



Llywodraeth Cymru
Welsh Government

From:

Energy Division

Cleared by:

Date:

13 February 2025

MINISTERIAL ADVICE -

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

Subject	Award of Local Energy Grant to Ynni Teg Penrhiw Wind Turbine Project
100 word summary	Ynni Teg are developing a 900kW wind turbine project at Penrhiw, Aberaeron and have applied for capital funding from the local energy grant scheme. The project is consistent with the local energy fund strategy and helps to deliver the Welsh Government's renewable energy targets.
Timing	Routine, however the timing for the group is becoming critical so a quick response would be helpful.
Recommendation	The Cabinet Secretary is asked to agree to commit capital funding of £1.525M (£567k in 2024-25) for the Penrhiw wind turbine project being developed by Ynni Teg near Aberaeron, Ceredigion.
Decision report	This decision does require a Decision Report, which may be published at any point after the funding award is announced.

ADVICE

Background

1. YnNi Teg (YT) is a Community Benefit Society under the Co-operative and Community Benefit Societies Act 2014. YT's mission is to deliver community owned energy projects that will help Wales achieve a low carbon future. They currently own and operate a 900kW wind turbine at Bwlchgwynt, Carmarthenshire, and have recently completed construction of a 575kW solar PV array nearby.
2. The Local Energy Grant Scheme (LEG) was established in 2021 to complement capital loans provided through the Local Energy Fund. The combined offer of grant and loan provides a flexible financial offer to stakeholders as we transition to a low carbon, smart, future energy system, and enables us to support a broad range of energy activity and deliver maximum benefit to Wales. Local Energy Grants, and the Local Energy Fund, are primarily focused on supporting community organisations, social enterprises and local ownership models.

Funding Request

3. YT have applied to LEG for funding of £1,525,000 for the Penrhiw Wind Turbine near Aberaeron, Ceredigion – see document 1 for detailed proposal. An application to the Local Energy Fund for a loan of £704,500 was approved by the Development Bank for Wales (DBW) on 5 December 2024, subject to the grant funding being agreed by Welsh Government. DBW have undertaken due diligence of YT and have provided Welsh Government with assurance of the financial standing of YT.
4. A LEG assessment panel comprising of three Welsh Government officials considered YT's grant application on 19 December 2024. The panel deemed the purposes of YT and its proposal for the Penrhiw Wind Turbine to be aligned with Welsh Government's local ownership policy and the future low carbon energy system. See document 2 for a summary of the panel's evaluation.

Strategic Fit and Wider Benefits

5. YT's mission is to help Wales develop a clean energy future and mitigate climate change by installing renewable energy generation. YT successfully operate the 900kW Bwlchgwynt wind turbine. YT is solvent and financially secure, having built up capital reserves through Feed-in Tariff (FIT) and Power Purchase Arrangement (PPA) income from the wind turbine.
6. Since the UK Government ended FITs for new projects in 2019, developing community energy projects is challenging. Provision of a capital grant for Bwlchgwynt solar helps to fill the gap left by the FIT.
7. The proposal for Bwlchgwynt solar contributes to the following Programme for Government commitment:
 - Expand renewable energy generation by public bodies and community groups in Wales by over 100MW by 2026

8. The proposal contributes to our new **energy targets**:
 - Welsh renewables to generate electricity equal to 100% of Wales' consumption by 2035
 - 1.5GW of renewable energy capacity in Wales to be locally owned by 2035
 - All new energy projects to have an element of local ownership
9. The proposal is aligned to the following **Wellbeing of Future Generation** goals: prosperous, resilient, cohesive communities, globally responsible.
10. The proposal helps to deliver the recommendations from the **Deep Dive** into renewable energy on *opportunities to scale up Community and Local Energy in Wales*.
11. The proposal evidences the following wider environmental, social, economic and cultural benefits. More detail can be found in document 1:
 - Reducing emissions from electricity generation
 - Community benefit fund and commitment to provide community share offer
 - Surplus profit to be re-invested for social purposes
 - Local employment during the construction phase
 - The project helps secure employment of existing YT staff
 - Other local income flows, for example business rates to the local authority and land rent to the landowner
 - Potential for arrangements with Ceredigion CC to support their net zero ambitions
 - Public education and learning opportunities
 - YT support other community energy groups via mentoring, advice and knowledge sharing

Recommendation

12. The Cabinet Secretary is asked to agree to commit capital funding of £1.525M (£567k in 2024/25) from the local energy grant scheme, for the Penrhiw wind turbine project being developed by Ynni Teg near Aberaeron, Ceredigion.

Financial Implications

13. The total grant award is £1.525M. This is split £567k in 2024-25 and £958k in 2025-26. The funding will be met from the Green Energy BEL capital allocation (BEL1280). The current year expenditure will be funded from within the £3m referenced in MA/RE/10596/24 as unallocated capital available for projects.

14. Once allocated, the £0.7045m Local Energy Fund loan issued via DBW will score to EEP MEG “Core” Capital budgets in 2024/25 and will be captured as part of the DBW Year-End Budget Outturn adjustments.
15. The Green Energy BEL 1280 has a sufficient capital budget for 2025-26 to accommodate the £958k for next financial year. Committing to this project will reduce the funding available for other projects. Officials consider this manageable as, while there is a healthy pipeline of projects, we do not expect to receive applications beyond the £ m budget we are planning for.
16. The financial summary is shown in the table below.

Financial Summary : MA/RE/0070/25		
	2024-25 £'000s	Description/ Comments
Published Final Capital Budget (Part)		
Approvals to date		MA-RE-10596-24
Reallocated to offset other pressures		
Budget Headroom		
Subject MA allocation (MA/RE/0070/25) from Green Energy BEL 1280	£567K	Ynni Teg Penrhiw wind turbine project
Budget unallocated		

Legal Issues, Powers and Statutory Duties

17. As with previous local energy fund grant awards advice, there are no legal issues associated with this advice so no legal advice has been sought.

Novel and Contentious Issues

18. Some may consider government funding of renewable energy projects to be novel and/or contentious, although this is in line with Welsh Government policy and now has many precedents. CGU have confirmed this MA does not require clearance for novel and contentious issues.

Communications and Media Handling

19. We will work with the communications team to arrange publicity for the grant if agreed.

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 type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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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Attachments

Document 1 – Local Energy Fund Sanction Paper

Document 2 – Local Energy Grant Assessment Panel Summary