

# **Ynni Cymru**

## **Capital Grant**

## **Funding Scheme**

## **2026-27**

### **Scheme Requirements and Guidance**

**IMPORTANT NOTICE – Due to the Senedd Election in May 2026, applicants must note that the decision on allocating funding to a 2026-27 grant programme will be for the Welsh Government following the election.**

# Contents

Purpose of this document .....	4
Ynni Cymru Grant Overview .....	5
Scheme Delivery and Administration.....	5
Funding Availability and Key Requirements.....	5
Application Checklist.....	6
Application and selection process overview.....	8
Changes to Project Site After Submission .....	8
Mandatory Scheme Requirements .....	9
Who Can Apply .....	9
Collaborative Applications .....	9
Eligible Technologies.....	10
Eligibility - Consents, Permissions, and Site Readiness.....	13
Minimum Match Funding Requirement .....	15
Assessment Criteria .....	17
Alignment with Smart Local Energy System (SLES) principles.....	17
Deliverability .....	18
Benefits.....	21
Project Costs and Procurement.....	24
Good Practice and Expected Behaviours (Not Assessed) .....	32
Ethical Supply Chains.....	32
Industry Standards .....	32
Data Protection.....	32
Grid Resilience .....	33
Waste Disposal.....	33
Important Information .....	35
Legal Status, Liability and Programme Conditions.....	35
Payment of Grant Funding.....	36
Contact Information and Support.....	38
Glossary of Terms.....	39
Appendix 1 – SLES Systems .....	41
Appendix 2 – DNO .....	43

Appendix 3 – Planning Permission .....	44
Appendix 4 – Assessments and Surveys.....	48
Appendix 5 – Other Funding Schemes .....	50
Appendix 6 – Pre-funding Conditions .....	53
Appendix 7 – Questions and Answers from Ynni Cymru Capital Grant Scheme Webinar .....	55

## Purpose of this document

This document provides guidance to support applicants applying to the Ynni Cymru Capital Grant Scheme 2026–2027. It explains the scheme’s mandatory requirements, assessment criteria, and good practice expectations.

Applicants must meet all mandatory scheme requirements to be eligible for funding. Assessment criteria will be scored and form part of the funding decision. Good practice guidance is included to support high-quality project delivery but is not assessed.

This document is provided for guidance only and has no legal effect. The legal basis for any award is set out in the Conditions of Welsh Government Standard Grant Award Letter issued to successful applicants.

## Ynni Cymru Grant Overview

The Welsh Government, through Ynni Cymru, is supporting the delivery of Smart Local Energy Systems (SLES) across Wales. Up to £10 million in capital funding is available under the Capital Grant Phase 3 scheme.

Funding may only be used for eligible capital works delivered within the grant timeframe. Any costs incurred before the issue of the Welsh Government Grant Award Letter, or at any point outside the grant period, will be ineligible.

The scheme is delivered through two application pathways:

- **Pathway 1** – Smart Local Energy System projects
- **Pathway 2** – Innovative Smart Local Energy System projects

Applications are assessed competitively within each pathway against the following criteria:

- Alignment with Ynni Cymru's SLES principles
- Project deliverability
- Benefits to the organisation, local community, environment, and any wider impacts
- Project costs, procurement approach, and value for money

A 5% assessment uplift will be applied to projects that meet the minimum threshold score and deliver benefits in areas within the highest levels of deprivation, as measured by the Welsh Index of Multiple Deprivation (WIMD). Applicants can check their area using the WIMD lookup tool - [here](#).

## Scheme Delivery and Administration

The Welsh Government Energy Service (WGES) will administer and manage grant recipients within the public sector and some community energy organisations on behalf of Ynni Cymru. This includes oversight of grant claims, monitoring, reporting, and compliance with grant conditions. Applicants should be aware that WGES may act as the primary point of contact for delivery, assurance, and audit purposes following award.

## Funding Availability and Key Requirements

To be eligible for funding, projects must meet the following requirements:

- Projects must be fully completed and delivered by 31 March 2027.
- Minimum match funding contributions are:
  - 25% for public sector organisations
  - 25% for SMEs
  - 0% for community organisations and social enterprises
- Projects must fall within the relevant pathway funding thresholds:
  - Pathway 1: £25,000 – £299,999.99 per project

- Pathway 2: £300,000 – £999,999.99 per project
- Each application must relate to a single SLES (integrated multi-site systems are permitted)
- Maximum grant award:
  - £999,999.99 per project
  - £999,999.99 per organisation (across all applications)

Funding availability and award levels are subject to subsidy control requirements. Further detail is provided in the Important Information section of this guidance.

The deadline for applications is 12pm on the 21 May 2026 and projects must be completed by the 31 March 2027.

## Application Checklist

The lead applicant is responsible for ensuring the project is ready to apply. Failure to do so risks your application being ineligible or scoring poorly. Applicants should be able to confirm that:

- All information provided in the application is accurate, complete, and consistent.
- The proposal meets the eligibility criteria set out in the Mandatory Scheme Requirements section.
- The correct application pathway has been selected, and the application is within the cost range.
- The proposed technologies are eligible and form part of a Smart Local Energy System (SLES).
- Match funding requirements can be met and evidenced where required.
- Pathway 1 projects must demonstrate eligibility by providing evidence that relevant consents can reasonably be secured within the project timetable.
- Pathway 2 projects are expected to demonstrate a higher level of project readiness. Where required, applicants must have initiated formal processes or provide compelling evidence and a high degree of confidence that all necessary consents will be secured within the proposed project timetable.
- A clear project delivery plan, and timetable are in place, demonstrating that the project can be fully completed and delivered by 31<sup>st</sup> March 2027.
- Risks to project delivery have been identified and appropriate mitigations considered.
- The anticipated benefits of the project, including organisational, community, environmental, and wider system benefits, can be clearly articulated and, where possible, quantified.
- A detailed project cost breakdown has been prepared, clearly identifying eligible costs, match funding, and any enabling works.
- Procurement requirements have been considered, and an appropriate procurement approach has been identified that is in line with the scheme's requirements.

## Funding Pathways

Please refer to the section Smart Local Energy System (SLES) principles and Appendix 1 – SLES Systems for further information on SLES.

The scheme is delivered through two pathways, each with its own application form. Applicants must ensure they apply through the correct pathway:

- 1. Smart Local Energy System projects**
- 2. Innovative Smart Local Energy System projects**

Further detail on each pathway is provided below.

### *Pathway 1: Smart Local Energy System projects*

This pathway supports projects with costs between £25,000 and £299,999. These projects should establish or enhance a SLES within a local area. Most projects will focus on a single site or building, though multi-site projects will be considered if they function together as part of a wider SLES.

Projects must include low-carbon heating and renewable generation and may also incorporate additional eligible technologies such as EV charging, and battery energy storage systems (BESS). The selected technologies must work effectively both individually and as part of an integrated system. Applicants should explain how the SLES is designed to optimise energy use on site, maximise savings and, where appropriate, seek additional revenue via smart tariffs, flexibility services or local supply.

### *Pathway 2: Innovative Smart Local Energy Systems projects*

For projects costing between £300,000 to £999,999.99, this pathway supports innovative SLES projects. Eligible projects may include community-wide SLES, multi-site SLES installations, or large-scale single-site developments. In all instances, the SLES must operate as a single, integrated system, coordinating electricity, low-carbon heat, and transport-related technologies such as electric vehicle charging included as an additional element where appropriate. Example innovative projects, include vehicle-to-grid (V2G), or those that incorporate the pooling of energy into a Virtual Power Plant (VPP) or a local energy market.

Projects under Pathway 2 must demonstrate how benefits are optimised through the use of smart control systems, such as a Distributed Energy Resource Management System (DERMS), and how the project will secure additional savings or revenue through smart tariffs, flexibility services, or local supply arrangements.

Projects must clearly articulate how learning from the project can support wider deployment of SLES in Wales. This should explain how the system design, delivery model, or operational approach could be replicated or adapted in other locations, sectors, or communities.

Projects that primarily scale up general SLES installations without meaningful integration between electricity and heat, or without being a smart system, will not be considered a strong fit for this pathway.

## How to apply

Applications must be submitted using the appropriate online application form for the chosen pathway.

Applicants may save and return to their application before submission. If an application is submitted in error, applicants should contact [ynnicyrmu@localpartnerships.gov.uk](mailto:ynnicymru@localpartnerships.gov.uk) with their details.

## Application and selection process overview

- Step 1 – Opening of capital grant: 26 March 2026
- Step 2 - Closing date for submission of applications: **12pm on 21 May 2026**
- Step 3 - Applications will be checked to ensure that they are compliant, complete, and that relevant supporting documentation is attached.
- Step 4 - Compliant applications will be evaluated on a competitive basis against the scoring criteria outlined below.
- Step 5 - Successful applicants will receive a Welsh Government Standard Grant Award Letter setting out the maximum grant offer, period of award, grant conditions, targets and indicative payment profile.
- Step 6 – Unsuccessful applicants may request feedback on their application. Feedback will be issued following completion of the assessment and award process
- Step 7 - The grant must be claimed in arrears by the expiry date stated in the Welsh Government Standard Grant Award Letter using the appropriate claims process and accompanied by any required supporting documentation as specified. Specific claim rules will be shared with successful applicants.

## Changes to Project Site After Submission

Applicants must clearly identify all project sites at the time of application.

Project sites should not normally change after submission, as the location forms part of the assessment and scoring process.

Any request to change a site will only be considered in exceptional circumstances and must be agreed in writing by Ynni Cymru. Unapproved changes may result in the application being withdrawn from the process.

# Mandatory Scheme Requirements

## Who Can Apply

### ***This supports application form Questions 2, 3, and 15***

The following organisations, which must be headquartered or have an operating base in Wales, will be eligible to apply, evidenced may be required to demonstrate this:

- ✓ Public Sector Bodies registered in Wales and as defined under the Public Contracts Regulations 2015 including, but not limited to:
  - Local authorities
  - Devolved government administrations
  - Universities and colleges
  - Schools
- ✓ Community Organisations and Social Enterprises including, but not limited to
  - Registered charities
  - Charitable Incorporated Organisations
  - Community Benefit Societies
  - Community Interest Companies (CICs)
  - Co-operatives and Community Benefit Societies
  - Companies limited by guarantee or shares (non-profit distributing)
  - Legally constituted voluntary organisations
  - Faith-based organisations with a clear community benefit
  - Other not-for-profit or mission-driven organisations
- ✓ Legally constituted Small and Medium Enterprises (SMEs<sup>1</sup>), that also employ people in Wales
  - Staff headcount of less than 250.
  - Turnover of less than £44 million and or a balance sheet total of less than £38 million.

## Collaborative Applications

Collaborative applications are permitted and must be submitted by a lead applicant. Any grant funding will be paid to the lead applicant, who remains fully responsible for project delivery, compliance with the Welsh Government Standard Grant Award Letter, and management of all costs.

