

## **Proposal – Welsh Government 2022-2026**

### **Introduction**

Community Energy Wales (CEW) and the Welsh Government share the aspiration of increasing the amount of renewable energy assets in Wales that are in local ownership. CEW are delighted that the Welsh Government have committed to developing 100MW of community and publicly owned energy by 2026 and this proposal sets out how we propose working with the Welsh Government to deliver and exceed this aspiration, whilst also setting the community energy sector to continue to grow and thrive in Wales. CEW has been involved in the Renewable Energy Deep Dive and would be a key player in working with the Welsh Government to deliver a number of the recommendations that come out of that process.

YnNi Teg was set up by CEW to develop community energy projects where there wasn't the capacity for communities to deliver projects themselves. It is currently involved in the development of a pipeline of 41MW of community owned energy projects and is looking to increase its capacity to develop more. The projects currently in the pipeline if successful would support nearly half of the Welsh Government's 100MW target and with additional resource YT could increase the number of projects they are able to work on.

By supporting both these organisations to increase their capacity, funding this proposal would have a significant impact in ensuring the Welsh Government is able to meet the 100MW target and ensure that we can maximise the local economic impact and social value of the transition to zero carbon.

### **The State of the Sector**

Thanks to funding from the Welsh Government, CEW were able to commission a specific State of the Sector report for the community energy sector in Wales. It also gave us the first opportunity to compare how the sector was doing compared to other parts of the UK.

The community energy sector in Wales has remained resilient and whilst still smaller than England and Scotland it has a highest number of community energy organisations per head of population than any other nation in the UK and in 2020 Wales reported the greatest increase in community owned renewable energy of all UK nations with 4.25MW commissioned out of a total of 8.2MW of new projects. However, 8.2MW was significantly down on the 15.4MW that was commissioned across the UK in 2019 and likely reflects the impact of the loss of the Feed In Tariff (FIT) which has negatively impacted all small scale renewable energy projects in the UK<sup>1</sup>.

The key findings of the Welsh report were that:

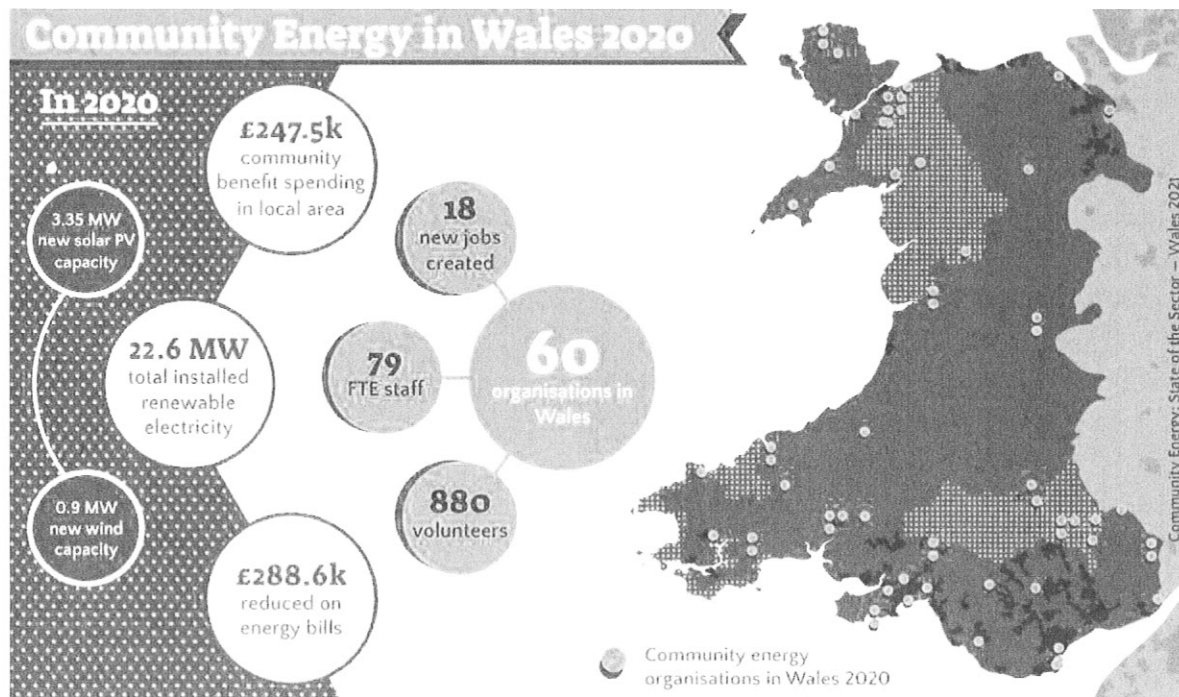
- Community Energy is playing a crucial role in delivering net zero
- There is a refocusing of the sector to whole systems approaches and an ambition to scale up their projects.

