

Green economy

March 2025



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Green economy

March 2025



About the Committee

The Committee was established on 23 June 2021. Its remit can be found at:
www.senedd.wales/SeneddEconomy

Current Committee membership:



**Committee Chair:
Andrew RT Davies MS**
Welsh Conservatives



Hannah Blythyn MS
Welsh Labour



Hefin David MS
Welsh Labour



Luke Fletcher MS
Plaid Cymru



Samuel Kurtz MS
Welsh Conservatives



Jenny Rathbone MS
Welsh Labour

The following Members attended as substitutes during this inquiry:



Mick Antoniw MS
Welsh Labour



Cefin Campbell MS
Plaid Cymru

The following Members were also members of the Committee during this inquiry:



Paul Davies MS
Welsh Conservatives



Vikki Howells MS
Welsh Labour



Buffy Williams MS
Welsh Labour

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Chair's foreword

This inquiry was held during the tenure of my predecessor as Chair, Paul Davies MS. The transition to a green economy presents both significant challenges and remarkable opportunities for Wales. This report explores both of these, delving into some of the practical steps required to grasp said opportunities and to deal with the challenges. The Committee wanted to highlight the importance of a strategic approach to decarbonisation, the need for robust public-private partnerships to invest and deliver, and the critical role of community involvement in renewable energy projects.

Through the recommendations outlined in this report the Committee aims to show how Wales can manage a fair transition and also reap and potential economic rewards of moving to a green economy. By fostering collaboration between the Welsh Government, industry, and local communities, the Committee believes there is the potential to create high-quality jobs, retain wealth within our communities, and lead the way in renewable energy innovation.

I extend my gratitude to all those who contributed their time and expertise to this inquiry. Your insights have been invaluable in supporting the Committee to draw its conclusions. I would also like to thank Paul for his work as Chair, both on this inquiry and in leading the work of this Committee since its establishment in 2021, and the other Members of the Committee who contributed.

A handwritten signature in black ink that reads "Andrew RT Davies". The signature is written in a cursive, slightly informal style.

Andrew RT Davies MS

Chair

Recommendations and conclusions

Recommendation 1. By May 2025, the Welsh Government should clearly set out what actions it needs the UK Government to take to support Wales's transition to a green economy. This should inform both governments' development of an industrial strategy to decarbonise the Welsh economy.Page 15

Recommendation 2. The Welsh Government should set out how it will attract commercial developers to become active partners in this transition, and what conditions it will place on co-investment with them.Page 15

Recommendation 3. The Welsh Government and partners should publish consistent guidance for developers to support a strategic approach to delivering community benefits across renewable energy projects in order to ensure more wealth generated by the renewable sector is retained by the communities who host those developments. Page 26

Recommendation 4. The Welsh Government should review what is defined as locally-owned in its generation targets, to close off any loopholes. It should also set out how this more stringent definition of locally-owned will be applied to achieving the target of 1.5GW locally-owned generation by 2035. Page 26

Recommendation 5. The Welsh Government should set out its strategy for introducing targets or quotas for the use of local workers and contractors when developing renewable energy installations and their associated components and infrastructure, including negotiations with the UK Government to amend the Contracts for Difference scheme, which can pose a barrier to the use of local labour and supply chains. Page 26

Recommendation 6. The Welsh Government should provide the Committee with regular updates on the progress made by Ynni Cymru and Trydan Gwyrdd Cymru against their aims and objectives and how they will work together with GB Energy. Page 26

Recommendation 7. The Welsh Government should work with the UK Government, Crown Estate and industry to develop and publish a pipeline of renewable energy projects which is regularly updated.Page 33

Recommendation 8. The Welsh Government should provide further details of how it intends to work with partners to address the lack of resource in the planning system, so that speedier consenting decisions are made for renewable energy applications.Page 33

Recommendation 9. The Welsh Government should set out how it will prioritise investment in ports, and support Welsh ports in their efforts to access UK Government funding such as the Floating Offshore Wind Manufacturing Investment Scheme.....Page 33

Recommendation 10. The Welsh Government should work with partners to develop just transition action plans to support the communities and workers most at risk of negative impacts from transitioning to net-zero.”Page 40

Recommendation 11. The Welsh Government and UK Government should work with partners including industry and educational institutions to tackle the gap in diversity in the renewable energy workforce. This could include developing more inclusive education and training routes into renewable energy roles, and leading work to ensure partners can contribute to cultural change in energy workplaces that makes them more attractive to underrepresented groups.....Page 41

Recommendation 12. The Welsh Government should carry out, or commission, a skills audit to better understand what skills provision is currently available and where gaps within provision are. This should establish what skills are needed, both now and in the coming years, and where they are, and will be, required to address skills shortages. Following the skills audit, the Welsh Government should produce a report clearly explaining what is needed by when. This report should be regularly updated to enable skills providers and industry to work together to provide the skills required. The Welsh Government should address the perceived mismatch between the education and skills system and what industry needs, including whether the current system can deliver for the upskilling and reskilling of the current workforce.....Page 52

Recommendation 13. The Welsh Government should set out how it will work with Careers Wales to ensure that careers advice is better integrated throughout a pupil’s education journey to ensure young people are aware of the opportunities within Wales presented by transitioning to a greener economy.Page 52

Recommendation 14. The Welsh Government should develop a long-term net zero investment strategy.....Page 57

