg-generators	The Smart Export Guarantee (SEG) enables small-scale generators to receive payments from electricity suppliers for electricity which they export back to the National Grid, providing certain criteria are met. (Post installation benefit to business).
ECO4 Scheme	Residential	Low-income households or those on benefits	Up to 100% funding	https://ecoschemewales.com	100% intervention but to qualify, you must own your home or rent privately in Wales and either receive certain benefits like Universal Credit, Tax Credits, Pension Credit, or

					have a household income below £31,000. Your property must also have a low energy efficiency rating of D, E, F or G.
Nest Scheme	Residential	Fuel-poor households in Wales	Free energy efficiency improvements	https://nest.gov.wales	Advice scheme links to support for eligible house owners (see above)
Green Homes Wales	Residential	Homeowners in Wales	Interest-free loans (£1k–£25k) + grants	https://energysavinggrants.org/your-guide-to-the-green-homes-wales-grant-who-qualifies-and-how-to-apply/	Interest free loans (repayable over 10 years) for home owners
VAT Relief	Residential	All domestic solar installations	0% VAT until March 2027	https://www.gov.uk/guidance/vat-on-energy-saving-materials-and-heating-equipment	

Recommendations for Funding Renewable Energy or Energy Efficiency under INRS

These recommendations are only valid for the Window 1 of the INRS. Any subsequent windows may exclude this element in the integrated approach or focus on a specific priority.

It is recommended that 100% intervention rate can be applied for all renewable energy actions within the projects subject to investment panel approval and conditions below.

To ensure compliance with INRS objectives and demonstrate robust planning, any proposal incorporating renewable energy or energy efficiency measures should be accompanied by comprehensive documentation and commitments, as outlined below:

1. Supporting Report

A detailed report must be submitted, providing:

- **Baseline Metrics:** Current energy consumption, carbon emissions, and resource use.
- **Current Energy Profile:** Including hydrocarbon transportation and other relevant considerations.
- **Justification for Increased Energy Use:** Where applicable, explain additional requirements arising from innovative or environmental improvements (e.g., overwintering energy costs for destocking, solar-powered pumps).

2. Project Rationale

Clear evidence that renewable energy integration contributes to:

- Climate change mitigation and adaptation.
- Environmental and social benefits aligned with INRS objectives.
- Long-term sustainability and resilience.

3. Community Energy Integration

Where relevant, provide details of:

- Community energy systems (e.g., hydropower, wind turbines).

- Coordinated smart electric energy networks.
 - Collaborative governance and benefit-sharing arrangements.
-

4. Monitoring and Evaluation Plan

A robust plan must include:

- **Performance Monitoring:** Track changes in energy use, carbon reduction, and efficiency gains.
 - **Environmental Impact Assessment:** Document improvements such as air quality, reduced traffic erosion, improved insulation, and reduced consumption.
 - **Net Zero Alignment:** Demonstrate contribution toward carbon neutrality targets.
-

5. Maintenance and Reporting Commitments

- **System Maintenance:** Maintain installed systems for the duration of the project plus a minimum of five years post-completion.
- **Impact Reporting:** Regular reporting against agreed metrics, evidencing outcomes