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<sup>1</sup> [1624438045\\_UKSOTSReport.pdf \(communityenergyengland.org\)](https://www.uksofs.org.uk/1624438045_UKSOTSReport.pdf)

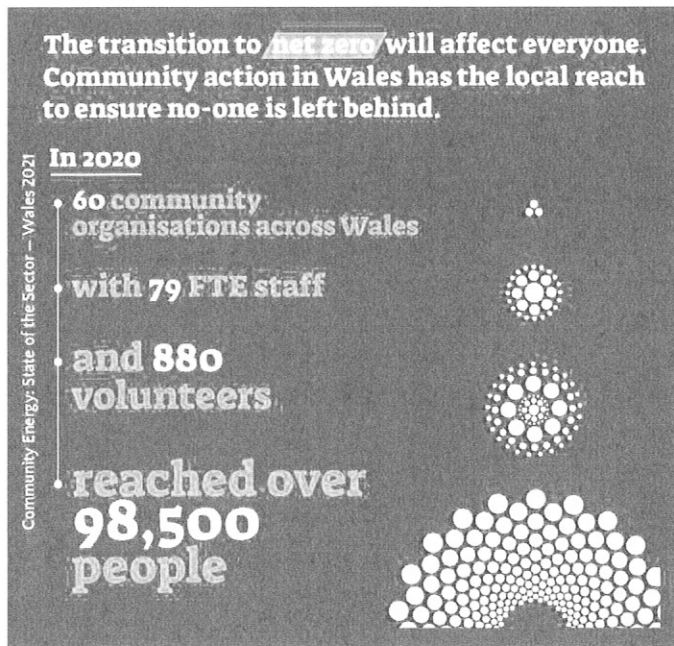
- 2020 demonstrated the resilience and key role of community energy in the green recovery. An example being how community energy schemes supported their communities during lockdown.
- In order to deliver the potential of community energy in Wales further policy support is needed.<sup>2</sup>

Figure 1. Demonstrates the overall picture of the community energy sector in Wales.



The report also highlights how the Community Energy sector is delivering on more than just renewable energy. It is also delivering on other decarbonisation projects such as energy efficiency and sustainable transport. These activities are not just helping with decarbonisation but they are also assisting with other issues such as fuel poverty, responding to Covid 19 and better connecting communities. Most importantly the sector has proved to be excellent at engaging with people, involving their communities and leveraging in additional funding to create jobs and volunteering opportunities in their communities highlighted in Figure 2 below.

<sup>2</sup> [wales-sots-2021.pdf \(communityenergywales.org.uk\)](#)



Whilst this picture is positive if we are to deliver the Welsh Government target of 100MW of community and publicly owned energy then we will need to at least double or triple the amount of community owned energy in the next 4 years.

A recent report by WPI economics suggested that with the right support and policy framework then the Community Energy sector had the potential to grow to between 12-20 times larger than it is currently today. In Wales this would equate to between 440 and 740 MW of community owned energy in Wales. By extrapolating these figures for the whole of the United Kingdom to Wales then this could deliver between £155 to £261 million Gross Value Added to the Welsh Economy and create between 560 and 1224 jobs<sup>3</sup>. This would be a fantastic ambition for Wales in the longer term and demonstrates the value a flourishing community energy sector could bring.

The State of the Sector report recommended a number of policy interventions that could enable this to happen in Wales<sup>4</sup>. These are reflected in the manifesto Community Energy Wales developed this year<sup>5</sup> and summarised below.

- Access to the necessary support, resources and finance.
- Ability for generators to sell their energy locally.
- Access to land and buildings to develop community energy projects
- Communities at the heart of the net zero transition.

The State of the sector report highlights the value of the sector to Wales and this is supported by a number of other reports.