Recommendation 15. The Welsh Government should work with the Development Bank of Wales to set out the steps the Bank should take to play a greater role in contributing towards, what the Bank called, “the single largest economic mission in Wales” – delivering net zero. This should include support both for private sector investment and community energy provision.....Page 57

Recommendation 16. The Welsh Government should use all potential levers to prioritise investment in the transition to a greener economy, including working with partners such as the UK Government, the National Wealth Fund and local authorities to jointly invest in projects where appropriate. Spending should focus on opportunities to leverage private sector investment and filling potential investment gaps.....Page 57

Conclusion 1. The green economy is an opportunity that must be grasped quickly. The Welsh Government should work at pace with the public and private sector to support decarbonisation, underpinned by a just transition, to help Wales fully realise the opportunities presented. In turn the Welsh Government must make maximum use of public-private partnerships to drive renewable energy investment.Page 15

Conclusion 2. The Welsh and UK Governments should work together at pace to develop an industrial strategy that provides a clear vision for decarbonisation of the Welsh economy. The strategy must facilitate the Welsh Government taking a key leadership role in the decarbonisation of Welsh industry.....Page 15

Conclusion 3. The Welsh Government will need to make use of public-private partnerships to drive renewable energy investment. As part of this they should make ambitious but realistic asks of commercial developers as conditions of government investment.....Page 15

Conclusion 4. Weak power network infrastructure is an issue that must be tackled to support unlocking Wales' green economy potential and green growth.Page 33

1. Background

This report is the result of an inquiry the Committee undertook focused on the potential economic opportunities and challenges relating to the green economy, and the practical steps that the Welsh Government and others will need to take in relation to these.

1. The full terms of reference were for the Committee to consider:

- Within its devolved powers, what should be the Welsh Government's key priorities to maximise the potential economic opportunities from green economy sectors? To what extent does its current approach reflect these?
- What are the key barriers to Wales making the most of opportunities in the green economy, and what steps should be taken to overcome these?
- What actions should the Welsh Government take to support development of Wales-based supply chains in green economy sectors?
- What skills challenges exist in relation to transitioning to a green economy? What actions should be taken, and by whom, to ensure the skills are there to meet the growing demands of a green economy?
- What will workers and employers need for a just transition to a Net Zero economy to be achieved, and what actions should the Welsh Government take to deliver the elements of this that lie within its devolved powers?
- How will the Welsh Government need to work in partnership with others to realise the potential of the green economy and deliver a just transition? To what extent is the partnership working that is needed being undertaken?
- The Welsh Government says it will face considerable budgetary constraints in the short term. How should it prioritise investment to

support development of the green economy over the shorter and longer-term? What innovative approaches to financing could be considered to maximise potential investment and benefits?

- 2.** The Committee ran a public consultation from 23 January 2024 to 7 March 2024 and received 39 responses. These are listed at Annex 2, along with other additional evidence published during the inquiry. The responses received were considered in detail and helped to inform Members' understanding of the key issues, and their questions to witnesses who gave oral evidence.
- 3.** Oral evidence was taken in the period between March and June 2024, during which the Committee heard from a variety of stakeholders, including academics; business and renewable sector representatives; trade unions; skills providers; and two case studies – Pembrokeshire and Anglesey. Details of witnesses who gave oral evidence are at Annex 1.
- 4.** The Committee extends their appreciation to all those who shared their time and expertise with us to inform this piece of work.

2. The strategic approach to decarbonising the economy

Decarbonising Wales' economy will present many challenges; however it also offers the chance to create innovative, high-quality jobs.

5. As well as presenting good opportunities for the individual, these jobs provide a significant boost to the economy, with green jobs in Wales being three times more productive than the Welsh average.¹ Analysis commissioned by RenewableUK Cymru suggests that Wales could benefit from £47 billion worth of investment in renewables by 2035 that could create thousands of jobs.² Many stakeholders called for the Welsh Government to take a strategic grasp of this challenge by developing a 'green industrial strategy'.

6. The risk if this challenge is not correctly addressed is the opportunities also presented by decarbonisation will pass Wales by. To successfully take the strategic grasp stakeholders believe is required, the Welsh Government will need to work with business and other public sector bodies to ensure its strategy is planned and executed correctly.

Decarbonising the economy as part of a wider industrial strategy

7. On 17 September the new First Minister, Eluned Morgan MS, set out her priorities for Government. These included "green jobs and growth – creating green jobs that tackle the climate crisis and restore nature, while making families better off; accelerating planning decisions to grow the Welsh economy".³

8. During this inquiry the Committee heard many calls for the Welsh Government to play a leading role by setting an industrial strategy that would support renewable energy and decarbonise the manufacturing sector.

9. Net Zero Industry Wales called on the Welsh Government to work "together with industry to set clear objectives and goals, to set an industrial strategy, and

¹ RenewableUK Cymru [written evidence](#)

² RenewableUK Cymru, [Wales poised for a £47 billion investment opportunity from renewables by 2035](#)

³ Welsh Government press release, ['FM announces Welsh Government priorities'](#), September 2024

then to make it clear to the UK Government what [they] need from them in order to make that a reality.”⁴

10. Prospect Cymru highlighted the importance energy would need to play in any new green industrial strategy. They told Members:

“Energy should be at the heart of a wider green industrial strategy that invests in our domestic manufacturing capacity.”⁵

11. In September 2024 the UK Government committed to introducing a new industrial strategy with four missions - clean power by 2030; harnessing data for public good; caring for the future; and building a resilient economy.⁶ It set out more detail around this proposed strategy in a green paper titled ‘Invest 2035: the UK’s modern industrial strategy’ published in October.⁷ Clean energy industries are also one of the eight “growth-driving sectors” that the UK Government proposes to focus on.