For this scheme, a partner is an organisation with an active role in delivery, resource contribution, or shared responsibility for outcomes (e.g. co-delivery partners or shared asset owners). Contractors, suppliers, consultants, and purely advisory bodies are not considered partners.

---

<sup>1</sup> [Micro-, small- and medium-sized enterprises: definition and scope \(europa.eu\)](https://ec.europa.eu/economy_finance/micro-small-and-medium-sized-enterprises-definition-and-scope)

Where partnerships are proposed, applicants may be asked to provide evidence (such as a partnership agreement or heads of terms) during clarification or as a pre-funding condition.

## Lead Applicant

The lead applicant is responsible for managing the application process and subsequent reporting. This includes signing the Welsh Government Standard Grant Award Letter, making claims, and providing progress reports. The lead applicant serves as the primary point of contact and ensures that all aspects of the project align with the requirements and funding guidelines.

## Authorising Official

An authorising official is an individual with the appropriate authority to sign off on financial decisions for the organisation. Typically, this role is fulfilled by a financial director, Chief Financial Officer (CFO), or Section 151 officer (for local authorities). The authorising official's signature confirms that all financial commitments are valid, and that the organisation has the capacity to manage the grant funds appropriately.

## Eligible Technologies

### ***This supports Question 5***

In line with the SLES principles and the examples in the Smart Local Energy System (SLES) principles section and Appendix 1 – SLES Systems, eligible projects must meet the pathway-specific requirements below.

## System Requirements by Pathway

- **Pathway 1:** Projects must include at least one renewable energy generation technology and one low-carbon heating technology. Smart systems are required to integrate and control the system. Existing installed eligible technologies may be counted towards meeting these requirements.
- **Pathway 2 -** Projects must deliver a single, integrated SLES combining renewable generation, low-carbon heat and smart control systems to optimise performance across electricity and heat. Innovative models (e.g. flexibility services, local supply, V2G) are encouraged. Existing eligible technologies may count where fully integrated.

## Renewable Energy Generation Technologies

Eligible renewable energy generation technologies may include:

- Anaerobic digestion
- Hydro
- Solar Photovoltaics (PV)
- Solar Thermal
- Wind

Projects consisting of Solar PV and BESS only will not be eligible.

### *Solar PV – Additional Eligibility Rules (NB SMEs and Public Sector Projects Only)*

For SMEs and public sector organisations, Solar PV is only eligible where the simple payback period exceeds 10 years.

- If the simple payback is 10 years or less, Solar PV is not eligible.
- If the simple payback is more than 10 years, only the proportion of capital costs attributable to the period beyond year 10 is eligible for grant funding.
- Grant support for Solar PV is capped at 40% of total eligible Solar PV capital costs.

Applicants must clearly identify and attribute all Solar PV costs in the project cost schedule so the eligible proportion can be calculated accurately. This may require contractors to provide a detailed cost breakdown within their quotations.

The required 25% match funding may be used to cover any ineligible Solar PV costs, including those attributable to the first 10 years of payback.

#### **Worked Example 1 – Payback above 10 years**

- Eligible Solar PV capital cost: £100,000
- Simple payback period: 12.5 years

**Step 1:** Calculate years beyond year 10:  $12.5 - 10 = 2.5$  years

**Step 2:** Work out the proportion:  $2.5 \div 12.5 = 20\%$

**Step 3:** Apply to project cost: 20% of £100,000 = £20,000

Maximum eligible grant = £20,000

(As this is below the 40% cap, the full £20,000 could be awarded.)

#### **Worked Example 2 – Longer payback but capped at 40%**

- Eligible Solar PV capital cost: £100,000
- Simple payback period: 25 years

Years beyond 10 = 15

$15 \div 25 = 60\%$

60% of £100,000 = £60,000

However, funding is capped at 40% of total eligible Solar PV capital cost

Maximum eligible grant = £40,000

#### **Worked Example 3 – Not eligible**

- Eligible Solar PV capital cost: £100,000
- Simple payback period: 9 years

Because payback is less than 10 years, the project is not eligible for Solar PV grant funding.

## Low-Carbon Heating, Cooling, and Hot Water

Eligible technologies include:

- Heat pumps (any type)
  - air source heat pumps (ASHP)
  - ground source heat pumps (GSHP)
  - water source heat pumps (WSHP)
- Solar thermal systems for hot water or space heating
- Heat networks where supplied heat is low carbon (for example, supplied by heat pumps, waste heat recovery, or renewable sources)
- Biomass heating systems, such as wood pellet boilers, when integrated into a wider SLES and demonstrate a clear decarbonisation benefit.

For biomass heating systems applicants must provide:

- a full lifecycle carbon assessment covering the biomass supply chain, including harvesting, processing, transport, and combustion;
- calculations demonstrating emissions offset through regrowth; and
- details of the biomass source, with a preference for locally sourced supply due to lower associated emissions.

Given the release of particulates during combustion, applicants must also provide evidence of support from relevant local planning and building control authorities.

## Ultra-Low Emission Transport Infrastructure

Electric Vehicle Charging Infrastructure (EVCI) for battery electric vehicles, where it is integrated into a Smart Local Energy System (SLES).

### *Notes on EV Charging (where applicable)*

Where projects include electric vehicle charging infrastructure, applicants must demonstrate that pricing will be fair and transparent, including:

- clear and accessible pricing structures;
- measures to prevent excessive charges; and
- alignment with prevailing market rates.

Applicants should also explain how EV charging delivers wider benefits, such as improved accessibility, affordability, or local energy resilience.

## Energy Storage Technologies

- Battery storage
- Thermal storage
- Storage heating

## Smart Energy Systems

- Building Management Systems (BMS)
- Smart grid monitoring and control systems (such as DERMS)
- Smart meters and energy management systems
- Innovative use cases of lighting that demonstrate SLES principles may be eligible; we recommend talking to the Ynni Cymru team before you submit

## Ineligible Low Carbon Heating Technologies

The following are not eligible:

- Gas boilers (including gas CHP and gas-fired heating systems)
- Oil, LPG, or coal-based heating systems
- Hybrid systems where fossil fuel heating remains the primary heat source
- Direct electric heating (such as panel heaters or electric boilers) is not normally eligible, as it does not represent best practice low-carbon heating. It will only be considered where applicants can robustly demonstrate that it is the only viable option
- Standalone heating installations that are not integrated into a wider SLES

## Eligibility - Consents, Permissions, and Site Readiness

***This section supports Questions 6 – 12.***

The delivery of a Smart Local Energy System (SLES) may require a range of statutory, third-party, and technical consents, depending on the nature and location of the proposed works. Applicants are responsible for ensuring that all required consents are or can be secured within the project timetable.

### Pathway Readiness Requirements (Applies to All Consents Below)

**Pathway 1** projects must confirm that any required consents are either already in place or can reasonably be secured within the project timetable, and that this has been appropriately reflected in the proposed delivery schedule.

**Pathway 2** projects are expected to demonstrate a high level of project readiness. Where required, applicants must have initiated formal processes (such as submitting applications or requesting approvals) or provide strong evidence and a high degree of confidence that all necessary consents will be secured within the proposed timetable. Supporting evidence must be uploaded as part of the application.

### Planning Permission

Planning permission, prior approval, or confirmation of permitted development may be required depending on the scale, location, and nature of the proposed works. Applicants are responsible for determining whether planning consent is required and for engaging with the relevant Local Planning Authority at an early stage. Projects that rely on securing planning consent late in the delivery programme, or where

planning risk has not been adequately assessed, may be considered higher risk and may score lower under deliverability.

Further guidance is provided in Appendix 3 – Planning Permission.

### Distribution Network Operator (DNO)

A Distribution Network Operator (DNO) is responsible for owning, operating, and maintaining the local electricity distribution network. Projects involving electricity generation, storage, or export must ensure that grid connection requirements are understood and managed.

In Wales, electricity networks are operated by SP Energy Networks (SPEN) and National Grid Electricity Distribution (NGED). Further information is provided in Appendix 2 – Distribution Network Operator (DNO).

Supporting evidence may include DNO correspondence, confirmation that no network upgrades are required, or details of submitted or approved applications covering relevant generation and energy storage technologies.

### Landlord Consent

Where a SLES project is installed on land or buildings not owned by the lead applicant organisation, written consent from the relevant landlord, freeholder, or property owner will be required.

Supporting evidence may include written consent, correspondence requesting consent, heads of terms, or other documentation demonstrating active engagement with relevant property owners.

Where all land and buildings associated with the project are owned by the applicant organisation, landlord consent is not required.

### Mortgage Provider Consent

Where land or buildings associated with the project are subject to a mortgage or other secured lending arrangement, consent from the relevant lender(s) may be required before works can proceed.

Supporting evidence may include written confirmation from mortgage providers, correspondence requesting consent, or other documentation demonstrating that relevant parties have been engaged.

Where no mortgages or secured loans are associated with the affected assets, mortgage provider consent is not required.

### Building Insurance

Applicants must ensure that the installation of the proposed SLES will not invalidate or adversely affect the building's existing insurance cover. This includes confirming that both the building and the newly installed equipment will be adequately insured following installation.

Supporting evidence may include correspondence with insurers, written confirmation of cover, or confirmation that insurance policies will be amended to include the proposed equipment prior to project commencement.

## Lease of Building / Ownership

Applicants must demonstrate that they own or lease (for a minimum of three years) the land or buildings where the SLES is proposed to be installed or otherwise have the necessary rights and permissions to access the site and carry out the proposed works.

Applicants should note that funded assets must be kept in good condition and retained by the applicant for the full Funded Asset Owning Period, as set out in the Welsh Government Standard Grant Award Letter (currently 10 years). Disposal of the site, changes in business ownership, or cessation or relocation of the business during this period may require the grant to be repaid.

## Structural Surveys

Depending on the nature of the proposed SLES, structural surveys may be required to confirm feasibility, safety, and compliance. This is particularly relevant for projects involving roof-mounted solar PV or other technologies that impose additional structural loads.

Supporting evidence may include structural survey reports, technical designs, layout drawings, or correspondence with suitably qualified professionals such as MCS-accredited installers, structural engineers, or building surveyors.

Further guidance is provided in Appendix 4 – Assessments and Surveys

## Minimum Match Funding Requirement

### ***This supports Question 13***

Each application must include a specified level of match funding, as outlined in table 1 below:

*Table 1 Match Funding*

<b>Organisation</b>	<b>Minimum Match Funding Required</b>
<b>Public Sector</b>	25%
<b>SMEs</b>	25%
<b>Community Organisations &amp; Social Enterprises</b>	0%

Match funding must be provided as a financial contribution. Benefits in kind (such as donated labour, goods, or services) are not eligible.

Applicants are expected to seek and secure all other appropriate grant funding or financial support prior to applying for Ynni Cymru funding. Further information on potential funding sources is provided in

Other grants from the Welsh Government cannot be used as match funding, although Welsh Government loans can be used as match funding. Match funding must be allocated to eligible costs directly supporting the SLES installation with projects being completed by 31 March 2027.

