



Llywodraeth Cymru
Welsh Government

From:

Energy Division

Cleared by:

Date:

16 January 2026

MINISTERIAL ADVICE

For decision by: Cabinet Secretary for Economy, Energy and Planning

Copied to: Cabinet Secretary for Finance and Welsh Language and Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs

Subject	Energy Division Finance 2026-2027
100 word summary	<p>This advice sets out the Energy Division's proposed expenditure on activities for 2026/27, within:</p> <ol style="list-style-type: none">1. BEL 1280 – Green Energy2. BEL 3772 - Ynni Cymru and3. BEL 2809 - WGES (this is part of the CCRA MEG that is the responsibility of the Cabinet Secretary for Economy, Energy and Planning). <p>This provides an opportunity for the Minister to consider financial allocations against Ministerial priorities.</p>
Timing	Routine.
Recommendation	<p>The Cabinet Secretary for Economy, Energy and Planning to agree the proposal within this advice.</p> <p>The Cabinet Secretary for Finance and Welsh Language is invited to note this advice.</p> <p>Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs is invited to note the expenditure against BEL 2809 with Welsh Government Energy Service (WGES).</p>
Decision report	This decision does require a Decision Report, which may be published no earlier than the 31 March 2026.

ADVICE

Background

1. This advice sets out how the Energy Division plans to spend the proposed financial allocations agreed for BELs 1280, 3772 and 2809 to fund the priorities indicated by current evidence and policy. This will allow existing delivery to continue following the election in May 2026, whilst enabling the priorities of a new Welsh Government to inform future plans.

Table 1 - 2026-27 Final budget allocations for Green Energy BEL and Ynni Cymru BEL

2026/27 Final Budget Allocations		
BEL	Revenue	Capital
1280 Green Energy		
3772 Ynni Cymru	£2,470,000	£10,000,000
Total		

Table 2 – 2026-27 Seeking agreement in this advice

2026/27 Seeking agreement in this advice		
BEL	Revenue	Capital
1280 Green Energy		
3772 Ynni Cymru	£158,833	£10,000,000
Total to be agreed in this Advice		
2809 WGES (in CCRA MEG)		
Total to be agreed in this advice		

2. The Energy Division has three priority areas of work: policy and evidence, delivering Ministers' statutory duties relating to fossil fuel and carbon capture and storage ("CCS") licensing and policy delivery, including support for renewable energy projects. These activities are aligned to delivering on The Well-being of Future Generations (Wales) Act 2015 and contributing to the following well-being goals in that Act: 'a prosperous Wales', 'a resilient Wales', and 'a globally responsible Wales'.
3. The Energy Division's work aims to lead Wales's transition to a net zero energy system, delivering the 2035 target to generate 100% of Wales's electricity demand from renewable generation and supporting the target for Wales to be net zero by 2050. Our policies also explicitly support local ownership and value retention in Wales. The ambition is to meet this by scaling up of generation in a way that also supports benefit retention in Wales including through a local ownership target of 1.5GW by 2035.

4. The Energy Division’s work has a strong focus on jobs and growth and on energy’s role in the productive functioning of the economy in a just society. The Prif Weinidog has been clear about her ambitions for jobs and growth. Programmes and activities funded through this advice will support projects that will deliver renewable energy generation and support the transition away from dependency on fossil fuels whilst supporting existing and creating new jobs.
5. The work described in this advice also includes measures to accelerate our Net Zero ambitions across the public sector, outlined in the Welsh Government’s “Net Zero Strategic Plan¹”. Measures supported in this advice will deliver improved energy efficiency, heat and generation across the public sector in Wales.
6. The Energy Division is responsible for exercising the Welsh Ministers’ statutory duties and driving policy development in relation to petroleum licensing and coal extraction.
7. Activities are listed below, with a financial breakdown to support activities, attached at annex 2.

Green Energy BEL 1280

The total revenue and capital split for BEL 1280 is below:

Total Revenue to be agreed in this MA	
Revenue Funding previously agreed in MA-RE-2314-25	
Total Capital to be agreed in this MA	

Revenue activities in BEL 1280 for 2026-2027

Energy Policy Development work

- 8.
- 9.

Energy Division subscriptions and purchase of data

- 10.

Policy work on Grid in Wales

- 11.
- 12.
- 13.
- 14.

Programme funded staff in Energy Division

- 15.

Fossil fuel regulation

- 16.

¹ <https://www.gov.wales/sites/default/files/publications/2022-12/welsh-government-net-zero-strategic-plan.pdf>.

Regional and Local Energy Plan delivery

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18.

Funding for PHD placement

19.

Trydan Gwyrdd Cymru (Trydan)

20.

21.

22.

Welsh Government Energy Service Prep-Grant

23.

Support for Community Energy Wales (CEW)

24.

Capital activities in BEL 1280 for 2026-2027

Local Energy Grant for community energy projects

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26.

27.

Capital investment supporting renewable energy supply chain projects in Wales.

28.

Ynni Cymru BEL 3772

The total revenue and capital split for BEL 3772 is below:

Total Revenue in be agreed in this MA	£158,833
Revenue Funding previously agreed in MA-RE-2314-25	£2,311,167
Total Capital to be agree in this MA	£10,000,000

Revenue activities in BEL 3772 for 2026-2027

Ynni Cymru

29. This funding is ring fenced for Ynni Cymru and activities that support the community energy sector. We are currently funding Local Partnerships to employ a team to deliver the Ynni Cymru programme while we consider the form that Ynni Cymru should take in the long term. As proposals are developed, a future

proposition and options will be shared with Ministers. For 2026-2027, officials propose to continue with the pattern of work delivered in the previous 2 years and work on any transitional arrangements once proposals are agreed.