Decarbonising the whole economy

12. The Committee received a range of evidence highlighting the need to decarbonise the whole economy, rather than focusing solely on particular ‘green economy’ sectors. The Future Generations Commissioner for Wales told the Committee:

“My first answer to this is to urge you and the Welsh Government to see the green economy as the whole economy. I think, sometimes, the green economy is seen as a subsection of our economic strategy or economic model, but we know, because of the crisis in our nature systems, because of the climate change crisis that we face, that all of our economy needs to be a green economy.”⁸

13. In fact, some witnesses highlighted potential issues with the terms ‘green economy’ and ‘green jobs’ in general. Net Zero Industry Wales told Members:

⁴ Economy, Trade and Rural Affairs Committee, 21 March 2024, paragraph 181

⁵ Prospect Cymru, additional evidence

⁶ Labour’s Industrial Strategy, September 2023

⁷ Invest 2035: the UK’s modern industrial strategy, November 2024

⁸ Economy, Trade and Rural Affairs Committee, 21 March 2024, paragraph 341

"I would like to challenge this notion of green jobs and green sectors, because it suggests that certain parts of the economy cannot transition to net zero and, as such, we're sending the wrong messages, I think, to future generations, that there's no future in those kinds of jobs. I think there is a counter-factual there: there is actually a future, there is a clear plan to transition to a much greener industrial sector in Wales, but it takes a bit of time, and that time is needed to build up the renewable resources needed to power again that industry, going forward, in the same way that coal did."⁹

Working together to decarbonise the economy

Leadership

14. Stakeholders told the Committee it was important that the Welsh Government, and other key public bodies, leveraged their power and influence to play a leadership role in the move to a green economy. RenewableUK Cymru called for the Welsh Government to "provide leadership and convening power to demonstrate a strong signal that Wales is the place to come to invest in the green economy" and voiced fears that Wales was being left behind compared to other parts of the UK.¹⁰

15. Members also heard similar calls from renewable energy companies directly. Statkraft said:

"... there is a vital need to provide clear and unequivocal signals that makes Wales an attractive place to do renewable business..."¹¹

16. Blue Gem Wind told the Committee that "political leadership is critical" and that the impact of messaging at a ministerial level to international private investors should not be underestimated.¹²

17. The then Cabinet Secretary for Economy, Energy and Welsh Language, Jeremy Miles MS, highlighted Wales' opportunities for renewables.¹³ He went on to highlight the leadership role played by the Welsh Government by ensuring

⁹ Economy, Trade and Rural Affairs Committee, 21 March 2024, paragraph 101

¹⁰ RenewableUK Cymru, written evidence

¹¹ Statkraft UK, written evidence

¹² Economy, Trade and Rural Affairs Committee, 13 June 2024, paragraph 15

¹³ Economy, Trade and Rural Affairs Committee, 26 June 2024, paragraph 131

Ministers were involved in the international discussion at conferences and in undertaking the renewable energy deep dive and the floating offshore wind turnaround review he had commissioned.¹⁴

Co-operation between different levels of government

18. As well as collaboration between the Welsh Government and industry, Members heard that it was important that different levels of government worked together, and with industry, to support a move to decarbonisation. RenewableUK Cymru told the Committee:

“... now's the time to focus on working in partnership between Welsh Government, industry and communities, and in collaboration with the UK Government on reserved matters.”¹⁵

19. TUC Cymru told Members they would like to see a “centralised social partnership approach” that brings together public sector and private sector leadership with unions.¹⁶ They also noted that the Social Partnership Council is looking at establishing a joint transition subgroup.

20. As part of the inquiry, the Committee looked at Anglesey and Pembrokeshire in more depth as two case studies to gain a localised perspective of the green economy. These highlighted some examples of good practice. Speaking about Anglesey, M-Sparc told the Committee:

“Everybody has their remit, their piece of the puzzle, and everybody works really well together. And so I think that joined-up approach is something that I think could be replicated, because a lot of people, when they come to the region and want to engage, find it quite easy.”¹⁷

21. The then Cabinet Secretary, Jeremy Miles MS, told the Committee that the Welsh Government is engaged in a number of regional and pan-Wales partnerships in relation to decarbonising the economy. He also highlighted the

¹⁴ Welsh Government, [Renewable energy deep dive: recommendations](#)

¹⁵ RenewableUK Cymru, written evidence

¹⁶ Economy, Trade and Rural Affairs Committee, 13 June 2024, paragraph 133

¹⁷ [Economy, Trade and Rural Affairs Committee, 22 May 2024, paragraph 121](#)

Welsh Government's intention to work with partners to develop clean growth hubs at Barry, Deeside, Llantrisant, Milford Haven, Newport and Wrexham.¹⁸

Public-private partnerships

22. The Committee heard from a range of organisations that public-private partnerships will be critical to investing in decarbonising the economy. Net Zero Wales summed this up:

*"... there's a real need to develop these stronger public-private sector partnerships to get ready for this tsunami of investment and that transition that we need. We shouldn't take this as a 'business as usual' kind of thing. It should be really taskforce driven. It should be driven in a way that we actually are managing a big transformational change, and it requires a different organisation."*¹⁹

23. Make UK highlighted the need for the Welsh Government to work in partnership with industry to deliver a just transition to a net zero economy.²⁰ They also said there is a need to agree on clear goals and how to monitor progress against these.