Specifically for limited companies, sole traders and partnerships (who have been trading for at least two years), the Development Bank of Wales Green Business Loan Scheme (GBLS) may be used as match funding. The GBLS is designed to offer a package of support to enable Welsh businesses to tackle energy efficiency and support businesses on their journey to net zero. Further information on the GBLS is provided in .

Specifically for public sector bodies, the Welsh Government Energy Service will be able to discuss and advise on how existing funding sources may be accessed.

# Assessment Criteria

## Alignment with Smart Local Energy System (SLES) principles

### ***This supports Section 7 Question 33***

To be eligible, projects must be a multi-technology Smart Local Energy System (SLES). Single-technology or standalone installations are not eligible.

#### Smart

Projects must utilise data and controls to ensure that energy is used efficiently and effectively, at the right place and at the right time (for example, through control systems and software for monitoring, automation, artificial intelligence, energy trading and/or smart tariffs).

Applicants must explain in their response how their project optimises the efficiency and effectiveness of renewable energy generation and use, for example by maximising self-consumption, reducing curtailment, improving load matching, using smart tariffs or trading arrangements, or enabling flexible operation across the system.

#### Local

Projects must be locally owned<sup>2</sup> and demonstrate clear local governance or control arrangements. Applicants must explain how ownership, decision-making, and benefit-sharing structures ensure that value is retained within Welsh communities.

Projects should recognise that different places and communities in Wales have different needs. Applicants must demonstrate how their proposal responds to local context and priorities.

Applicants must also clearly explain how their project contributes to expanding locally owned renewable energy that is generated and used in Wales.

#### Energy System

Projects must use multiple types of technology (e.g. a combination of local renewable energy generation to facilitate renewable power use, low carbon heating, cooling and hot water, ultra-low emission transportation, demand reduction, co-located renewable energy generation technologies, optimised use of grid capacity, and energy storage).

Strong applications will clearly articulate how these components interact to form a single, place-based energy system, rather than a set of disconnected assets.

---

<sup>2</sup> [Guidance for developers, local communities and decision-makers. \(gov.wales\)](https://gov.wales/guidance-for-developers-local-communities-and-decision-makers)

### *Dwellings and Homes within SLES Projects*

Funding may support dwelling only where homes are part of a wider place-based SLES and deliver clear system or community benefit (e.g. VPP aggregation, local supply, shared infrastructure or flexibility services).

We will not fund SLES limited to a single home or projects that primarily benefit an individual household.

Applicants must explain:

- how domestic assets are integrated into a wider SLES;
- how benefits are shared across participating households or the wider community; and
- how the project contributes to system-level outcomes such as improved energy resilience, flexibility, affordability, or network optimisation.

Projects that enable aggregation, coordination, or shared use of domestic energy assets are encouraged, where these approaches support local energy objectives and deliver public value beyond individual homes.

### *Participation, operation, and duration*

Set out participation expectations (e.g. minimum participation period, data sharing and control requirements, and how withdrawal will be managed). Domestic assets must remain operationally connected to the SLES (e.g. VPP or equivalent) for a period consistent with programme objectives and funding conditions.

### *Ownership, data, and monitoring*

Applicants must clearly describe:

- ownership and control arrangements for domestic assets over the funded asset owning period;
- how data from domestic assets will be shared, governed, and used to support system operation, monitoring, and evaluation;
- how benefits will be monitored, evidenced, and reported over time, including beyond any initial trial or demonstration period.

## **Deliverability**

### ***This supports Section 8***

Deliverability assesses whether the project can be delivered by 31 March 2027, and demonstrates credible planning, resources, governance, and risk management.

## **Project Timetable and Milestones**

### ***This supports Question 34***

Applicants must upload a detailed and credible project timetable using the Ynni Cymru Project Schedule Template. Alternative formats will not be accepted.

The timetable must clearly set out:

- key stages of the project from grant award to completion;
- proposed milestones, including procurement, installation, commissioning, and handover; and

Milestones must be realistic, proportionate, and achievable. Applicants must ensure that the timetable reflects the current status of the project, including any consents, procurement activity, or design work already undertaken.

In addition to submitting a completed project timetable, **Pathway 2** applicants must provide a supporting narrative of their proposed delivery schedule.

This narrative must address the following:

- Details of planning considerations and engagement and confidence with planning authority
- DNO requirements and engagement
- Confidence in the timetable for procurement of contractors and materials.
- Details on the deployment – including a narrative of the logic and scheduling of activities
- How the key risks are accounted for in the planning

## Resources and Experience

### ***This supports Question 35***

All applicants must describe delivery resources and experience, including key roles and relevant track record, and confirm you have the capacity to deliver.

This must include:

- details of key personnel involved in project delivery and their roles;
- relevant experience delivering similar or comparable projects; and
- confirmation that sufficient capacity and capability exist to manage the project alongside other commitments.

In addition to the above **Pathway 2** applicants must describe any experience that your team has of contract management, how delivery decisions will be made including who will have authority to approve changes to scope, budget or timetable, and how issues and disputes will be escalated and resolved.

## Deliverability Risks and Mitigation

### ***This supports Question 36***

Applicants must identify the top three risks to successful project delivery and explain how these risks will be managed and mitigated.

Risks may relate to, for example:

- procurement and supply chains;

- planning or consent delays;
- grid connection or technical complexity;
- resourcing or contractor availability; or
- project dependencies or external factors.

Responses must focus on material risks and provide realistic, proportionate mitigation measures. Generic or unsubstantiated risk statements may score lower.

In addition to the above **Pathway 2** applicants must also submit the Ynni Cymru Risk Register Template. If the risk register is missing, the application will be deemed ineligible.

## Operation and Maintenance Post-Completion

### ***This supports Question 37 in Pathway 2 applications***

Applicants in **Pathway 2** must explain how the project will be operated and maintained after completion, including:

- who will be responsible for ongoing operation and maintenance;
- how system performance will be monitored; and
- how under-performance or faults will be identified and addressed.

Responses must demonstrate that appropriate arrangements are in place to ensure that funded assets continue to operate effectively and deliver their intended benefits throughout the funded asset owning period, which is currently stipulated as 10 years in the Welsh Government Standard Grant Award Letter.

Applicants are responsible for all ongoing operation, maintenance, repair, insurance, replacement, and lifecycle costs associated with the funded assets. There must be no expectation that Welsh Government will provide additional funding for future maintenance, upgrades, or replacement of equipment.

## Benefits

***This supports Section 9 (Question 37 in Pathway 1 / Question 38 in Pathway 2)***

Benefits must be clear and extend beyond the applicant organisation. Where possible, quantify baseline and post-project impacts (energy, carbon, costs, flexibility, revenues). Estimates are acceptable at application stage, but you must explain assumptions and confidence.

Applicants should demonstrate how the project contributes to a just transition to net zero, ensuring that no one is left behind as Wales moves to a cleaner, fairer energy system.

Welsh Government may revisit funded projects after completion to verify and evaluate the benefits described in the application. Applicants should therefore ensure that appropriate monitoring, data collection, and reporting arrangements are in place to evidence delivery of claimed outcomes.

## Wider Social Benefits

Applicants must explain how their project delivers wider social value and contributes positively to communities beyond the applicant organisation.

Where relevant, responses must consider:

- Who the primary beneficiaries are, including any vulnerable or priority groups (for example, low-income households, older people, or those with health vulnerabilities).
- How local communities or beneficiaries were involved in shaping the project, including consultation, co-design, or governance arrangements.
- The number of households or community beneficiaries expected to benefit, including any energy cost savings or improved access to affordable energy.
- Partnerships or engagement with local community groups, local authorities, housing providers, or third-sector organisations.
- Any local reinvestment or community benefit mechanisms, such as reinvestment of savings, community funds, local energy credits, shared assets, or community ownership models.
- Targeting benefits towards communities most vulnerable to the transition to net zero.
- Retaining economic, social, and environmental benefits within Welsh communities.
- Supporting inclusive, place-based approaches to decarbonisation.

### *Note for SMEs*

SME applicants must demonstrate benefits that go clearly beyond private commercial gain. Projects that primarily deliver cost savings or revenue to the applicant are unlikely to score well.

SME applicants must clearly demonstrate that the project, or the enhanced community benefit elements of the project, would not proceed (or would be significantly reduced in scope or impact) without public funding.

In addition to the requirements set out above, SME applications must:

- Deliver tangible community and local economic benefits.
- Include a clear mechanism for sharing value locally (for example, community benefit funds, revenue-sharing arrangements, discounted tariffs, shared infrastructure access, or structured reinvestment).
- Evidence wider impacts such as reduced energy costs for others, improved resilience, emissions reduction, local job creation, skills development, or support for vulnerable groups.

Public funding must enable outcomes that would not be achieved through private investment alone.

## Economic Benefits

Applicants must describe the economic benefits of the project, both for the applicant organisation and for the wider local or regional economy.

Where relevant, responses must consider:

- Energy cost savings or avoided costs, including reduced energy bills, improved price certainty, or reduced exposure to volatile energy markets.
- Revenue opportunities, such as income from flexibility services, smart tariffs, or local supply arrangements.
- Job creation, apprenticeships, or skills development, either directly or through local supply chains.
- Local economic impacts, including use of local contractors, suppliers, or service providers.
- How the project supports long-term economic resilience, for example by retaining energy spending within the local economy.

## Environmental Benefits

Applicants must set out the environmental benefits of the proposed SLES, with a particular focus on carbon reduction and renewable energy outcomes.

Where relevant, responses must consider:

- Carbon savings, including reductions in greenhouse gas emissions compared to baseline energy use.
- Increases in renewable energy generation and the proportion of energy generated and used locally.
- Improved air quality or reduced exposure to pollutants.
- Reduced reliance on imported fossil fuels, improving energy security and self-sufficiency.

- Any additional environmental benefits, such as biodiversity enhancement, land restoration, or reduced noise pollution.

## Project Costs and Procurement

### Eligible Costs

***This supports Section 10 (Question 38 for Pathway 1 / Question 39 for Pathway 2)***

Eligible costs are those directly necessary to deliver, install, and commission the funded Smart Local Energy System (SLES).

All costs must represent good value for money and, where appropriate, be supported by market testing or competitive written quotations.

#### *Enabling Works*

Essential enabling works deemed necessary to enable the installation of the SLES may be eligible.

This may include:

- minor structural works required to enable installation of the SLES;
- works required to connect systems; or
- measures necessary to ensure safe operation.

General building works that are not essential to the SLES, such as full building rewiring or wider building improvements, are not eligible.

As part of the assessment, Ynni Cymru will review the breakdown and proportionality of costs. Projects where enabling works make up a large share of total costs may be considered poor value for money and may score lower.

#### *Insulation or Refurbishment*

Energy efficiency measures (such as insulation) are only eligible where they are:

- essential to the installation or effective operation of the funded technology; and
- clearly justified (for example, insulation needed to ensure a heat pump performs efficiently).

