# WRITTEN STATEMENT

# BY

# THE WELSH GOVERNMENT

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| **TITLE**  | **Publication of Future Energy Grids for Wales report** |
| **DATE**  | **14 July 2023** |
| **BY** | **Julie James, Minister for Climate Change** |

We have often spoken in the Siambr about the importance of energy infrastructure in achieving our legally binding net zero commitments and delivering prosperity in Wales. Currently we are hamstrung by a system that requires certainty before it will commit funding for networks that take a decade to deliver.

The need for certainty made sense when our principal concern was making sure bill payers only funded networks that were absolutely necessary. In a climate crisis, however, we need networks that enable people and businesses to access the renewable solutions that will keep costs down and secure future prosperity. While regulating networks is not the responsibility of Welsh Ministers, I am determined to provide the evidence to help the UK system respond to what Wales needs.

The Welsh Government is delighted to publish our next step in providing that certainty. The [Future Energy Grids for Wales Report](https://eur01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.gov.wales%2Ffuture-energy-grids-wales-reports&data=05%7C01%7CAlexandra.Long%40gov.wales%7C6ce5fdda729042724abd08db846f686d%7Ca2cc36c592804ae78887d06dab89216b%7C0%7C0%7C638249386240683968%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C3000%7C%7C%7C&sdata=FrZKVow5Xne7WsePnbaLOj3PMuUB56vma9tCDRRqMVU%3D&reserved=0) sets out the results of taking a whole systems approach to identify the requirements for gas and electricity networks. We believe Wales is the first country to take this holistic approach across power, heat and transport.

While the report identifies some areas of uncertainty about the technologies and approaches that we will use in the future, it is very clear that renewable electricity will provide the basis for decarbonising most heat and transport and will play a significant role in industry and business. As we move away from natural gas, hydrogen also has a role to play, and we need to do more to establish clarity on how great a role that will be in Wales.

The report makes clear the scale of change that is needed. We will move to a more decentralised energy system and though the overall system will become more efficient, heat, transport and industry in Wales will use electricity rather than fossil fuels. This will increase demand for electricity from about 14 terawatt hours in 2021 by up to 10 terawatt hours by 2035. There will be a large increase in renewable deployment in Wales to meet this need. Big increases in peak demand and renewable generation mean electricity distribution and transmission networks require significant network reinforcement. There will be real challenges with meeting peak demands, particularly peak heat, meaning we need to explore smarter and more local systems. Hydrogen has an important role to play and how it is produced will have a significant impact on the energy system.

We will need to re-wire the country. Clearly this will have impacts: it can also have huge benefits in unlocking expansion of low carbon development. I am committed to balancing this need for new grid with the importance of our beautiful landscapes and vital natural resources, both on and offshore.

We are grateful to all the network companies who have infrastructure in Wales, who have been our partners in this project, for their insights, and for their commitment to net zero in Wales. This work has developed our relationships and joint understanding, and we will be working together to consider how best to take the twelve recommendations forward.

Most of the levers to delivering the new networks we so desperately need lie outside Wales, and I have written to UK Ministers to ask them to work with us in delivering the recommendations and accelerating plans to unlock investment in Wales.

Just as we all agreed the need to face climate change head on and signed up to challenging targets, so we will need to agree to work together to input constructively to network designs. We need to minimise what will be significant impacts and make sure new grid brings real value to Wales.

This report has important implications for everyone in Wales and we want to proactively communicate the findings and implications. We will be running a webinar about the report once people have had a chance to read it. Going forward, I will be raising public awareness of the imperative for new networks and encouraging people to get involved and inform future decisions on new networks.