24. Statkraft highlighted the needs for public, private and community developers to work together.²¹ They told Members that all parties' developments are needed to reach net-zero and "by working together, there is an export market that is not extractive and that could bring multiple added benefits in economic terms but also in local opportunities for Welsh jobs and businesses sharing Welsh expertise and services globally".

25. In June 2024, the then Cabinet Secretary, Jeremy Miles MS, said there were ongoing discussions around a renewable energy sector deal. He set out an ambition to have the deal in place by "by the end of this year, or very early next year, if we can".²²

¹⁸ Economy, Trade and Rural Affairs Committee, 26 June 2024, paragraphs 135 and 140

¹⁹ Economy, Trade and Rural Affairs Committee, 21 March 2024, paragraph 182

²⁰ Make UK, written evidence

²¹ Statkraft UK, written evidence

²² Economy, Trade and Rural Affairs Committee, 26 June 2024, paragraph 138

Our View

Creating a green economy is absolutely vital if Wales is going to fulfil its obligations under the Well-being of Future Generations Act and if we are going to play our part in tackling the climate emergency. It also has the potential to create considerable economic opportunities for communities across Wales. However, this will not happen by chance. Wales needs an up-to-date industrial strategy with decarbonisation at its heart, and clear leadership from the Welsh Government to take this agenda forward.

Moving to a green economy requires action from a wide variety of stakeholders. The Welsh Government must collaborate with partners at all levels of government, across industry, and with communities to play its leadership role effectively. To take the opportunities that decarbonisation presents, and avoid being left behind in comparison to other parts of the UK, there is an urgent need to 'get on with it'.

We are concerned if the Welsh Government does not play this key leadership role then Wales will lose the opportunities presented by moving to a greener economy. A failure in leadership may also lead to a slower transition and Welsh industry continuing to pollute for longer.

However, we recognise that a large element of transitioning to net-zero and building a green economy are outside of the direct gift of the Welsh Government. The UK Government will have a key role to play in the matter, for example it is responsible for large scale power generation. In these cases the Welsh Government must maximise its influencing power to encourage the UK Government and other partners to play their part in supporting the development of Wales' green economy.

We agree that the Welsh Government needs to focus on decarbonising the whole economy, and that it needs to be clear that there is the potential for jobs in high-emitting sectors to become low-carbon jobs in the future.

Decarbonising industry is not about deindustrialisation, it is about using our industries and their workforce to build the structures we need to get to net-zero. This will enable Welsh industry to produce the goods and services we all rely on, while removing the carbon emissions that lead to climate change and cause serious adverse effects in Wales and across the world.

Conclusion 1. The green economy is an opportunity that must be grasped quickly. The Welsh Government should work at pace with the public and private sector to support decarbonisation, underpinned by a just transition, to help Wales fully realise the opportunities presented. In turn the Welsh Government must make maximum use of public-private partnerships to drive renewable energy investment.

Conclusion 2. The Welsh and UK Governments should work together at pace to develop an industrial strategy that provides a clear vision for decarbonisation of the Welsh economy. The strategy must facilitate the Welsh Government taking a key leadership role in the decarbonisation of Welsh industry.

Conclusion 3. The Welsh Government will need to make use of public-private partnerships to drive renewable energy investment. As part of this they should make ambitious but realistic asks of commercial developers as conditions of government investment.

Recommendation 1. By May 2025, the Welsh Government should clearly set out what actions it needs the UK Government to take to support Wales's transition to a green economy. This should inform both governments' development of an industrial strategy to decarbonise the Welsh economy.

Recommendation 2. The Welsh Government should set out how it will attract commercial developers to become active partners in this transition, and what conditions it will place on co-investment with them.

3. Supporting communities to benefit from the transition to a greener economy

The move to a greener economy, and particularly efforts to decarbonise the energy network, offers considerable opportunities for local communities. These include creating good quality local jobs, community benefit dividend payments from generator businesses or the opportunities to be involved in the ownership of the local power supply. These opportunities need to be grasped and a strategy put in place to ensure they are fully realised so local communities meaningfully benefit.

26. All communities will benefit from a decarbonised energy network through reductions in carbon and other forms of pollution. However, communities hosting new generation sites or pylons may experience considerable disturbance in the process. Therefore, they should be provided with bespoke opportunities to benefit from these projects.

27. The Committee received considerable evidence regarding the more direct benefits or reward communities could or should receive as a result of hosting those sites. For example, RenewableUK Cymru told Members:

*“We’ve seen £6.5 million come into communities from onshore wind alone in recent years, and, if the pipeline that we are aspiring to, which is up to 3 GW in the next decade, is realised, that £6.5 million figure could increase to £20 million. So, it’s not an insignificant amount of money that’s available here to support communities”.*²³

²³ Economy, Trade and Rural Affairs Committee, 21 March 2024, paragraph 110

28. However, the Committee heard from RenewableUK Cymru there is a lot of work to do to ensure Wales can fully realise these benefits.