Wider refurbishment or renovation works are not eligible for funding and may negatively affect the project's value-for-money assessment.

#### *Staff Time*

Staff time can be included as an eligible cost only where it is directly needed to deliver the project and represents good value for money. Staff costs must relate to specific project activities and be appropriate to the size and complexity of the project, staff costs related to the operation of the SLES are ineligible.

Staff costs must be based on actual employment costs. Commercial rates, charge-out rates, or profit margins are not permitted.

Eligible staff costs may include:

- gross salary;
- employer National Insurance contributions;
- employer pension contributions; and
- a contribution towards indirect costs (overheads).

#### Overheads

- Overheads are capped at 15% of actual employment costs.
- Any overhead claim above 15% will not be eligible.

The hourly rate should be calculated as follows:

***(Gross salary + employer National Insurance + employer pension + up to 15% overhead) ÷ annual productive hours***

Applicants must confirm that the hourly rates claimed:

- reflect actual employment costs only; and
- do not include profit, mark-up, or commercial margins.

Ynni Cymru may request evidence of staff costs at clarification stage or before the first grant claim. This may include:

- payroll records; or
- written confirmation from a senior officer or director that the rates are based on actual costs.

Ynni Cymru reserves the right to review staff cost calculations and to reduce or disallow costs that are excessive, unsupported, or not directly related to delivering the project.

#### Ineligible costs

***This supports Section 10 (Question 38 for Pathway 1 / Question 39 for Pathway 2)***

The following are examples of costs that will not be considered eligible for support:

- General building works that are not essential to the SLES (e.g. full building rewiring or wider building fabric improvement).
- A single technology system.
- Solar PV and BESS system only.
- Solar PV with a payback of under 10 years for SMEs and the public sector.
- Standard LED lighting retrofits or like-for-like lighting replacements or basic efficiency upgrades.
- Internal revenue costs, such as those relating to staff salaries for the operation/ maintenance of the SLES.
- Measures that do not result in or support carbon savings, examples include:
  - Any primary fossil fuel heating plant e.g. gas boilers, gas CHP
  - Replacement of existing low carbon heat systems still within its useful operating life.

- Air conditioning used for solely for cooling.
- Costs relating to wider building renovations, such as refurbishment and significant building fabric works.
- Retrospective work, which has already been started or completed before a Welsh Government Grant Award Letter has been issued.
- Improvements that are required by law.
- Feasibility or concept work.
- Office related costs, including rental, utilities, office equipment.
- Travel or subsistence costs.
- Recoverable VAT - applicants will need to manage this cash flow aspect appropriately where VAT is paid in one financial year but recovered the next.
- Retention payments payable in 2027-28 financial year or beyond must be managed by the applicant organisation
- Contingency costs, as any additional cost overrun must be managed by the applicant.
- Costs associated with writing the grant application (whether an internal or external cost).
- Activities which have already commenced, and costs already incurred before successful grant award.
- External Wall Insulation (EWI), due to the high upfront costs, is treated as a major fabric upgrade and considered refurbishment. Energy efficiency improvements (such as insulation) are only eligible if they are an essential and integral part of the SLES technology's installation
- Future leasing costs or finance lease arrangements relating to funded assets.
- Future licensing fees, subscriptions, or ongoing software charges extending beyond the funded installation and commissioning period.
- Ongoing operation and maintenance costs, including multi-year service agreements or capitalised upfront maintenance payments.

## Replacement of Existing Equipment

***This supports Section 10 (Question 38 for Pathway 1 / Question 39 for Pathway 2)***

Funding may only replace equipment that has reached end of useful life. Replacing operational or repairable equipment is not eligible. Evidence may be required.

## Procurement Approach

***This supports Section 10 (Question 39 for Pathway 1 / Question 40 for Pathway 2)***

When using grant funding to purchase works, goods, or services, the grant terms state they must be purchased in a competitive and sustainable way so as to demonstrate you have achieved best value in the use of public funds.

The procurement approach outlined below applies to SMEs, community organisations, social enterprises, and charities. Public sector bodies must adhere to public sector procurement regulations (Procurement Act 2023).

While these organisations are not formally bound by the Procurement Act 2023, all procurement using public funds is expected to follow the core objectives of the Act:

- delivering value for money,
- maximising public benefit,
- transparency,
- acting with integrity, and
- equal treatment of suppliers (including consideration of removing barriers for small and medium-sized enterprises).

To support the local economy, applicants are encouraged to ensure that at least one of the quotes obtained is from a local supplier whenever feasible. Applicants may be asked to demonstrate efforts to seek local quotes.

### ***Setting clear requirements for your procurement***

#### ***Why clear requirements matter***

*Clear requirements help suppliers understand what you need and allow you to compare bids fairly. Poorly defined requirements can lead to higher costs, delays, or goods and services that do not meet your needs.*

When procuring, setting good requirements is critical. Requirements, including the detailed specification, act as an anchor to the contract. If something is not included in the requirements, you cannot easily challenge if it is not delivered.

A good set of requirements should include the following:

- **The purpose (required outputs):** describe what you want the project to achieve, not just a list of parts. Explain what you want the goods, system, works, or service to achieve. Where you may be procuring only part of an overall solution or system, explain what you expect it to work with. These steps can help the potential providers understand what you are trying to achieve and therefore bid something that works for your needs.
- **Minimum performance requirements:** specify the minimum expected performance for aspects such as system performance, equipment warranties, etc. Suppliers can offer performance levels as part of their proposal, but setting minimum requirements ensures all bids meet your core needs. For a renewable energy generation solution, you may want guarantees on the proposed energy generated in year 1 or over a longer period.

- **Installation location and constraints:** if procuring a system, describe the site clearly. For example, if procuring rooftop solar PV, then mention roof types, orientation, shading (trees/chimneys), and any access issues or working constraints (e.g. avoiding exam times at a school). Suppliers can offer higher performance levels as part of their proposal, but setting minimum requirements ensures all bids meet your core needs.
- **Post installation support:** set out what support will be required after installation, such as monitoring, servicing, and maintenance. These arrangements help ensure the system operates efficiently over its lifetime. Ongoing, operation and maintenance costs are not eligible for grant funding and must be covered by the applicant.
- **Relevant standards:** refer to recognised industry standards and certificates where possible. This helps ensure suppliers follow good practice and deliver work that meets expected quality and safety standards.
- **Timescales:** clearly set out delivery timescales and any key milestones for the projects.

### *The procurement process*

All procurement activity should be proportionate to the value, complexity, and risk of the contract, and must ensure value for money and a clear audit trail. It should also be fair and transparent; therefore, it is expected that:

- **Quotations should be based on identical requirements** and assessed on an equal basis.
- **All records justifying the decision are kept for audit purposes.** This includes the request for quotes issued, all quotes received, the selection process followed and the final decision justified.

### **For purchases and contracts below £5,000**

- Procurement must be competitive.
- There is no minimum number of quotes.
- Value for money must be demonstrated.

### **For purchases and contracts of £5,000 to £75,000**

- A **minimum of three written quotations** must be sought\* from competitive sources.
- Evaluation criteria should be included in the request for quotes.
- An evaluation panel is recommended for contracts above £25,000.

### **For purchases and contracts over £75,000**

- A **minimum of four written quotations** must be sought\* from competitive sources.
- A formal tender process is normally expected.
- Evaluation criteria should be clearly stated in the tender documentation and used by the evaluation panel in the decision-making process.

\*You can advertise contract opportunities on the National Procurement website, [www.Sell2Wales.co.uk](http://www.Sell2Wales.co.uk). This can help if you have difficulty identifying suppliers or would like to attract new suppliers to provide a quote. Advertising on Sell2Wales is best practice, however you may feel that you can already identify suppliers who could provide the best overall offer.

Contracts should not be split just to achieve a lower value threshold (e.g. splitting a £100,000 contract into two to reduce the number of quotes obtained), as this is unlikely to meet the value for money requirement.

Before signing any contract, you should ensure that:

- This guidance has been complied with, including a fair and competitive procurement process being undertaken.
- The contract terms are fair and the contract appropriately incorporates your requirements.
- Value for money has been demonstrated.
- No conflicts of interest exist (see section below).
- Financial, risk and due diligence checks have been completed (see section below).

***If you cannot comply with the grant requirements for purchased items you must contact the relevant project manager (e.g., Ynni Cymru or Welsh Government Energy Service) for guidance **before proceeding**. Further advertising via Sell2Wales may be required.***

## Managing Conflicts of Interest

The grant terms state you must maintain appropriate procedures for dealing with any conflicts of interest in relation to the Funding whether actual, potential or perceived.

Applicants must ensure that all procurement is conducted fairly, transparently, and without bias.

In relation to procuring goods, works and services, a conflict occurs when someone involved in a buying decision has a personal link to a potential supplier. Even the appearance of a conflict can create problems.

Steps to help address potential issues include requiring those involved in procurement decisions to complete a Conflict-of-Interest (COI) declaration form to identify any potential conflicts in advance. This enables them to be managed appropriately, for example by ensuring that any conflicted individual is removed from the procurement and decision-making process.

All actual or potential conflicts of interest must be formally declared and recorded. Individuals with a conflict must not participate in the evaluation, scoring, or decision-making process.

Applicants should maintain a written record of declared conflicts and how they were managed, as Welsh Government or Ynni Cymru may request this evidence as part of audit or assurance checks.

## Financial, risk and due diligence systems

The grant terms state you must maintain appropriate financial, risk and due diligence systems when utilising any part of the Funding to provide a grant and/or to procure any goods or services from a third party.

Before signing a contract, you should ensure the supplier is capable and financially stable.

Due diligence may include a range of activities, such as checking for appropriate insurances (e.g. professional indemnity, public liability, and, for equipment suppliers, product liability), conducting financial checks through recognised credit agencies, reviewing Companies House records, and obtaining client references.

## Value Added Tax (VAT)

**Applicants are strongly encouraged to seek professional advice regarding VAT, as eligibility for relief can be complex and specific to each organisation.**

Applicants must confirm VAT status and seek professional advice if required.

- VAT-registered organisations can claim net costs only.
- Non-VAT-registered organisations may claim VAT where irrecoverable.
- VAT treatment depends on organisation type and building use.

Applicants are responsible for accurate VAT treatment.

Charities, SMEs, and public sector organisations may qualify for VAT relief or reduced rates—refer to HMRC guidance [here](#). The VAT treatment for solar panels, heat pumps, and battery storage depends on the organisation type and building use.

In Wales, a zero-rate VAT applies to energy-saving materials installed in buildings used solely for charitable purposes or certain residential properties. However, this does not apply if the building is used for commercial activities, such as renting spaces for events.

To qualify for Zero-Rate VAT:

- The building must be used exclusively for charitable purposes.
- The installation must meet the definition of energy-saving materials according to VAT rules.