30. Priorities for this year include managing the capital grant, providing technical advice to communities on grid connections, batteries and smart systems, using the Ynni Cymru projects to identify changes to the regulatory and funding regime to allow projects to scale up without support, and finalising proposals for future options for Ynni Cymru.
31. You agreed funding (in MA/RE/2314/25) of £2,318,021 inclusive of VAT for the Ynni Cymru team. This advice confirms the final value which will be awarded to the Ynni Cymru team in local partnership for 2026-2027 will actually be £2,311,167. The small difference is as a result of the need to ensure continued level of funding to the WGES delivery team who administer and support projects in the Ynni Cymru scheme alongside local partnership.
32. Revenue funding from this BEL is also allocated to the Welsh Government Energy Service to administer Ynni Cymru grants to community energy organisations and monitor/support their delivery, in conjunction with the Ynni Cymru team. Funding of £158,833 will be available. This is slightly lower than 2025-2026 level and could result in a reduced level of delivery, which will need to be managed by the Welsh Government delivery team.

Capital activities in BEL 3772 for 2026-2027

Ynni Cymru

33. The total capital available to support community, public sector and SME proposals for smart local energy systems remains at £10,000,000. In the current year, additional capital was provided to increase the figure to £12.9 million. This advice proposes the allocation remains at £10,000,000 investment in 2026-2027. Should demand for the scheme again exceed the budget, advice will follow using all available capital funding within clean energy, specifically capital funding for community and local energy projects.

Welsh Government Energy Service (WGES) BEL 2809

Total Revenue to be agreed in this MA	
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Revenue activities in BEL 2809 for 2026-2027

Welsh Government Energy Service (WGES)

- 34.
- 35.

Financial Implications

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42. To mitigate any risks in delivery, all new projects that require Ministerial oversight will not proceed without consideration by the new government. For example, the Ynni Cymru Capital Grant and Local Energy Grant schemes will be developed, but no new projects in 2026-2027 will be awarded until after the new Government is in place. This will be the same for any new policy announcements.
43. Following the Senedd elections in May 2026, any incoming Government retains the right to review, amend, or discontinue existing policies and financial commitments.

Value for Money

44. Officials consider this expenditure provides value for money. Delivering on the programmes covered in this advice will, for example, support the need to decarbonise energy, develop the equivalent of what Wales consumes in energy annually from clean green energy, support local generation targets and ultimately support the energy transition. This will help to address rising cost of energy bills, tackle fuel poverty and support jobs in Wales.

Recommendation:

45. Officials recommend the Minister agrees to energy officials committing expenditure in line with budgets, as set out in this advice and in the financial breakdown attached at annex 2. Officials will monitor and manage the overall level of expenditure to remain within budget.

Programme for Government

46. Energy Division is responsible for six Programme for Government (PfG) commitments. This advice outlines investments and activities which will contribute to further delivery of PfG commitments. These include:
 - Upholding our policy of opposing the extraction of fossil fuels in Wales, both on land and in Welsh waters, using the powers available to us
 - Expanding renewable energy generation by public bodies and community groups in Wales by over 100MW by 2026.
 - Supporting innovation in new renewable energy technology.
 - Pursue devolution of powers needed to help reach net zero, including management of the Crown Estate in Wales.
 - Working towards the creation of Ynni Cymru, a publicly owned energy company for Wales (Cooperation Agreement).
 - Developing a Tidal Lagoon Challenge and supporting ideas that can make Wales a world centre of emerging tidal technologies.

47. This allocation of funding will support the advancement and final year of delivery against these commitments, giving continuity for existing service users whilst allowing time for any successor programmes to be developed in line with the new Governments ambitions.

48. Ynni Cymru was established in 2023 and has delivered nearly £23 million in capital funding to 80 projects across Wales. This advice supports a third year of activity, during which officials will present options for the future of the scheme and put new delivery arrangements in place for the following year.

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Legal Issues, Powers and Statutory Duties

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Novel and Contentious Issues

58. The allocation of the energy division budget is not considered to be novel or contentious. Where any individual measure is considered contentious, officials will submit separate advice.

Communications and Media Handling

59. We do not intend to make a public announcement about this allocation. Communications and media work will be delivered at a scheme or project level.

BEL 1280 – Revenue		
(Budget activity code – for administration only)	Description	Revenue budget allocation
	Trydan Gwyrdd Cymru	
	Energy Policy work	
	Energy data purchases and evidence, including subscriptions	
	There will be no spend on marine in 2026-2027.	
	Work on advancing grid policy and delivery work of the IAG	
	Programme funded staff	
	Petroleum policy and delivery work	
	Regional energy planning and delivery teams	
	Community Energy Wales funding	
	Support for delivery work	
Total		
BEL 1280 - Capital		
(Budget activity code – for administration only)	Description	Capital budget allocation
	Capital for Trydan	
	Capital for the Local Energy prep grants delivered by WGES	
	Capital for renewable energy related supply chain investment	
Total		

BEL 3772 – Revenue		
<i>(Budget activity code – for administration only)</i>	Description	Budget allocation revenue
	Revenue to pay Ynni Cymru team in Local Partnership	2,311,167
	Pay Welsh Government Energy Service (WGES) to support Ynni Cymru scheme with public sector projects	
Total		2,470,000
BEL 3772 – Capital		
<i>(Budget activity code – for administration only)</i>	Description	Budget allocation capital
	Capital on Ynni Cymru projects administered by Local Partnership	5,000,000
	Capital on Ynni Cymru projects administered by WGES	5,000,000
Total		10,000,000

BEL 2809 – Revenue		
Description	Budget allocation revenue	
WGES support development of community generation and public sector generation where not directly associated with buildings		
WGES support strategic action to implement local area energy plans.		
Total		