29. The Chair of GB Energy, Jurgen Maier, told the CBI annual conference in November 2024 that “we want to invest in community energy schemes, local power schemes... to show we can pass some of the benefits of this great renewable energy on to our consumers, which I don’t think we’ve done enough of yet.” He also said that renewables projects need to “show benefit” to local groups and that policy makers must “take communities with us”.²⁴

Retaining wealth in communities

Case study: Menter Môn – Morlais

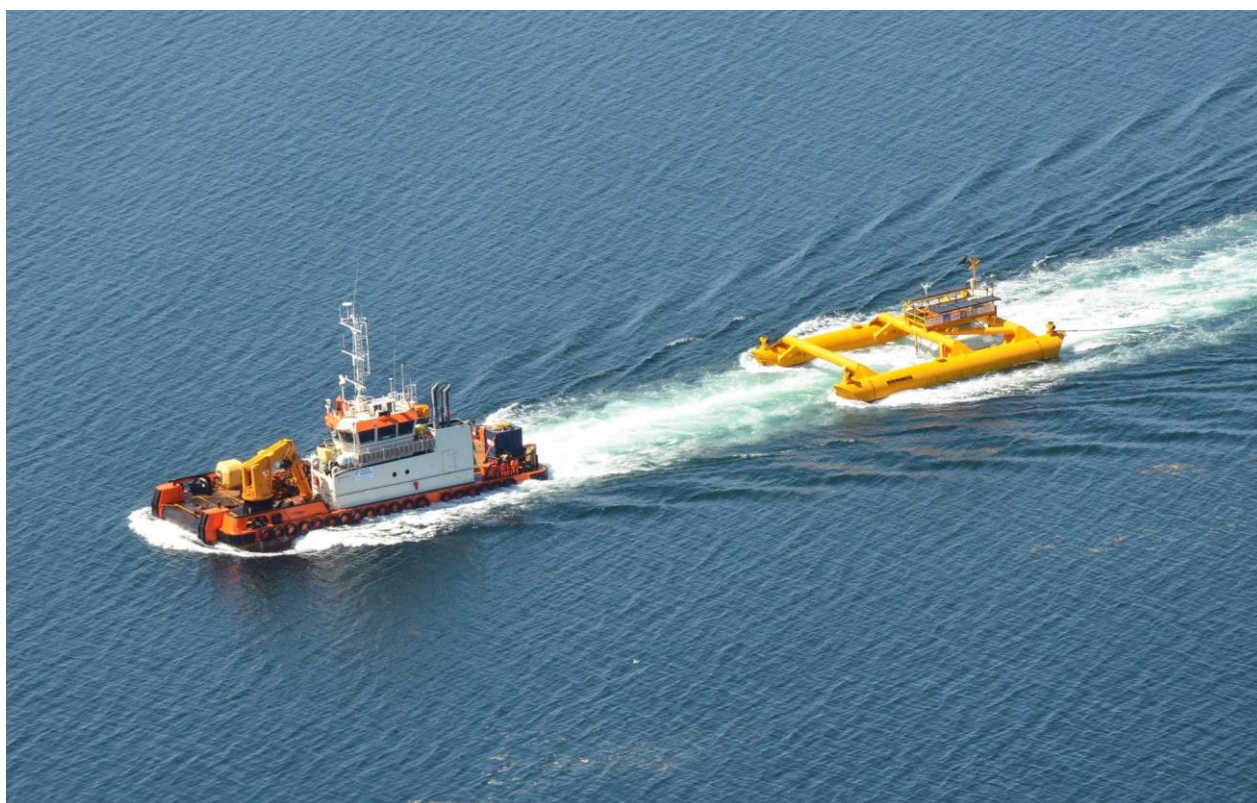


Figure 1 An environmental monitoring buoy. Image supplied by Menter Môn

Morlais is Menter Môn Morlais Ltd’s tidal stream energy project. It is owned by Menter Môn, a third sector community based company operating predominantly in north west Wales. The scheme has the potential to generate up to 240MW of low carbon clean electricity. The aim of the Morlais project is to benefit local communities, the economy and climate by generating renewable

²⁴ Nation Cymru, [GB Energy boss says clean power must ‘show benefit’ to local groups](#), November 2024

low carbon electricity and stimulating the growth of a new industrial sector on Anglesey.

The project and the way in which it will operate is unique, and the only one of its kind in the world. Menter Môn Morlais Ltd is installing the necessary infrastructure in the zone, including a connection to the electricity grid at Holyhead via substations on the shore near Ynys Lawd (South Stack) and at Parc Cybi. It rents berths in Morlais to various tidal stream turbine development companies so they can use tidal energy to generate electricity. This may mean different types of electricity generation technology will be installed at sea as part of Morlais.

The first part of the project focused on seeking consent from the Welsh Government and Natural Resources Wales to get consent to develop the scheme. The application was submitted in autumn 2019, and planning permission and Marine Licence were obtained in December 2021.

The second part of the project involves installing the necessary infrastructure so that tidal energy technology developers can install their devices in Morlais. The plan is to develop the site step by step which means that devices will be installed progressively into the water to ensure that marine wildlife is not harmed.

Already, 38MW of CFD (contracts for difference) for electricity generation has been awarded to technology developers with the first turbines planned to be installed in 2026/27. The initial development of the Morlais zone has been made possible by funding from the Wales European Funding Office, the Nuclear Decommissioning Authority and The Crown Estate.

30. The Welsh Government has also recently taken an equity stake of £8m in Menter Môn Morlais Ltd and Ambition North Wales has also approved funding for the next stage of expansion of the electrical infrastructure (Cydnerth) to enable Morlais to fully connect to the National Grid. ²⁵By generating renewable electricity, new green energy installations will generate income for their investors. The Committee heard evidence from a range of stakeholders that it is vital that at least some of the wealth created by these developments is retained in the communities who host them.