- A report by the National Trust on the 'Social and Economic Benefits of Community Energy' highlighted how they can improve the autonomy of local communities, resilience through

<sup>3</sup> [Future-of-Community-Energy-20200129-Web-Spreads.pdf \(wpieconomics.com\)](#)

<sup>4</sup> [wales-sots-2021.pdf \(communityenergywales.org.uk\)](#)

<sup>5</sup> [Manifesto Draft 1 \(communityenergywales.org.uk\)](#)

being able to invest in other assets and services, community empowerment, education, their sense of place and the local economy<sup>6</sup>.

- Community energy projects can deliver around 12 times the value to the local economy than purely commercial projects<sup>7</sup>.
- A recent report on Scottish community owned wind farms found that even the worst performing community wind farm provided a community benefit fund 15 times higher than the industry average<sup>8</sup>.
- A recent survey by Client Earth, 2018<sup>9</sup> found that *“Almost three quarters of consumers would be interested in joining a community energy scheme if the government made it easier (71%), and individuals keen to install their own solar panels (62%) and home energy storage (60%).”*
- A report commissioned by Devon County Council recognised that although the cost of supporting a community owned energy project may be more than a local or non-local private scheme. The benefits would far outweigh the cost with the additional benefit of a community owned 30MW solar farm adding £15.9 million in economic value to the Devon economy<sup>10</sup>.

#### Community Energy Wales and YnNi Teg

Community Energy Wales has benefitted from support from Welsh Government since 2015 and this support has been crucial to help the organisation establish itself in Wales providing vital support to the sector.

A summary of the key achievements that CEW has delivered during that time can be summarised below.

**Directly supported the development of new Community Energy Schemes** – CEW set up YnNi Teg which developed a 900kW wind turbine. In addition, it has signed a Heads of Terms (HOT) with Dwr Cymru to develop a portfolio of up to 10MW of solar projects to supply power directly to Dwr Cymru. YnNi Teg has gone onto support the development of a pipeline of other projects which include:

- Setting up YnNi Newydd to develop a 100% owned community owned 30MW solar farm. Access to land and grid have been secured and the planning application is due to be submitted.

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<sup>6</sup>

[http://www.ukcec.org/sites/default/files/files/NT%20report\\_%20Social%20and%20Economic%20Benefits%20of%20Community%20Energy.pdf](http://www.ukcec.org/sites/default/files/files/NT%20report_%20Social%20and%20Economic%20Benefits%20of%20Community%20Energy.pdf)

<sup>7</sup>

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/274746/20140108\\_Community\\_Energy\\_Modelling\\_FinalReportJan.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/274746/20140108_Community_Energy_Modelling_FinalReportJan.pdf)

<sup>8</sup> [Community owned wind farms have paid their communities 34 times more than commercial counterparts | Aquatera](#)

<sup>9</sup> <https://www.clientearth.org/british-public-supports-urgent-action-and-litigation-on-climate-change-poll-reveals/>

<sup>10</sup> [Main title \(cagconsultants.co.uk\)](#)

- YT helped secure the development rights for Penrhiw 900 KW wind turbine, in particular by discharging the planning conditions and starting work on site Penrhiw wind turbine. The project is not currently financially viable so are exploring options to develop it.
- YT are looking to share the grid connection of their wind farm to develop a 275KW solar farm at the Bwlchgynt site. HOT have been agreed with the landowner and grid is available.
- YT are exploring a number of other opportunities but they are still at very early stages.

An evaluation of YnNi Teg's Foundational Economy work was carried out by independent reviewers in March 2021. This was based on a robust consultation with stakeholders, including Welsh Government officials. The evaluation found that *"It is the authors' view that YnNi Teg has demonstrated its value and should the new WG wish to make the most of the contribution of the Community Energy sector to the environment and economy of Wales, further investment to develop the organisation's services would support the achievement of shared goals"*<sup>11</sup>. Further investment in YnNi Teg is therefore directly in line with the outcomes of the previous Foundational Economy funded work. A copy of the full evaluation report is included with this application.

**Directly involved in developing 2 large, shared ownership projects.** Community Energy Wales is working in partnership with RWE Renewables to develop 2 shared ownership projects. The first would enable and up to 15% stake in the Alwens Forest project and the 2<sup>nd</sup> would allow an up to 10% stake in another RWE project being developed on private land. These projects are large 30-40MW projects, so a stake in these projects would be significant. Other discussions are occurring with a variety of developers.

