



Llywodraeth Cymru
Welsh Government

From:

Energy Division

Cleared by:

Date:

11/04/2025

MINISTERIAL ADVICE

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

Subject	Grant funding for Community Energy Wales (CEW) and Ynni Teg (YT)
100 word summary	<p>Community Energy Wales (CEW) is a not-for-profit membership organisation that supports the community energy sector. They work alongside Ynni Teg (YT), which they established as a pan-Wales developer of community-owned clean energy infrastructure. CEW works with YT to build the capacity and profile of the community energy sector and involve more areas in renewable development and active energy citizenship.</p> <p>This advice proposes a one-year funding agreement for CEW and the community led developers YT.</p>
Timing	Routine
Recommendation	The Cabinet Secretary is asked to agree to commit funding up to £430,000 revenue support for the business plan for CEW and YT.
Decision report	This decision does require a Decision Report, which may be published at any point.

ADVICE

Background

1. CEW is a not-for-profit membership organisation that supports and represents community energy (CE) projects in Wales. Ynni Teg (YT), the developer arm of the partnership, was established to provide direct practical support to project managers in the sector. YT also develops and operates its own projects to deliver revenues to fund future activities of both organisations. CEW and YT have developed a strong presence in the renewable sector over the years and aim to accelerate the country's transition to a decarbonised energy system.
2. CEW works alongside the Welsh Government Energy Service (WGES) and Ynni Cymru, providing different and complementary support to communities. While WGES provides groups with technical support and access to funding and Ynni Cymru works with projects on innovative business models, CEW represents and develops the sector, providing support and challenge to raise the collective ambition.
3. The organisations provide practical support to existing and potential community schemes, operate their own generating assets, and offer a start-up service to communities as their plans progress. CEW and YT are campaigning for changes to the energy supply regulations that would enable local supply markets to operate. They believe this change is essential to the future viability of CE projects in Wales and elsewhere.
4. Historically CEW and YT have focused on supporting communities that are developing renewable projects. However, they consider they need to shift their approach to proactively engage with communities to communicate the benefits of local renewable energy generation.

Funding to date

5. The organisation has received Welsh Government funding since its establishment in 2015. With limited core funding, CEW has delivered a range of activities including representing the sector's perspective in relevant policy development, producing the first Welsh State of the Sector report, developing the current pipeline of community energy schemes and raising over £1million through community share and bond offers.
6. YT as a community focused developer has established partnerships with commercial developers, particularly on projects on the Welsh Government Woodland Estate, and are supporting other communities to consider shared ownership projects.
7. A three-year funding agreement has just ended, which provided £752,462 over three years, split between the organisations. YT also received an initial grant of £100,000 through the Foundational Economy fund to establish itself as a community owned developer.

Current request for support

8. CEW and YT are seeking increased investment to fund a significant increase in the Community Energy (CE) sector's activities in Wales, to engage proactively in communities over the next 5 years. It will enable CEW to approach harder to reach communities and help them identify, develop and deliver energy projects with local impact.
9. The proposal also includes improving organisational governance to mitigate risks associated with larger delivery ambitions. This request is part of a coordinated and deliberative strategy to engage proactively in communities over the next 5 years.

Deliverables

10. The proposed workstreams in the business plan are as follows:
Continuation of support and services to members and projects.
 - CEW will continue to provide services and support to members and projects, including the provision of the State of the Sector (SoTS) annual report, policy input at local, national, and UK levels, and the annual two-day conference for members. CEW will also provide support to existing and potential community schemes, operating generating assets, and offering a start-up service to communities. CEW will also continue campaigning for changes to energy supply regulations to enable local supply markets.

Asset Development.

- CEW will enhance activity including potential repowering of existing assets, development of new commercial business models, and training and development of local supply chain and asset management capacity. CEW will also map out existing networks in communities and develop relationships with those who already exist in communities.

Community activation and engagement.

- CEW will support community activation in areas previously not reached by community energy, providing a start-up support service that takes projects from ideation to commissioning and operation. CEW will also support the Local Area Energy Plan (LAEP) community activation and engagement work.

Shared ownership.