Table 2 VAT Rates

<b>Material/ Service</b>	<b>Standard Rate (20%)</b>	<b>Zero Rate (0%)</b>
<b>Solar Panels</b>	Installed in commercial properties (e.g., offices, retail, industrial sites)	Installed in residential or qualifying charitable buildings used for non-business purposes
<b>Battery Storage Systems</b>	Installed in commercial properties (e.g., offices, retail, industrial sites)	Installed in residential or qualifying charitable buildings used for non-business purposes
<b>Heat Pumps</b>	Installed in commercial properties (e.g., offices, retail, industrial sites)	Installed in residential accommodation or qualifying charitable buildings
<b>Labour (installation)</b>	Where installation does not qualify for zero rate	Where installation qualifies as zero-rated energy-saving materials

## Use of Public Funds

***This supports Section 10 (Question 40 for Pathway 1 / Question 41 for Pathway 2)***

Applicants must clearly demonstrate how their project represents good use of public funds, delivers value for money, and provides meaningful public benefit. Applications must explain why public funding is required, how costs are proportionate to outcomes, and how benefits will extend beyond the applicant organisation.

Examples of how applicants may evidence or justify the use of public funding include (but are not limited to):

- Explaining why the project cannot proceed, or would be significantly delayed, without public support (for example, due to long payback periods, upfront capital costs, or risk).
- Demonstrating how the requested funding represents good value for money for taxpayers.
- Providing evidence that other funding sources (such as commercial finance or grants) have been explored or secured, and explaining why these are insufficient to cover the full scope of the project.
- Explaining how the project supports the wider deployment of SLES in Wales, including through learning, replication, or scalable approaches.

## Good Practice and Expected Behaviours (Not Assessed)

This section sets out good practice guidance that supports responsible, sustainable, and high-quality project delivery. The areas below are not assessed and will not affect funding decisions but reflect expected standards of behaviour when delivering publicly funded projects.

### Ethical Supply Chains

Welsh Government operate a [Code of Practice for Ethical Employment in Supply Chains](#) to encourage organisations to consider the development of more ethical supply chains when delivering contracts and projects. The Code covers the following employment issues:

- Modern Slavery and Human rights abuses
- Blacklisting
- False self-employment
- Unfair use of umbrella schemes and zero hours contracts
- Paying the Living Wage

Applicants should consider the principles of the Code of Practice when delivering their projects and, where appropriate, to demonstrate how they and their contractors, subcontractors, and suppliers align with these principles.

### Industry Standards

Applicants should ensure that SLES technologies meet relevant industry standards and are compatible with the electricity network and wider energy system.

Where applicable, applicants must ensure that installers hold appropriate certifications (for example, MCS certification for eligible technologies, or alternative recognised schemes such as HETAS, NAPIT, NICEIC, or Flexi-Orb).

### Data Protection

When designing and operating SLES projects — particularly where smart systems, monitoring platforms, data aggregation, or customer/household data are involved — applicants must comply with all relevant data protection legislation, including the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018.

Applicants must ensure that:

- personal data is processed lawfully, fairly and transparently;
- appropriate technical and organisational security measures are in place;
- data sharing arrangements are clearly documented and justified;
- individuals' rights under data protection legislation are respected; and
- privacy notices and, where required, Data Protection Impact Assessments (DPIAs) are completed before project operation begins.

Applicants are responsible for ensuring appropriate data governance arrangements are in place throughout the lifetime of the project. Failure to comply with data protection legislation may affect eligibility and ongoing compliance with the Grant Award Letter.

## Grid Resilience

Applicants installing renewable generation and energy storage are encouraged to consider smart system designs that improve local energy resilience.

Good practice may include the use of systems capable of operating in island mode during grid outages, allowing continued local energy supply. For example, solar PV systems may be configured to charge associated battery storage directly using DC electricity.

Where island mode is proposed, applicants should seek appropriate technical advice and consider requirements relating to system design, safety, and permissions from relevant bodies such as the Distribution Network Operator (DNO), building control, and fire and rescue services.

## Waste Disposal

Funded assets must be retained for the minimum period set out in the Welsh Government Standard Grant Award Letter. During or after this period, components may require repair, replacement, or disposal due to wear, failure, or obsolescence.

Applicants must ensure that any removed equipment is managed in accordance with relevant environmental legislation and waste duty of care requirements. Where practicable, reuse, repair, or recycling should be prioritised over disposal.

Particular care must be taken with components containing hazardous or specialist materials, including batteries, inverters, and other electrical equipment. Applicants must comply with relevant environmental legislation and waste duty of care requirements. Guidance is available from Natural Resources Wales on waste management, hazardous waste, and the use of licensed waste carriers. Disposal of batteries and electrical equipment must comply with applicable regulations, including the Waste Electrical and Electronic Equipment (WEEE) Regulations and the Waste Batteries and Accumulators Regulations.

Applicants should:

- Use appropriately licensed waste carriers and treatment facilities;
- Retain waste transfer notes or consignment documentation where required; and
- Follow manufacturer guidance and environmental best practice when decommissioning equipment.

While this is not a scored assessment criterion, applicants are expected to demonstrate responsible environmental stewardship throughout the lifetime of the

funded asset. Any costs associated with waste disposal activities must be covered by the applicant, they cannot be funded through the Capital Grant.

## Important Information

The following information sets out important legal, financial, and administrative conditions relating to the Ynni Cymru Capital Grant. Applicants must read this section carefully before submitting an application.

### Legal Status, Liability and Programme Conditions

- Due to the Senedd Election in May 2026, applicants must note that the decision on allocating funding to a 2026-27 grant programme will be for the Welsh Government following the election.
- This guidance note provides general guidance but holds no legal status.
- Any advice/assistance provided by Ynni Cymru is provided on a no-liability basis.
- Neither Ynni Cymru nor the Welsh Government will have any liability to you for any loss, damage, costs, expenses or other liability arising out of or in connection with the provision of any advice or assistance of this kind and/or any reliance placed by you on that advice or assistance.
- Funding is awarded via a competitive process.
- The funding available is limited.
- There is no guarantee of funding award to any organisation.
- All awards are discretionary and there is no appeals process.
- As a public sector funding provider this fund should not undertake any activity which displaces or distorts existing market provision. Focus will be upon investments that either cannot access or have difficulty in accessing other forms of more conventional investment.
- Applications will be considered in the context of other available Welsh Government funding, and applicants may be directed towards alternative or mixed funding as appropriate.
- Ynni Cymru and the Welsh Government do not support certain activities that are likely to give rise to controversy about appropriate use of public funds and therefore will not fund any organisation or activity which, in our opinion, could bring Ynni Cymru or the Welsh Government into disrepute.
- Awards will be made under registered UK subsidy scheme SC11250 'Subsidy Scheme for Local Energy Support (Wales)' in line with the UK Subsidy Control Act (2022). Please be aware details of each award will be published on the UK Subsidy Transparency Database in line with Welsh Government's subsidy control commitments.
- Activities which have already commenced are considered out of scope for this grant.
- If you are unsure about any provisions in the conditions of grant or the declaration that you are required to make at the end of the application form you should seek independent legal advice.

## Payment of Grant Funding

This grant is paid in arrears, meaning that grant funding is only released after eligible costs have been incurred, paid and evidenced by the applicant. Evidence must include:

- Welsh Government claim documents.
- Appropriate invoices.
- Timesheets where applicable.
- Proof of payment.
- Evidence of project progression.

Applicants must therefore be able to manage project cash flow in advance of grant claims.

Grant claims may be submitted following the completion of agreed project milestones, rather than only at final project completion. The number, timing, and value of milestones will be confirmed as part of the Welsh Government Standard Grant Award Letter.

Applicants should ensure that they have sufficient financial capacity in place to:

- meet upfront project costs;
- pay contractors and suppliers in accordance with agreed terms; and
- manage any retention payments or final balances pending grant reimbursement.

Applicants will be required to provide appropriate evidence to support grant claims, such as invoices, proof of payment, and milestone completion confirmation.

If an organisation is unable to manage the cash flow implications of payment in arrears, this may affect the deliverability of the project and the organisation's eligibility for funding.

## Clawback

If your organisation receives a grant, you may have to pay it back if within the Funded Asset Owning Period which is stated as 10 years in the Welsh Government Standard Grant Award Letter:

- you stop trading;
- your business changes significantly from what you stated in your Application;
- you sell any items bought with the grant;
- the property or site with the funded is SLES is sold;
- your business changes ownership;
- you move your business outside Wales or sell it.

## Anti-Money Laundering (AML) and Financial Crime Checks

Ynni Cymru and the Welsh Government are required to comply with UK anti-money laundering (AML), counter-fraud, and financial crime legislation and guidance. As part of this, applicants may be subject to checks to verify organisational identity, governance arrangements, and the appropriate use of public funds.

The information required to support these checks will vary depending on the type of organisation, funding amount, and risk profile. Community organisations, SME's and other higher-risk applicants may be required to provide additional information to support these checks.

Welsh Government is the data controller for personal data collected in relation to this grant scheme. Personal data will be processed in accordance with UK data protection legislation and the Welsh Government's published privacy notice for grants. Further information on how personal data is collected, used, and stored can be found here: [Privacy notice: Welsh Government grants | GOV.WALES](#)

Applicants should be aware that grant offers are conditional upon satisfactory completion of all required due diligence checks. Failure to provide requested information, or concerns arising from these checks, may delay or prevent the issue of a Welsh Government Standard Grant Award Letter.

## Contact Information and Support

We are committed to ensuring that our application process is accessible so please contact us directly if you would like to request reasonable adjustments:

[YnniCymru@localpartnerships.gov.uk](mailto:YnniCymru@localpartnerships.gov.uk).

Ambition North Wales have guidance through their website. Guidance is available for:

1. [Project Outline & Feasibility](#) – Helps you assess your project idea's feasibility and develop a clear outline.
2. [Developing a Funding Application](#) – Provides key insights into structuring a strong funding application.