**Supported raising over £1million through community share and bond offers and supported other share offers in Wales.** YnNi Teg have raised just over a £1million in community share and bond offers for the Bwlchgynt Wind Turbine. In addition, CEW have set up CyfranNi with nearly 1000 people on the mailing list and have supported share offers such as Egni Coop, Community Energy Pembrokeshire and Ripple Energy. CyfranNi is a network of around 1000 people in Wales that are interested in supporting and investing in community share offers. More info on CyfranNi can be found [here](#).

**CEW have brought in over £900k of match funding.** This includes £270,000 of RDP funding to support the roll out of Energy Local, £100,000 of funding through the Foundational Economy Challenge Fund to help establish YnNi Teg's community owned developer service and directly over £40,000 of funding through the Welsh Government Energy Service. Recently CEW has secured a grant of £500,000 from the Big Lottery to deliver a network of community owned EV car clubs in Wales.

**Developed a core income stream to support our work.** In the last 2 financial years CEW has generated nearly £80,000 of income through it's work. In the last financial year this was more than 50% of CEW's overall income.

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<sup>11</sup> 2021 Ynni Teg Project Evaluation Report by Keith Edwards Ltd

**Pioneering policy and good practice on shared ownership in Wales.** CEW have had a number of policy successes. Our work in partnership with the Welsh Government and the IWA has helped to ensure community owned energy is at the heart of Welsh Government objectives. In particular CEW have worked with Welsh Government to achieve the following:

- A commitment that all new energy projects in Wales should have an element of local ownership.
- A commitment to 100MW of community and locally owned energy by 2026.
- Business rate relief for all community owned hydro projects in Wales.
- Worked with Welsh Government to develop the Renewable Energy Deep Dive recommendations.

Outside of Wales CEW have worked with Community Energy England and Community Energy Scotland. CEW have had less success with the UK government despite our best efforts as they are less supportive of community energy. However, CEW did manage to enable the FIT deadline to be extended following the outbreak of Covid 19. This was particularly beneficial to Egni Coop who have installed over 4MW of rooftop solar, much of that was installed after the original FIT deadline. CEW have also developed a deliverable manifesto for Community Energy in Wales that could really help to stimulate significant growth in the Community Energy Sector in Wales.

**Developed a range of services for our members.** CEW continue to deliver a range of services for our members. This includes monthly newsletters, regular events, an energy efficiency and sustainable transport working group, CyfranNi community energy investors network, community accelerator network and connected members with a range of opportunities.

**Coalesce CE organisations in Wales to share best practice, learning and experiences inspiring many groups to form and new projects to start.** CEW has been involved in helping to roll out the Energy Local model to other communities in Wales, setting up TrydanNi a community owned car charging network for Wales, working with members to develop an EV car club network and running events sharing best practice on topics such as energy efficiency, community shares and sustainable transport.

**Delivered the first Welsh State of the Sector report.** Worked with Welsh Government to secure funding to establish an annual review of the State of the Community Energy sector in Wales. This will enable CEW to measure progress and feedback valuable learning to support the growth of the sector in Wales.

### **Proposal**

This proposal is a joint proposal from Community Energy Wales and YnNi Teg and seeks to expand the work that CEW and YT are delivering, ensuring that they have the resources to support the Welsh Government to deliver the following key objectives in their programme for government:

- Expand renewable energy generation by public bodies and community groups in Wales by over 100MW by 2026.
- Deliver the community focused elements of the Renewable Energy Deep Dive
- Empower communities to have a greater stake in local regeneration.

- Build on the approach to the Foundational Economy
- Expand their work into Heat, Transport and Energy Efficiency.

[REDACTED]

An evaluation of Ynni Teg's Foundational Economy work was carried out by independent reviewers in March 2021. This was based on a robust consultation with stakeholders, including Welsh Government officials. The evaluation found that *"It is the authors' view that Ynni Teg has demonstrated its value and should the new WG wish to make the most of the contribution of the Community Energy sector to the environment and economy of Wales, further investment to develop the organisation's services would support the achievement of shared goals"*<sup>12</sup>. Further investment in Ynni Teg is therefore directly in line with the outcomes of the previous Foundational Economy funded work.