31. The Institute of Welsh Affairs (IWA) told the Committee the Welsh Government should “work in partnership with the private sector to ensure Wales

²⁵ Case study supplied by Menter Môn

retains a fairer share of the income generated through commercial renewable energy developments.”²⁶ In their recent report *Sharing power, spreading wealth: Towards an equitable energy transition for Wales*, the IWA also said:

“The Welsh Government should establish a Wales Wealth Fund, reinvesting income from renewable energy projects for the long-term benefits of future generations. The fund would capture ‘sovereign wealth fund payments’ of at least 15% of net revenues made from future large scale onshore and offshore wind projects with an installed capacity over 50 MW in Wales, alongside a CBF [community benefit fund] for the local community.”²⁷

32. Two Welsh Government projects were highlighted by stakeholders as supporting this aim. One was Ynni Cymru, who the Welsh Government refer to as a “new publicly-owned’ energy company for Wales”, which has the aim of expanding community-owned renewable energy generation across Wales.²⁸ The other was Trydan Gwyrdd Cymru, a Welsh Government-owned body aimed at accelerating the development of renewable energy projects on the Welsh public estate.²⁹

33. During a general ministerial security session, the Cabinet Secretary for Economy, Energy and Planning, Rebecca Evans MS, told Members she was having “some very good discussions” with the UK Government Minister for Energy regarding how “Trydan Gwyrdd Cymru [will] work with Great British Energy to ensure that we’re scaling up and speeding up the investment in renewables here in Wales”. She told Members this “work is very positive and that’s ongoing at the moment”.³⁰

34. However, the Senedd’s Climate Change, Environment and Infrastructure Committee is concerned about the potential duplication of functions between Trydan Gwyrdd Cymru and Great British Energy, and set out how this might be addressed.³¹

²⁶ Institute of Welsh Affairs, [written evidence](#)

²⁷ IWA, [Sharing power, spreading wealth: Towards an equitable energy transition for Wales](#), March 2024

²⁸ Economy, Trade and Rural Affairs Committee, 21 March 2024, paragraph 275

²⁹ Community Energy Wales, [written evidence](#)

³⁰ [Economy, Trade and Rural Affairs Committee 14 November 2024, paragraph 297](#)

³¹ Climate Change, Environment and Infrastructure Committee, [Report on Legislative Consent Memorandum for the Great British Energy Bill](#), October 2024

35. Locally owned and generated clean energy The Committee heard calls for consistency from the Welsh Government with regards to major energy projects. In their written evidence, the Isle of Anglesey County Council said that the Welsh Government should ensure:

“... there is a consistent approach from Government in relation to the requirement for major energy projects to provide community benefit and local ownership in order to acknowledge that local communities are hosting major projects.”³²

36. In July 2023, following a consultation, the Welsh Government announced it would increase its local ownership target for renewable generation capacity.³³ The Government described this as “demonstrating our ambition for this sector, we are adopting the proposal for at least 1.5 GW of renewable energy capacity to be locally owned by 2035, scaling up our current target for 1 GW by 2030.”

37. The IWA raised concerns about what constituted locally owned renewable energy in relation to these targets.:

“The definition of ‘local ownership’ is limiting and does not ensure that local owners are indeed local to Wales with any requirement to be living within a set radius of the energy projects they part own. It is open to exploitation as developers who are simply headquartered in Wales can be considered ‘local owners’.”³⁴

38. Members heard about the current potential community energy generation ly has, and the importance of grasping the opportunities presented by scaling it up. Community Energy Wales told the Committee:

“... in 2022, the community energy sector was only 0.5 per cent of the UK's electricity, but an expectation that it could be up to 10 per cent of UK electricity generation. So, it's a real mistake to identify the sector as the small bit player that it is now. There's a potential to create a

³² Isle of Anglesey County Council, written evidence

³³ Welsh Government, Written Statement: Publication of Summary of Responses to the Consultation on Wales' Renewable Energy Targets, July 2023

³⁴ Institute of Welsh Affairs, written evidence

local energy market spine that supports communities across Wales, with a lot of co-benefits to community energy projects.”³⁵

39. However, Community Energy Wales cautioned that this would not necessarily be straight forward and would require significant financial support. They said there needed to be “a larger fund than is currently the £10 million in the community energy fund”.

“We would need to look at innovation around the governance of that fund to bring in capital that could be put into projects—probably at financial investment decision point with the developer, which is quite hard to achieve—and then allow a community share offer to run for a long time and repay as much of that as possible.”³⁶

40. Community Energy Wales has also provided the Committee with an example of good practice, highlighting the Heuldro 2 project in Bethesda.

³⁵ Economy, Trade and Rural Affairs Committee, 21 March 2024, paragraph 207

³⁶ Economy, Trade and Rural Affairs Committee, 21 March 2024, paragraph 235

Case study: Heuldro 2 – Ynni Ogwen



Figure 2 Solar panels on Clwb Rygbi Bethesda. Image supplied by Community Energy Wales

Ynni Ogwen's Heuldro programme in Bethesda, which was started with the help of funding received from the town's 100 kW hydro scheme, provides solar panels on community buildings and business premises. Heuldro 2 received a 2-year grant as part of the Welsh Government Energy Service's Community Energy Resources Grant to fund a Development Manager post. Heuldro 2 aims to add an additional 600 kWp of roof-mounted and ground-mounted capacity to the Heuldro portfolio. The solar panels installed are already powering Canolfan Cefnfaes Community Centre and the scheme is inviting community buildings or business properties to host panels on their roofs and benefit from more affordable, cleaner electricity.³⁷