**Ynni Cymru** also provides tools and services to assist applicants, including:

1. **Drop-in Sessions** – Applicants can join scheduled calls with the Ynni Cymru teams for Q&A. Sign up here: [Ynni Cymru - Local Partnerships](#)

# Glossary of Terms

Table 3 Glossary of Terms

Term	Description
<b>ASHP (Air Source Heat Pump)</b>	A heating system that extracts heat from the air to provide energy-efficient heating.
<b>ASC (Agreed Supply Capacity)</b>	The maximum amount of electricity a site can draw from the grid, affecting standing charges.
<b>BESS (Battery Energy Storage System)</b>	A system that stores excess electricity for later use, improving energy efficiency and resilience.
<b>BMS (Building Management System)</b>	A control system that monitors and manages building energy use, improving efficiency.
<b>Community Benefit</b>	The social, economic, or environmental advantages a project brings to a local area.
<b>Conflict of Interest</b>	A conflict of interest occurs when an individual involved in a decision-making process (such as procurement or supplier selection) has a personal, financial, or professional relationship with a supplier or organisation that could influence, or appear to influence, their impartiality.
<b>DER (Distributed Energy Resources)</b>	Decentralised energy sources such as solar panels, wind turbines, and battery storage systems.
<b>DERMS (Distributed Energy Resource Management System)</b>	A system for managing multiple energy sources, optimising efficiency and grid stability.
<b>DC (Direct Current)</b>	A type of electricity flow used in renewable energy systems, such as solar PV and battery storage.
<b>DNO (Distribution Network Operator)</b>	A company responsible for operating and maintaining the regional electricity distribution network.
<b>Distribution Connection and Use of System Agreement (DCUSA)</b>	A multi-party contract that sets out the terms for using and connecting to the electricity distribution network in Great Britain. It standardises the commercial arrangements between distribution network operators (DNOs), suppliers, and other users to ensure fair access and efficient operation of the network.
<b>EV (Electric Vehicle)</b>	A vehicle powered by electricity rather than fossil fuels, reducing carbon emissions.
<b>EVCP (Electric Vehicle Charge Point)</b>	A charging station for electric vehicles, integrated into a smart energy system.
<b>Feasibility Study</b>	An assessment of the technical, financial, and environmental viability of a project.
<b>Flexi-Orb</b>	Flexi-Orb is a UK-based certification body that registers and certifies electrical contractors and installers. It provides accreditation schemes that confirm installers meet required technical standards and regulatory requirements for electrical work and certain low-carbon technologies.
<b>Goods</b>	Physical items that are bought and sold. In the context of procurement, goods refer to tangible products that are purchased by an organisation for use in its operations.
<b>Grant Award Letter</b>	A formal document issued to successful applicants, detailing funding terms and conditions.

<b>HETAS (Heating Equipment Testing and Approval Scheme)</b>	HETAS is a UK certification body for installers and products related to solid fuel, biomass, and wood-fuelled heating systems. HETAS certification confirms that installers are competent to install and maintain these systems safely and in accordance with relevant building regulations and industry standards.
<b>Match Funding</b>	A requirement for applicants to contribute their own funds or secure additional funding from other sources.
<b>NAPIT (National Association of professional Inspectors and Testers)</b>	NAPIT is a UK government-approved membership scheme for electrical installers and other building services professionals. NAPIT certification confirms that installers are competent to carry out electrical installation, inspection, and testing work in accordance with UK safety regulations.
<b>Net Zero</b>	A target to balance carbon emissions with carbon removal, aiming to reduce the overall carbon footprint of a project.
<b>NICEIC (National Inspection Council for Electrical Installation Contracting)</b>	NICEIC is one of the UK's main certification bodies for electrical contractors. It assesses and certifies electricians and installers to ensure they meet required technical standards, safety requirements, and building regulations for electrical work.
<b>PPA (Power Purchase Agreement)</b>	A contract between an energy producer and a buyer, specifying terms for selling generated electricity.
<b>Procurement Process</b>	The structured approach to acquiring goods and services in compliance with funding regulations.
<b>SEG (Smart Export Guarantee)</b>	A UK Government scheme that allows small-scale energy producers to sell surplus electricity to the grid.
<b>Services</b>	Intangible tasks or activities provided by one party to another in exchange for compensation. Examples include consulting or legal advice
<b>SLES (Smart Local Energy System)</b>	A network of locally integrated energy solutions, including renewable generation, storage, and demand management.
<b>TCR (Targeted Charging Review)</b>	A regulatory review by Ofgem affecting electricity network charging structures, particularly for sites with intermittent demand.
<b>WEST (Wales Energy Storage Tool)</b>	A tool developed by Ynni Cymru to model battery storage revenue and optimise project economics.
<b>WIMD (Welsh Index of Multiple Deprivation)</b>	The Welsh Index of Multiple Deprivation (WIMD) is designed to identify the small areas of Wales that are the most deprived.
<b>Works</b>	Refers to construction, building, or civil engineering projects, including tasks like infrastructure development, repairs, refurbishments, and installations. This can involve physical changes to land, buildings, or structures.

# Appendix 1 – SLES Systems

## Simple SLES System

A simple SLES integrates key technologies such as – low carbon heating, solar panels, battery storage, and smart controls to optimise local energy use. An application for this SLES would form part of the Pathway 1 grant fund. By storing excess power for later use, it reduces waste, lowers costs, and improves sustainability. Heating controls may also be included, using automation and data analytics to ensure efficient energy use.

For example, a building such as an office, community centre, or leisure centre could install solar photovoltaic (PV) panels, battery storage, an air source heat pump (ASHP), and smart meters. This setup maximises onsite self-consumption and reduces carbon emissions.

A Community Centre might integrate:

- Rooftop Solar PV for renewable energy generation
- Battery Energy Storage System (BESS) to store excess power
- Air Source Heat Pump (ASHP) for efficient heating
- Solar hot water diverter to enhance hot water supply
- Battery Electric Vehicle (EV) charge points for sustainable transport

These technologies work together through smart controls, ensuring energy is used optimally. During peak generation months, the building may run entirely on solar energy during daylight hours. When demand is met and the battery is full, the system automatically exports surplus energy to the grid, generating revenue through Power Purchase Agreements (PPA) or Smart Export Guarantee (SEG) payments.

## Medium Complexity SLES

A medium-complexity SLES integrates multiple distributed energy sources—such as solar PV, wind, heat pumps, and battery storage—alongside intelligent energy management and demand-response capabilities. This allows various components, including EV chargers, heating systems, and appliances, to optimise energy use based on supply and demand. This type of SLES project would be part of the Pathway 1 and 2 grant fund route.

A practical example involves a group of SME businesses collaborating with a community energy organisation to install rooftop solar PV, Battery Energy Storage Systems (BESS), Air Source Heat Pumps (ASHP), solar hot water diverters, and EV charge points across a small business park. The community energy organisation leads the project, owning, managing, and maintaining the systems, including rooftop leasing arrangements for solar PV, while selling solar-generated and stored electricity to SMEs via a private wire Power Purchase Agreement (PPA) at rates lower than the grid.

The system operates intelligently, prioritising onsite energy consumption to reduce carbon emissions and energy costs. When demand is met and batteries are full, excess renewable electricity is exported to the grid under an export PPA, with potential participation in BESS revenue markets. Additionally, solar and battery systems provide backup power during grid outages. Any financial savings and revenues generated are reinvested into further community projects, enhancing local energy resilience and sustainability.

## Innovative SLES System

A innovative SLES is a fully integrated and highly intelligent system that incorporates multiple energy vectors (electricity, heat, transport) with advanced automation, AI-driven optimisation, and grid interaction. It can dynamically optimise and balance energy use across buildings, industries, and communities, offering demand-side flexibility and potentially supporting peer-to-peer energy trading. This type of SLES project would be part of the Pathway 2 grant fund route.

An example could be where a Community Interest Company (CIC) installs rooftop solar PV, BESS and heat pumps to diverse local properties (homes, public buildings, SMEs, farms), constructs a solar farm, wind turbine and hydro generator and creates a Virtual Power Plant (VPP) system, digitally linking and aggregating all these distributed energy resources (DER) into a single, centrally managed network. These resources are controlled and optimised to act as a unified, virtual energy system that can operate much like a conventional power plant. The VPP enhances the integration of renewable energy and provides more flexibility in meeting energy demands, offering benefits like cleaner and more affordable power.

The availability of lower cost local renewable electricity incentivises the roll out of technologies such as heat pumps, battery EV charging and green hydrogen electrolysis, hydrogen fuelled transport and blended hydrogen injection into the local gas grid. A Local Energy Market (LEM) is created where customers receive cheaper electricity when the systems are generating power. Revenue flows to the CIC. The CIC supports and maintains the systems. An automated AI driven Distributed Energy Resource Management System (DERMS) sends energy where it needs to go at the right time and manages grid interactions. The DERMS can also intelligently export energy to grid for payment or engage in battery revenue / flexibility markets.

## Appendix 2 – Distribution Network Operator (DNO)

Table 4 - DNOs

<b>WELSH COUNTY</b>	<b>DNO</b>
<b>ANGLESEY</b>	SP Energy Networks
<b>BLAENAU GWENT</b>	National Grid Electricity Distribution
<b>BRIDGEND</b>	National Grid Electricity Distribution
<b>CAERPHILLY</b>	National Grid Electricity Distribution
<b>CARDIFF</b>	National Grid Electricity Distribution
<b>CARMARTHENSHIRE</b>	National Grid Electricity Distribution
<b>CEREDIGION</b>	SP Energy Networks / National Grid Electricity Distribution
<b>CONWY</b>	SP Energy Networks
<b>DENBIGHSHIRE</b>	SP Energy Networks
<b>FLINTSHIRE</b>	SP Energy Networks
<b>GWYNEDD</b>	SP Energy Networks
<b>MERTHYR TYDFIL</b>	National Grid Electricity Distribution
<b>MONMOUTHSHIRE</b>	National Grid Electricity Distribution
<b>NEATH PORT TALBOT</b>	National Grid Electricity Distribution
<b>NEWPORT</b>	National Grid Electricity Distribution
<b>PEMBROKESHIRE</b>	National Grid Electricity Distribution
<b>POWYS</b>	SP Energy Networks / National Grid Electricity Distribution
<b>RHONDDA CYNON TAF</b>	National Grid Electricity Distribution
<b>SWANSEA</b>	National Grid Electricity Distribution
<b>TORFAEN</b>	National Grid Electricity Distribution
<b>VALE OF GLAMORGAN</b>	National Grid Electricity Distribution
<b>WREXHAM</b>	SP Energy Networks

## Appendix 3 – Planning Permission

**It's advisable to consult your local authority's planning department or website for documents and guidance specific to your area, as regulations and requirements can vary.**

### Solar Panels

Installing solar panels on both domestic<sup>3</sup> and non-domestic<sup>4</sup> properties in Wales is likely to be permitted development, with no need to apply for planning permission, provided certain conditions are met. The conditions below apply generally, though there are some differences between domestic and non-domestic rules. For full details, check the relevant guidance on GOV.WALES.

For solar panels on non-domestic properties, the following conditions should be met, as a minimum, to qualify as permitted development:

- The panels must not protrude more than 200mm from the roof slope or surface.
- In conservation areas or World Heritage Sites, solar PV or solar thermal equipment cannot be installed on a wall facing a highway.
- Special restrictions apply in conservation areas, National Parks, and Areas of Outstanding Natural Beauty (AONB), and planning permission may be required even if the panels meet other permitted development criteria.
- The installation must not significantly impact the building's appearance or the surrounding environment.

Planning Permission required if:

- The property is a listed building or located in a sensitive area, such as a conservation area, National Park, or AONB.
- The proposed installation exceeds height or size limitations or significantly alters the building's appearance.

### Air Source Heat Pumps (ASHP)

Installation of one ASHP on a domestic property in Wales is normally permitted development, provided it complies with the MCS Planning Standards (MCS 020 or equivalent) and meets the following conditions:

- No more than one ASHP can be installed on or within the curtilage of the property.
- The outdoor compressor unit (including housing) must not exceed 1 cubic metre in volume.