CEW propose that increasing this support and long-term commitment over the next 4 years will enable CEW and YT to continue to deliver their current work and expand it further.

Year	2022-2023	2023-2024	2024-2025	2025-2026
Funding requested	£261,150	£261,219	£230,093	£197,538

This is £950,000 over 4 years. The Full Budget proposed is attached with this document.

[REDACTED]

- enable CEW to fully engage it's membership and support their involvement in the transition to zero carbon.
- Introduce a CyfranNi marketing full time role to help raise the £millions required for up and coming projects in the pipeline and run a campaign in Wales to demonstrate the value of investing in Community Owned Energy.

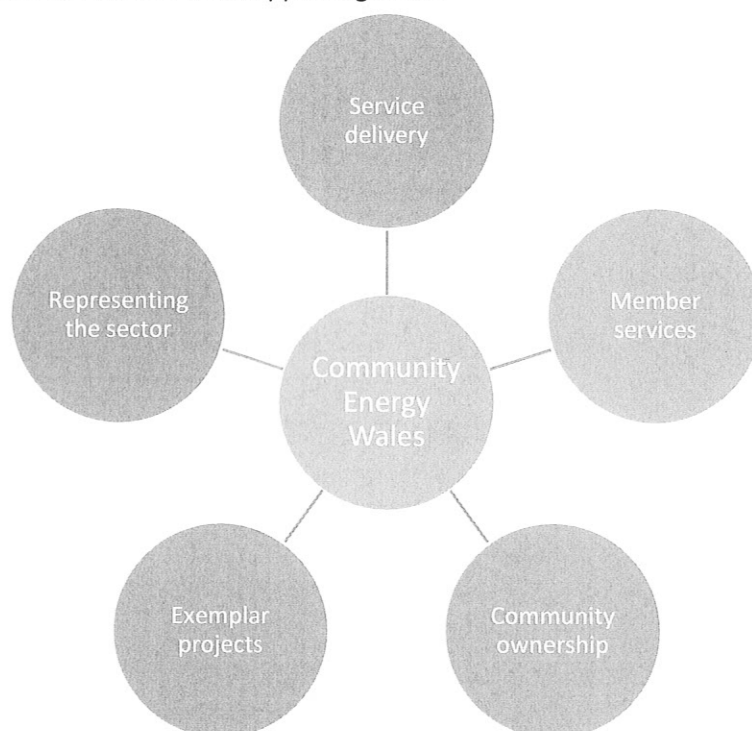
<sup>12</sup> 2021 Ynni Teg Project Evaluation Report by Keith Edwards Ltd

CEW and YT have been incredibly successful in supporting the development of the Community Energy sector in Wales. CEW and YT have delivered a lot with very little resource but to continue to be able to do that is not sustainable, particularly as opportunities become larger and more complex.

CEW and YnNi Teg do not want to limit their ambition and recognise that if the organisations want to support the community energy sector to grow then they need to increase their capacity.

The climate emergency demands that organisations like ours continually push forward new and innovative ideas to support community groups in their pursuit of developing community energy projects, in addition to continuing the positive work CEW have been doing since they were set up.

The main areas CEW anticipate focusing their work in over the next 4 years are summarised in the figure below, with further detail in the supporting table:



Activity	What this means
Service delivery	CEW will build up a range of chargeable services for our members and other organisations that support the development of community energy projects in Wales.
Member services	CEW will continue to provide member services such as running networking events, providing regular updates and promoting the community energy sector.
Community ownership	Our aspiration is that at least 150MW of the Welsh Government's 1GW target for locally owned renewable generation is owned by community groups by 2030. CEW will work closely with our members and wider stakeholders to help ensure meaningful progress is made to deliver this over the next 4 years.

	As part of this, CEW will continue to offer and develop our support services to enable a greater level of community ownership of projects, including where there is no community group to take an opportunity forward (which is currently delivered through YnNi Teg).
Exemplar projects	CEW will work collaboratively with our members and other stakeholders to deliver exemplar projects and where possible supporting innovative outcomes – be that in terms of how to realise community benefit from projects, technology solutions or commercial arrangements.
Representing the sector	CEW will use our collective knowledge and expertise to engage with government and wider stakeholders to represent collective views in responses to consultations and other policy developments. CEW will also originate and promote good work to ensure the voice of the community energy sector is heard in Wales.