- CEW aims to engage with communities across Wales on the opportunities from working with commercial developers to jointly own large-scale projects

Options and analysis

11. The proposal from CEW would require an approximately fourfold increase in funding. This would be very challenging to fund from the Green Energy Budget. Officials have therefore developed four options for the Cabinet Secretary to consider.
- Option 1. Stop funding CEW. This would result in the organisation shrinking to staff who could be supported for Ynni Teg income. It would signal reduced Welsh Government support from the community energy sector and impact negatively on the PfG commitment to locally owned generation. It would also reduce support available to community groups and reduce the value these provide, such as income and community cohesion.
 - Option 2. Keep CEW funding at current level (£230,000). The existing level of activity would continue, somewhat eroded by increasing costs. This would be deliverable under the current challenging funding levels but would miss a potential opportunity for supporting disaffected communities who are otherwise vulnerable to negativity towards a clean energy transition.
 - Option 3. Agree the funding at the proposed level of £800,000. This would require identifying a source of funding outside the Green Energy BEL to meet the gap of £370,000 in 2025-26. It has not been possible to identify additional funding.
 - Option 4. Increase the level of funding to £430,000. This would enable an increased level of current activity but not to the extent proposed. It would require CEW to focus on a limited number of the envisaged delivery areas, but it would still show confidence in the sector and allow the work with hard-to-reach communities to go ahead. This could be met using currently unallocated funding in the Green Energy BEL, which would reduce flexibility within year.

Recommendation

12. Officials **recommend the Cabinet Secretary agrees to commit funding of £430,000 (Option 4) in financial year 2025-26 to support the business plan for CEW and YT**. This shows confidence in community energy as an important part of the foundational economy and is in line with our published policy.

Programme for Government (PfG)

13. The investment in CEW and YT will accelerate the transition to a decarbonised energy system. The focus on community-owned renewable energy projects helps to keep jobs, skills, and profits within communities, helping to ensure that the benefits of the energy transition are more equitably distributed.

14. The action supports the PfG commitment to “Expand renewable energy generation by public bodies and community groups in Wales by over 100MW by 2026”.

Financial implications

15. If the Cabinet Secretary agrees to the recommended option (option 4), the proposed allocation of £430,000 of revenue funding in financial year 2025-26 can be accommodated from the Green Energy BEL 1280 in the Economy, Energy and Planning MEG. This commitment would be included in the cross-cutting delivery area (£533,399).

	Initial indicative budget allocation
BEL 1280 Green Energy	
Cross cutting delivery	£533,399
Total	

16. Officials consider the budget proposal represents good value for money. The organisations are not for profit and have aims and principles aligned with the Welsh Government’s renewable energy policy. The proposal could make a significant difference to deprived communities, currently at risk of exclusion from the energy transition.
17. Commissioning commercial organisations to deliver a similar service would be considerably more expensive when comparing staff costs and would fail to deliver the community capacity and resilience outcomes observed from community-led energy delivery. Increasing support to both organisations will indicate continuing Welsh Government support for the community energy sector and action on the climate emergency.
18. This advice has been copied to Budget and Government Business Division for monitoring purposes.

Subsidy Control

19. The proposed will be a subsidy. A subsidy scheme was established and is registered on the UK Transparency database. Subsidy Control colleagues have had sight with this advice and are content (SC11303).

Legal issues, powers & statutory duties

20. This advice does not raise any specific legal issues, so no legal advice has been sought. Legal services are copied into the advice.

Communication and media handling

21. We will work with CEW and comms colleagues to agree a press notice to announce the funding.

Annex 1: ASSURANCE AND COPY RECIPIENTS**CLEARANCE TRACKING**

Aspect	Tracking	Yes	No	N/A	Clearance no.
Finance	Financial implications over £50,000?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	Cleared by Group Finance?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	Cleared by Budget & Government Business Division?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	Cleared by Local Government Finance?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Legal	Legal issues?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	Cleared by relevant lawyers?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Governance	Novel and contentious issues?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	Cleared by Corporate Governance Centre of Excellence?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

DEPUTY DIRECTOR, STATEMENT OF ASSURANCE

In clearing this MA, I confirm that I, XX, have quality assured this advice, ensuring it is provided on the basis of evidence, accurately presents the options and facts and I am accountable for the recommendations made

I am satisfied that the recommended decision or action, if agreed, would be lawful, affordable and comply with all relevant statutory obligations. Welsh Government policy priorities and cross portfolio implications have been fully considered in line with delivery of the government objectives.

I have fully considered the statement of assurance contained in the MA guidance to ensure all relevant considerations have been taken into account, appropriate impact assessments have been undertaken and that the actions and decisions take account of regularity, propriety and value for money.

COPY LIST

All mandatory copy recipients (as indicated in the guidance). Additional copy recipients specifically interested in this advice:

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