41. Regarding community ownership Jeremy Miles MS, the then Cabinet Secretary for Economy, Energy and Welsh Language, told the Committee:

³⁷ Case study supplied by Community Energy Wales

“The point I make about mandating local ownership is that that requires local ownership, and there may not always be that demand in a particular profile. I think the better way of approaching it is to make sure that we have stringent targets. We have pressed our targets even further recently, and I would be very content to press them further, frankly. The whole point of those is to be keeping people's feet to the fire, in a sense, and doing more and more in this space.”³⁸

42. On 4 February, the Cabinet Secretary for Economy, Energy and Planning made a Plenary statement on Ynni Cymru and community energy. In this, she noted that 32 projects across Wales have been awarded £10 million in funding through Ynni Cymru’s smart local energy system grant, of which half involve community groups. The Cabinet Secretary added that another £10 million would be made available in the next financial year, and that the Welsh Government is reviewing the needs for future support to local and community energy organisations.³⁹

Reforming community benefits funding

43. Renewable energy projects often offer ‘community benefit funding’ – a way to address the above and share the profits from the project with its host community. Members heard a consensus of views from witnesses that there needed to be a more strategic approach to community benefit funding. In their written evidence M-Sparc said:

“There needs to be more strategic thinking about this funding, small pots of funding for community councils to host projects in their local area are not enough and a more ambitious approach is required. Developers should be given clear guidance on the commitments expected of them to host projects in Wales. We need to be bold in our ask – there are limited development sites and therefore Welsh Government could be in a strong bargaining position and use it accordingly.”⁴⁰

³⁸ Economy, Trade and Rural Affairs Committee, 26 June 2024, paragraph 171

³⁹ Record of Proceedings, 4 February 2025, paragraphs 158-164

⁴⁰ M-Sparc, written evidence

44. Blue Gem Wind, a developer, agreed that “more strategic thinking is required to deliver” effective community benefit schemes.⁴¹ They also said more work needed to be done on future projects to establish “who is the host community” especially regarding off shore installations. They told Members “that’s where [...] strategic thinking and a strategic plan needs to come into place.”

Blue Gem Wind highlighted the social value targets that are included in the Crown Estate’s Floating Offshore Wind Leasing Round 5. “there is a section of that where developers have to deliver a social value model. Within that, there are targets for skills development, there are targets for those not in education, employment or training, and there are targets for community benefit.”⁴²

45. In their written evidence, the IWA highlighted that:

“Unlike Scotland, the Welsh Government does not have policy guidance for developers relating to the provision and administration of community benefit funds (CBFs) from renewable projects to communities in Wales. This is a clear missed opportunity to facilitate greater investment into our communities from the private sector and ensure funds are used to foster greater economic development in communities.”⁴³

46. When asked about the need for a strategic vision for community benefit the then Cabinet Secretary for Economy, Energy and Welsh Language, Jeremy Miles MS, highlighted the work that Ynni Cymru would be undertaking. He said they would “support communities to have a more strategic view of how that funding can be deployed.” He also told Members that Trydan Gwyrdd Cymru “will be doing some of that as well”.⁴⁴

47. The then Cabinet Secretary also highlighted what he viewed as good examples of community benefit working well across Wales, including Ynni Ogwen, which is funding low carbon transport in Dyffryn Ogwen. He said the new arms-length bodies Ynni Cymru and Trydan Gwyrdd Cymru would enable the Welsh Government to scale that good practice up.

⁴¹ Economy, Trade and Rural Affairs Committee, 13 June 2024, paragraph 87

⁴² Economy, Trade and Rural Affairs Committee, 13 June 2024, paragraph 91

⁴³ Institute of Welsh Affairs, written evidence

⁴⁴ Economy, Trade and Rural Affairs Committee, 26 June 2024, paragraph 163

Supply chains and local content

48. Renewable energy sites are often large developments with complex supply chains. Members heard that one way to maximise benefits to local communities would be to encourage the use of local businesses in those supply chains.

49. Onward told Members “there are a few different options” to support the use of local supply chains but “the most realistic ones, first of all, are around non-legally binding targets for local content within certain industries.”⁴⁵ They went on to highlight the offshore wind sector deal which set a target for developers to reach 60% of domestic content by 2030.

50. Blue Gem Wind explained that, under the UK Governments Contracts for Difference (CfD) scheme, providers “have to deliver the renewable energy at the lowest cost, and if that means using non-local supply chains, then, at the moment, ‘so be it’”. They suggested “influencing those future CfD rounds and whatever that looks like, that does actually value local domestic supply chains”. They told Members if our supply chains were:

“... really skilled up and if they are experienced in this sector and they become cost competitive, actually, in an ideal world, you perhaps wouldn't even need a local content policy, because our domestic local supply chains would just be the most cost-effective.”⁴⁶

Our view

There is a great potential opportunity for communities who host renewable infrastructure via community benefit schemes. Unfortunately, this is currently not being realised across all community benefit projects.

We are concerned the community benefit landscape is fragmented, and does not operate at the scale needed to deliver the required impact. A more strategic approach is needed.

We agree with M-Sparc that Wales must be bold in our ask from developers and the Welsh Government should publish strategic guidance to ensure developers understand their responsibilities to communities. This will help ensure that Wales can unlock the full benefit of this investment.