**Core values – how CEW will deliver**

All of our work will continue to be guided by our core values. These are summarised in the figure below, with further detail in the supporting table:



Value	What this means
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Fairness & equality	Fairness and equality are at the heart of community energy and the social justice movement CEW are part of. CEW will always act in a fair and equal way in our work.
Welshness	CEW recognise the uniqueness of the country we live in, its devolved powers, history, strong culture and language and strive to reflect this in all our actions.
Collaboration	CEW will seek opportunities to collaborate and cooperate with our members and broader stakeholders, recognising the best solutions often arise when working in partnership.
Transparency	CEW will be open and honest in all our dealings, sharing our learning and experience with members and being open to new ideas based on others' experience and learning.
Sustainability	CEW will embrace the principles of sustainability enshrined in the Well-being of Future Generations Act 2015 and will take every opportunity to push boundaries to make a net positive contribution to society.
Transformational	The projects CEW undertake aim at creating transformational positive change to local communities, the people within them and the broader environment.

### **YnNi Teg to focus on delivery**

YnNi Teg will focus on the delivery of community renewable energy projects. It will deliver this work using a variety of methods which would enable it's work to become fully self-financing in the long term. It will seek to develop projects where there is no community group able to take on the project or when the community energy group does not have the capacity to develop it. YT will be able to offer a professional service from individuals who have a wealth of experience in delivering renewable energy projects. It will deliver projects using the following models.

- A 100% YT project – This would be where there is no community group that would want to develop the project.
- Developing projects on behalf of a community group or other body such as a local authority.
- Delivering and supporting shared ownership projects.

By March 2025 it is anticipated that some projects that are being developed now will be operational, giving YnNi Teg a long-term healthy income to employ several staff members to continue increasing the number of community renewable energy schemes being developed.

### **Keeping track of progress**

This funding will enable CEW to commit to producing a Welsh state of the sector report on an annual basis for 4 years. This will help CEW to monitor our progress against our goals but will also be valuable for the Welsh Government to see what impact their policies and support are having on the community energy sector. It will also help to highlight the impact of the community energy sector in Wales. CEW will use the following high-level indicators to track and measure progress against our strategy:

- Number of community share offers and how much they raise
- Annual kWh generation figures from our members (subject to availability from members)
- Carbon savings (derived from the kWh figure)
- Social benefits delivered
- Number of volunteers / volunteer hours
- Community benefits shared

CEW will use the State of the Sector report as a key source of information for reviewing performance against these indicators.

In addition to the overview provided above CEW will specifically focus on the following:

**Directly support the development of further shared ownership projects**

CEW are currently supporting 2 shared ownership projects. CEW are in discussions about a shared ownership project for an up to 10% equity stake in a potential floating offshore wind farm. At the moment CEW don't have the resources to take up the floating offshore wind opportunity, it is early stages and high risk, high reward. This funding would enable CEW to do more work in identifying and securing these sorts of opportunities.

- *CEW aim to support and facilitate the development of more shared ownership projects in Wales.*

**Increase the level of investment in community energy schemes through share offers and bonds.**

CEW has already developed the CyfranNi community investment network which has nearly 1000 people on its mailing list. However, CEW have struggled to promote it as effectively as they would like. This funding from Welsh Government would enable us to have the capacity to bring in additional resource to raise the profile of this network and ensure it builds on the increasing level of interest in investing in community energy. This will involve a Wales wide campaign to encourage citizens in Wales to invest in community energy. Currently only 1% of the money raised from share offers has come from Wales, which compares to 15% for Scotland and 30% for the South West (Cooperatives UK Report). This role will help us enable Wales to tap into that potential. In the long term this role will be sustainable as it will enable CEW to offer a full marketing service for up-and-coming community share offers. Current projects in the pipeline being developed by Community Energy organisations will require around £30 million of investment and we want to aim for as much of that investment to come from within Wales as possible.

- *CEW will grow the reach of CyfranNi supporting an increase in interest and investment in community shares and bonds.*

**CEW will work with the Welsh Government to develop a pathway to deliver the targets set out for Local and community ownership.**

CEW will work with the Welsh Government and other stakeholders to make Wales a leader in community owned energy, delivering the wide social and economic benefits we know the sector delivers. CEW will build on the proposals incorporated in our manifesto. CEW have played a key role in the Renewable Energy Deep Dive and this funding will enable CEW to support the Welsh Government to deliver the key proposals that arise from that work and implement them. There are likely to be a number of focused working groups following the Deep Dive and this funding will enable CEW to play a full part in that process.