---

<sup>3</sup> [Planning permission: solar panels | GOV.WALES](#)

<sup>4</sup> [Planning permission: solar panels \(non-domestic\) | GOV.WALES](#)

- No part of the ASHP can be installed within 3 metres of the property boundary.
- The ASHP must be used solely for heating purposes.
- The ASHP cannot be installed on a pitched roof. If installed on a flat roof, it must be at least 1 metre from the external edge of the roof.
- The ASHP cannot be installed on a wall or roof that fronts a highway.
- Permitted development does not apply if a stand-alone wind turbine is already installed within the curtilage of the property.

Planning permission is required if the property is a listed building, is within the curtilage of a listed building, or is on a scheduled monument.

## Non-domestic properties

Installations of air source heat pumps on non-domestic land are likely to require an application for planning permission to the local authority<sup>5</sup>.

*Note: The Welsh Government consulted in 2025 on proposed changes to ASHP permitted development rights, including removing the 3-metre boundary rule, increasing the volume limit to 1.5 cubic metres, allowing up to two units on detached properties, and extending permitted development to cover air-to-air heat pumps. The latest position should be checked on GOV.WALES<sup>6</sup>.*

## Ground Source Heat Pumps (GSHPs)

Installation of a GSHP within the curtilage of a non-domestic building in Wales is normally permitted development, provided:

- Only the first GSHP installation is permitted development.
- The total area covered by the excavation (including pipes) does not exceed 0.5 hectares.
- The installation is not within the curtilage of a listed building or on a scheduled monument.

For domestic properties, similar permitted development rights apply.

## Water Source Heat Pumps (WSHPs)

Installation of a WSHP within the curtilage of a non-domestic building in Wales is normally permitted development, provided:

- The total area covered by the installation (including pipes) does not exceed 0.5 hectares.
- The capacity does not exceed 45 kilowatts thermal.
- The installation is not within the curtilage of a listed building or on a scheduled monument.

---

<sup>5</sup> [Planning permission: heat pumps \(non-domestic\) | GOV.WALES](#)

<sup>6</sup> [Changes to permitted development rights | GOV.WALES](#)

For both GSHPs and WSHPs, additional environmental consents may be required, for example from Natural Resources Wales for borehole drilling or water abstraction. Professional advice should be sought.

## Battery Energy Storage Systems (BESS)

Small-scale battery systems installed internally within a building (e.g. alongside a solar PV system) do not normally require planning permission as internal works are unlikely to constitute development. Larger or external battery storage installations may not be permitted development rights and therefore may require a planning application to the local planning authority. Professional advice should be sought to confirm the requirements for the specific project.

## Wind Turbines

### Domestic properties

Building-mounted wind turbines are not permitted development in Wales and will always require a planning application<sup>7</sup>. A stand-alone (not building-mounted) wind turbine within the curtilage of a domestic property may be permitted development, provided it complies with the MCS Planning Standards and meets the following conditions:

- Only the first stand-alone wind turbine is permitted development, and only if there is no existing ASHP at the property.
- The highest point (including blades) must not exceed 11.1 metres.
- The lowest part of any blade must be at least 5 metres above ground level.
- No part of the turbine can be closer to the property boundary than a distance equal to the overall height of the turbine plus 10%.
- The swept area of the blades must not exceed 9.6 square metres.
- The turbine must not be on safeguarded land, within the curtilage of a listed building, or on a scheduled monument.
- In conservation areas, the turbine must not be visible from a highway bounding the curtilage.
- Permitted development does not apply in AONBs, World Heritage Sites, or SSSIs.

### Non-domestic properties

There are currently no permitted development rights for wind turbines on non-domestic properties in Wales. A planning application to the local planning authority will be required.

---

<sup>7</sup> [Planning permission: wind turbines | GOV.WALES](#)

## Electric Vehicle (EV) Charging Points

The installation of EV charging infrastructure in an area lawfully used for off-street parking is normally permitted development in Wales<sup>8</sup>. There are two types:

### *Wall-mounted electrical outlets (Class D)*

- The outlet and its casing must not exceed 0.2 cubic metres.
- It must not face onto and be within 2 metres of a highway.
- It must not be within a scheduled monument.

### *Free-standing upstands with electrical outlets (Class E)*

- The upstand must not exceed 1.6 metres in height from the parking surface.
- It must not be within 2 metres of a highway.
- It must not be within a scheduled monument.
- No more than one upstand is permitted per parking space.

These rights apply to both domestic and non-domestic off-street parking areas. Local authorities also have permitted development rights to install EV charging points and associated infrastructure on their own land.

*Note: The Welsh Government's 2025 consultation on changes to permitted development rights included a proposal to increase the maximum height of non-domestic EV charging upstands from 1.6 metres to 2.7 metres. The latest position should be checked on GOV.WALES.*

---

<sup>8</sup> [The Town and Country Planning \(General Permitted Development\) \(Amendment\) \(Wales\) Order 2019](#)

## Appendix 4 – Assessments and Surveys

**It's advisable to consult your local authority's planning department or website for documents and guidance specific to your area, as regulations and requirements can vary.**

Depending on the nature of the project, the following assessments may be necessary. **Please note that this is general advice, and we strongly recommend consulting with relevant professionals to confirm the appropriate actions for any of the below.**

### Structural Surveys

- Roof-mounted Solar Panels – A structural survey may be required to assess whether the roof can support the weight and wind loading of solar panels. Flat roof installations typically involve heavier mounting and ballast systems, and along with older buildings or those with existing structural concerns, are particularly likely to require a survey.
- ASHP – If the heat pump is installed on a flat roof, an assessment may be needed to ensure the structure can support the additional weight and vibration.

### Ecological & Environmental Surveys

In Wales, all developments requiring planning permission must demonstrate a Net Benefit for Biodiversity (NBB) under the Environment (Wales) Act 2016. Applicants should consider biodiversity enhancements (e.g., bat and bird boxes) as part of project design.

- Bat Survey – Required if the project involves modifications to a roof, loft space, or an old building where bats could be roosting. Bats are a protected species, and a survey may be needed before planning permission is granted. If bats are confirmed, a mitigation licence may also be required. Note that bat surveys are seasonally constrained (May–September), which should be factored into project timelines.
- Bird or Wildlife Survey – Necessary if the project affects trees, hedgerows, or buildings where protected bird species (e.g., barn owls) may nest. Vegetation clearance and building works should avoid the bird nesting season (March–August) unless a survey confirms no active nests are present.

### Noise Impact Assessment

Some renewable energy technologies, such as air source heat pumps (ASHPs), battery storage systems, and wind turbines, can produce noise during operation. A noise assessment may be needed, particularly in residential areas or where neighbouring properties are nearby.

In Wales, domestic ASHPs can currently be installed under permitted development provided the unit is at least 3 metres from the property boundary and meets the noise standards in the MCS 020 Planning Standard. The Welsh Government ran a consultation in 2025 proposing changes to heat pump permitted development rules. The latest position should be checked on GOV.WALES<sup>9</sup> before proceeding.

Where a planning application is required, the local planning authority may request a noise impact assessment. Professional advice should be sought to confirm whether this applies to the specific project.

## Ground Investigations

- Ground-mounted Solar Arrays – If installing solar panels on land, a ground condition survey may be needed to assess soil stability, drainage, and potential ecological impacts.
- Ground source heat pumps – borehole or trench installations may require a geological or hydrological survey to confirm ground conditions are suitable and to avoid damage to underground services or watercourses.
- Battery storage and other large equipment – a foundation assessment may be needed to ensure the ground can support the weight of the installation.
- Wind turbines – foundation design will depend on ground conditions, and a survey may be required for larger or mast-mounted turbines.

---

<sup>9</sup> [Changes to permitted development rights | GOV.WALES](#)

## Appendix 5 – Other Funding Schemes

The list of relevant funding programmes in Wales 2026/2027 detailed below is not exhaustive but provides some detail of available funding programmes.

Table 4 Funding Programmes 2026/2027

Funding programme	Summary	Eligibility
<p><b><a href="#">Boiler Upgrade Scheme</a> (England and Wales)</b></p>	<p>The Boiler Upgrade Scheme provides grants to property owners in England and Wales to replace fossil fuel heating systems with low-carbon alternatives. Grants of £7,500 are available for air source and ground source heat pumps, and £5,000 for biomass boilers (rural off-grid properties only).</p>	<p>Property owners (including businesses, second homes, or rental properties) replacing existing fossil fuel or electric heating systems. Not available if the property has already received public funding for a heat pump or biomass boiler. New builds and social housing are not eligible.</p>
<p><b><a href="#">Clean Energy Fund</a> (North Wales Only)</b></p>	<p>A £25 million initiative delivered via loans and grants to support clean energy projects across North Wales, aiming to achieve renewable energy and decarbonisation targets with local ownership elements. The fund is delivered by WCVA (in partnership with Community Energy Wales) for the voluntary sector sub-fund, and UMi for the private sector sub-fund. This is a five-year scheme with applications being accepted until all funds have been allocated.</p>	<p>Voluntary sector organisations and private sector businesses based in or with a presence in North Wales (Conwy, Denbighshire, Flintshire, Gwynedd, Wrexham and Ynys Môn).  Funding structure: 50% grant (minimum £25,000, maximum £500,000), 25% interest-free loan (up to £250,000), with 25% match funding required.</p>
<p><b><a href="#">DiGarbon</a> (Further and Higher Education Only)</b></p>	<p>DiGarbon provides loan funding to help drive the tertiary education sector to achieve net zero emissions.</p>	<p>Public further and higher education institutions based in Wales are eligible to apply.</p>
<p><b><a href="#">Green Business Loan Scheme</a> (SMEs Only)</b></p>	<p>The Development Bank of Wales provides Welsh businesses with a package of support, including green business loans, to support reduction of carbon emissions and allow businesses to save on future energy bills.</p>	<p>To apply for the Green Business Loan Scheme, limited companies, sole traders or partnerships must be based in Wales and trading for at least two years with at least one set of filed, annual accounts. The scheme has been extended to £20 million with funding available until 2028.</p>