- *CEW will increase our ability to support Welsh Government and other stakeholders in supporting the growth of community energy in Wales.*

#### **Expand our support to community organisations to other areas of decarbonisation**

Community Energy organisations are expanding into Transport, Energy Efficiency and Heat projects. CEW have made considerable progress in these areas and have an active energy efficiency working group and have good connections with sustainable transport projects through TrydaNi and our own successful funding bid to set up a network of car clubs. This funding would enable CEW to build on this work and work with our members to put together further funding bids to a wide range of potential funding organisations to develop new ways of communities taking action on climate change. It will also support the development of our Energy Efficiency working group to provide it with the resources required to develop their project ideas and bring in further investment from a range of sources to support this work.

- *CEW will build on these networks to increase community energy organisations involvement in more areas of decarbonisation.*

#### **Develop our ability to generate core income and other sources of funding.**

CEW and YT are still relatively young organisations and have become much more sustainable. However, in order to grow they need further resources to be able to commit time to developing opportunities and securing other funding. This funding would enable the Executive Director to receive the support to develop a range of funding proposals and opportunities that will add value to this investment from the Welsh Government. In particular it will enable CEW to access other funding from a wide range of funding organisations to support innovative projects such as the EV car club network, develop income streams by developing it's share offer marketing service and shared ownership development support and build it's membership based further as the community energy sector continues to thrive and grow in Wales. YT will be able to re-invest the income from the projects it develops to support them to develop further projects in the future. They will also look to set up a consultancy service to support other community energy organisations and public bodies to develop their own projects. In the long run YTs activities will be sustainable as income from projects they've developed is re-invested in supporting the service to continue and grow.

- *CEW and YT will increase the income from other sources and opportunities.*

**Specific recommendations from the Renewable Energy Deep Dive that it is anticipated CEW will play a role in delivering.** *(This proposal was put together before the final recommendations were approved, so this is based on the best available information currently available).*

CEW will be directly involved in supporting the following anticipated recommendations.

- Support WGs net zero communication and behaviour change plans through our network
- Work with SPEN and WPD on maximising opportunities to access the grid and flexibility services for Community Energy Organisations.
- Be part of the working group to identify alternative sources of finance to support the scaling up of renewable energy in Wales, particularly focusing on community and publicly owned projects.
- Be part of the working group exploring how public procurement could accelerate renewable energy generation in Wales and maximise the local economic and social value.

- Be involved in the development of the publicly owned energy developer in Wales and feed into it's design.
- Support the delivery of the final guidance on shared ownership in Wales.
- Support the design of the future Welsh Government Energy Service and involve CEW members in the process.
- Support the Local Area Energy Plan process to ensure that communities are included in the process and opportunities for community energy projects are identified as part of the process.

YnNi Teg will specifically focus on the following:

#### **Directly support the development of new Community Energy Schemes**

This funding would enable YnNi Teg to develop community energy projects and grow those opportunities. YT is currently working on a portfolio of 41MW of community energy projects, all of which have good potential to be successfully delivered. YnNi Teg is currently overstretched and has recently had to turn down opportunities as there is simply not enough capacity to take them on. Examples include a tender for supporting a publicly owned solar farm in Caerphilly and a potential 15MW solar farm in Pontarddulais which YnNi Teg are struggling to take forward within our current capacity.

- *CEW aim to support YT and other community energy organisations to bring in additional capacity to develop a larger pipeline of projects.*

#### **Conclusion**

In conclusion, this additional support from Welsh Government can ensure that CEW and YT are able to sustainably support Welsh Governments ambition to deliver 100MW of community and publicly owned Energy in Wales. More importantly, we believe that it will support Wales in becoming a leader in Community owned energy, ensuring that the benefits of the transition to zero carbon remain in Wales and in control of Welsh communities. It will ensure that substantially more of any investments and income from energy will be retained in the local economy building on the work that Wales is doing in developing a Foundational Economy. The community energy sector have always delivered a lot for very little and are absolutely committed to delivering these ambitions and look forward to continuing to work with Welsh Government to deliver our mutual aims.