<p><b><a href="#">Local Authority Low Carbon Heat Grant (LALCHG) (Local Authorities Only)</a></b></p>	<p>Welsh Government Grant that provides funding for capital works associated with retrofitting low carbon heat solutions in non-domestic, local authority-owned buildings. This gives local authorities the support to implement low carbon heat projects as part of their journey towards achieving Net Zero. Capital grants will be provided to support projects which can complete their awarded works by 31 March 2027.</p>	<p>Local authorities in Wales with projects that are ready for implementation.</p>
<p><b><a href="#">Smart Export Guarantee (SEG)</a></b></p>	<p>The SEG allows applicants to receive payments for surplus electricity generated by their solar panels and exported back to the grid. While not a grant, it provides an ongoing revenue stream that can offset installation costs.</p>	<p>Applicants will need a certified energy generation system and an export/smart meter to apply.</p>
<p><b><a href="#">Sport Wales Energy Saving Grant (Not for profit sports clubs and community groups only)</a></b></p>	<p>The Energy Saving Grant offers up to £25,000 to help sports clubs in Wales make energy-saving improvements to their facilities, including solar panels, battery storage, insulation, LED lighting, and heating system upgrades.</p>	<p>Not-for-profit sports clubs and community groups based in Wales that own their facility or have at least 7 years remaining on their lease. A minimum 20% contribution to total project costs is required. Applications are assessed on energy-saving impact.</p>
<p><b><a href="#">The Local Energy Fund (Community and SMEs Only)</a></b></p>	<p>The Development Bank of Wales provide loans to support to small renewable energy projects unable to access commercial funding.</p>	<p>Community groups, social enterprises, local ownership models, and SMEs can apply.</p>
<p><b><a href="#">Wales Funding Programme - Salix (Public Sector Only)</a></b></p>	<p>The scheme is hosted by Salix Finance on behalf of Welsh Government, providing loan funding for energy efficiency and decarbonisation projects for public sector bodies registered in Wales.</p>	<p>The scheme is targeted at public sector organisations in Wales including local authorities, schools, universities, colleges and emergency services.</p>
<p><b><a href="#">Ymestyn Grant</a></b></p>	<p>The Ymestyn Grant is a Welsh Government fund supported by Great British Energy, providing 'top-up' capital grant funding to improve financial paybacks for</p>	<p>Public sector bodies and community groups in Wales.  Supports renewable energy projects with challenging</p>

	<p>locally-owned renewable energy projects. It can be used alongside other Welsh Government funding such as the Wales Funding Programme. The grant supports building-connected and grid-export renewable energy projects ready for implementation.</p>	<p>financial cases above a 10-year payback.</p> <p>Projects must be completed and commissioned by 30 November 2026.</p>
--	--	---

## Appendix 6 – Pre-funding Conditions

The following sets out the full list of pre-funding conditions that will form part of the Welsh Government Standard Grant Award Letter issued to successful applicants. Some or all these conditions must be evidenced before any grant claims can be submitted. Applicants are advised to provide evidence against these conditions as early as possible to avoid delays to payment. Funding will not be released unless all evidence is provided.

Table 6 Pre-funding Conditions

<b>Pre-Funding Condition</b>	<b>Required Evidence</b>
<b>Proof of property ownership or lease</b>	Land Registry title register (if owned) or signed lease agreement(s) covering the site.
<b>Landlord consent (where applicable)</b>	Written consent from the landlord, freeholder, or property owner approving the proposed SLES installation.
<b>Mortgage or secured lender consent (where applicable)</b>	Written confirmation (email or letter) from the mortgage provider or secured lender approving the proposed SLES installation. A Land Registry search may be required to confirm whether a mortgage interest exists.
<b>All necessary planning permissions or confirmation of permitted development</b>	Copy of planning approval from the Local Planning Authority, or written confirmation that the works fall within permitted development rights.
<b>Distribution Network Operator (DNO) grid connection offer (where required)</b>	Formal grid connection offer from the relevant DNO (e.g., NGED or SPEN), including reference number and validity period.
<b>Final system design for ASHP, Solar PV and/or BESS</b>	Design report, layout drawings, or technical specification prepared by a competent installer. A dated quotation including system design information is acceptable.
<b>Structural survey (where required for rooftop installations)</b>	Structural survey report from a qualified structural engineer, or written confirmation from an accredited installer (e.g., MCS-certified) confirming the roof can accommodate proposed loads.
<b>Confirmed match funding in place</b>	Bank statement, loan agreement, board resolution, funding award letter, or other formal confirmation demonstrating the required match funding is secured.
<b>Signed collaboration agreement (where project includes partner organisations)</b>	Signed agreement setting out partner roles, responsibilities, governance arrangements, and cost/benefit sharing arrangements.
<b>Procurement policy (if available or required)</b>	Procurement policy document outlining principles, processes, evaluation methods, ethical supply chain approach, and conflict of interest procedures.

<b>Procurement documentation issued to suppliers</b>	Copies of tender or request-for-quotation documents issued, including specifications and evaluation criteria.
<b>Evidence of quotes or tenders received</b>	All quotations received.
<b>Evaluation and supplier selection record</b>	Signed evaluation report demonstrating scoring criteria, assessment outcomes, and rationale for supplier selection.
<b>Conflict of Interest Declaration</b>	Conflict-of-Interest (COI) declaration form signed by those involved in procurement decisions.
<b>Building insurance confirmation</b>	Written confirmation from the building insurer that the existing policy will remain valid and that the building (including newly installed SLES equipment) will be adequately insured.
<b>Anti-Money Laundering (AML) and financial crime checks</b>	Provision of any information reasonably required by Ynni Cymru or the Welsh Government to complete AML, counter-fraud, and financial crime checks.

## Appendix 7 – Questions and Answers from Ynni Cymru Capital Grant Scheme Webinar

### Application Process

#### **Will the application form be viewable before submitting an application?**

Yes. The application form and guidance will be made available online so applicants can review the requirements.

#### **Will the application form be available in Welsh?**

Yes. The application form and guidance will be available in Welsh.

#### **If questions raised during the webinar are not answered, where can we find answers?**

Please refer to the Guidance Note. If your query is project-specific, we recommend attending one of the Ynni Cymru drop-in sessions where the team can provide further advice.

#### **Can applicants access slides or resources from the webinar sessions?**

Yes. Resources and slides from the sessions will be shared following the webinar.

### Eligibility

#### **Are Community Interest Companies (CICs), charities, or non-profit organisations eligible?**

Yes. Community organisations and social enterprises, including charities and CICs, may be eligible where they meet the scheme requirements.

#### **Would a collaboration with a social landlord or other organisation be eligible?**

Collaborative applications are permitted. A lead applicant must submit the application and will remain responsible for project delivery and compliance. Please attend one of our drop-in sessions to discuss your specific project.

#### **Can organisations submit more than one application?**

Yes. Organisations may submit multiple applications, but the maximum grant award per organisation is £999,999.99 across all applications.

#### **Are organisations leasing a building eligible to apply?**

Applicants must demonstrate that they have the necessary rights to install and retain the equipment at the site. Lease agreements must be for at least three years from the date of application, and applicants must ensure they can retain and maintain the funded assets for the funded asset owning period (currently 10 years) as set out in the Welsh Government Grant Award Letter. Where a property is subject to a

mortgage or other secured lending, applicants should confirm with the lender that the proposed works are acceptable.

## Project Scope and Eligibility

### **Are phased projects eligible?**

The elements funded through the grant must be delivered within the scheme delivery period, March 31<sup>st</sup> 2027, and must form part of a compliant Smart Local Energy System (SLES).

### **Can existing technologies already installed count towards the system?**

Yes. Existing eligible technologies may count towards meeting the SLES requirements where they form part of an integrated system.

### **Can infrared heaters powered by solar PV count as a low-carbon heating technology?**

Please refer to the Eligible Technologies section of the guidance note. Direct electric heating (such as infrared heaters) is not normally considered best-practice low-carbon heating and will only be considered where applicants can robustly demonstrate that it is the most appropriate option.

Where solar PV is proposed to support electric heating, applicants should clearly demonstrate how the technologies will operate together as part of a Smart Local Energy System. This should include calculations showing the realistic contribution that solar PV generation could make to the heating demand.

Applicants who are unsure about technology eligibility are encouraged to discuss their project during the Ynni Cymru drop-in sessions.

### **Can surveys or feasibility work be funded?**

Feasibility or concept work is generally not eligible for funding, such work is likely to take place before application and therefore cannot be claimed in retrospect.

The scheme primarily supports capital works. Please refer to the guidance note for eligible and non-eligible costs.

### **Would installing solar panels, EV infrastructure and batteries qualify if part of a wider system?**

Projects must form a Smart Local Energy System that integrates multiple technologies which must include renewable generation, low-carbon heat, and smart controls for Pathway 1 and 2. This can include already installed equipment.

## Funding and Match Funding

### **Is match funding required?**

Yes. Minimum match funding requirements are:

- Public sector organisations: **25%**
- SMEs: **25%**
- Community organisations and social enterprises: **0%**

### **Can other grants or loans be used as match funding?**

Applicants should explore other sources of funding. Other grants from the Welsh Government cannot be used as match funding, although Welsh Government loans can be used as match funding. Match funding must be allocated to eligible costs directly supporting the SLES installation with projects being completed by 31 March 2027.

### **Is there a cap on Solar PV funding?**

Yes. For SMEs and public sector applicants, Solar PV funding is capped at 40% of eligible capital costs, subject to the scheme's payback rules. Please refer to the Guidance Note for further detailed information.

## Assessment and Success Rates

### **How many applications were received in the previous round?**

The previous round received 116 applications.

### **What is the success rate of applications?**

Funding is awarded through a competitive process and success rates vary depending on application quality and available budget.

### **Can applicants obtain feedback or scoring from previous rounds?**

Applicants from previous rounds were provided with feedback by request.

## Deliverability and Project Requirements

### **Is staff time an eligible cost?**

Yes. Staff time may be included where it is directly related to delivering the project and reflects actual employment costs. Please refer to the Guidance Note for more detailed information.

### **Can frameworks such as LASER be used for procurement?**

Applicants should follow the procurement guidance within the scheme documentation and ensure processes demonstrate transparency and secure value for money.

### **Can projects under Pathway 2 receive delivery extensions?**

Projects must be delivered within the scheme timeline (31<sup>st</sup> March 2027).

## Smart Local Energy System (SLES) Requirements

### **What qualifies as a Smart Local Energy System?**

A SLES integrates multiple technologies such as:

- Renewable energy generation
- Low-carbon heating
- Smart control systems

These technologies must operate together as a coordinated system. Please refer to Smart Local Energy System (SLES) principles in the grant scheme Guidance

### **Can a single technology project apply?**

No. Single-technology installations are not eligible.

## Deprivation and Community Benefit

### **What is the deprivation index referenced in the guidance?**

The scheme uses the Welsh Index of Multiple Deprivation (WIMD) to identify areas with the highest levels of deprivation.

### **Can deprivation be demonstrated using other indicators?**

The Welsh Index of Multiple Deprivation (WIMD) is the metric used to determine eligibility for the deprivation assessment uplift. However, applicants are encouraged to clearly describe how their project will deliver benefits to communities, particularly those in more deprived areas. This may include information on local context, the communities expected to benefit, and how the project will support vulnerable or priority groups.

## Technical and Policy Questions

### **Are technologies such as hydro energy eligible?**

Hydro schemes may be eligible where it forms part of a Smart Local Energy System and meets scheme requirements. The timescale for delivery of the project remains 31<sup>st</sup> March 2027 which may be challenging for any proposed new hydro construction.

### **Are innovative technologies such as AI energy systems considered?**

Innovative systems may be considered where they contribute to SLES principles and demonstrate clear benefits.