⁴⁵ Economy, Trade and Rural Affairs Committee, 21 March 2024, paragraph 435

⁴⁶ Economy, Trade and Rural Affairs Committee, 13 June 2024, paragraph 75

We were pleased to hear that the Welsh Government has increased its targets for locally-owned renewable energy generation capacity. However, we were concerned about potential loopholes in the definition of 'local ownership' being open to exploitation so that developers headquartered in Wales are classed as 'local owners'. We believe the Welsh Government needs to act to address this loophole, to ensure that the aims behind its local ownership targets are delivered.

Renewable installations will be located across Wales. If the roll out is handled well, and developers are encouraged to use local workers and sub-contractors, then this has the potential to seed good quality jobs across Wales too. However, we were concerned to hear that some elements of UK Government policy, such as Contracts for Difference schemes, were inadvertently discouraging developers from utilising local talent.

Recommendation 3. The Welsh Government and partners should publish consistent guidance for developers to support a strategic approach to delivering community benefits across renewable energy projects in order to ensure more wealth generated by the renewable sector is retained by the communities who host those developments.

Recommendation 4. The Welsh Government should review what is defined as locally-owned in its generation targets, to close off any loopholes. It should also set out how this more stringent definition of locally-owned will be applied to achieving the target of 1.5GW locally-owned generation by 2035.

Recommendation 5. The Welsh Government should set out its strategy for introducing targets or quotas for the use of local workers and contractors when developing renewable energy installations and their associated components and infrastructure, including negotiations with the UK Government to amend the Contracts for Difference scheme, which can pose a barrier to the use of local labour and supply chains.

Recommendation 6. The Welsh Government should provide the Committee with regular updates on the progress made by Ynni Cymru and Trydan Gwyrdd Cymru against their aims and objectives and how they will work together with GB Energy.

4. Renewable energy priorities

The renewable energy sector is growing rapidly and has great potential to accelerate the decarbonisation of our economy and create new high quality jobs. However, the industry will need strategic and infrastructure planning and investment if it is to reach its full potential.

Developing a pipeline of renewable energy projects

51. Renewable energy sector organisations emphasised the importance of a consistent pipeline of projects for the sector. In their written evidence RenewableUK Cymru stated:

“The green and net zero economy concepts are both built on a foundation of renewable energy generation. To realise these economic opportunities, a long-term pipeline of projects and certainty for timely delivery is crucial.”⁴⁷

52. Vattenfall, a renewable energy company, warned that:

“The main barrier to preventing Wales from making the most of opportunities in the green economy is a failure to secure a low-carbon deployment pipeline. Without projects to deploy, Wales will not secure the benefits of moving to a greener economy.”⁴⁸

53. They went on to say that “these barriers need to be tackled strategically, and holistically because each has a brake on investment.”

54. The then Cabinet Secretary for Economy, Energy and Welsh Language, Jeremy Miles MS, agreed that a pipeline of projects was important. He agreed that RenewableUK Cymru’s “pipeline point is actually a very good point” and the challenge in the sector was not a lack of resources. He told Members there was an

⁴⁷ RenewableUK Cymru, [written evidence](#)

⁴⁸ Vattenfall, [written evidence](#)

eagerness to invest.⁴⁹ but “in order for developers and others to commit what are many, many tens of millions of pounds on spec”, you need two things:

- a planning and consenting regime that is consistent with other policy objectives; and
- the visibility of a pipeline of projects over many years.

55. The then Cabinet Secretary illustrated this by saying:

“That is the reason, in the offshore space, why we've been pressing the Crown Estate to be clear not just about its current leasing round, but the future leasing round for the other, I think, 12 GW capacity. People want to know that they can invest, that they have projects that go beyond the next three or four years, if they're going to be putting in many tens of millions of pounds upfront. That's why that conversation is so important.”⁵⁰

56. The Crown Estate wrote to the Committee setting out the benefit of developments in the Celtic Sea. They highlighted that their current “Celtic Sea Leasing Round 5 [4.5gw] could create up to 5,300 jobs during the construction phase, and deliver £1.4 billion of economic benefits to the UK.” They said that they “will continue to work alongside Welsh Government and wider stakeholders to discuss how our work can support the green economy and mitigate barriers Wales currently faces and look forward to supporting the Committee in its work.”⁵¹

Planning Challenges

57. Members took evidence about the Infrastructure (Wales) Act 2024.⁵² The Welsh Government state the Act:

“Modernises and simplifies the process for developing significant infrastructure projects in Wales by establishing a single infrastructure consenting process for specified types of major infrastructure projects. This will speed up the consenting process for major projects on land

⁴⁹ Economy, Trade and Rural Affairs Committee, 26 June 2024, paragraph 149

⁵⁰ Economy, Trade and Rural Affairs Committee, 26 June 2024, paragraph 149

⁵¹ [Letter from the Crown Estate to the Committee Chair, 11 September 2024](#)

⁵² [Infrastructure \(Wales\) Act 2024](#)

and in the territorial sea, creating more consistency and certainty in Wales' ability to deliver infrastructure projects in the future."

58. Whilst witnesses agreed the Act streamlined the consenting process for renewable energy developments, there were concerns about the lack of capacity in the planning system. RenewableUK Cymru said:

*"Consenting and planning delays pose significant risk to our renewable energy and net zero ambitions in Wales – which will inevitably impact related economic opportunities. With targets to reach 70% of electricity demand from renewables by 2030 and 100% by 2035, timely consenting and planning will be crucial."*⁵³

59. One of the three key priorities that RenewableUK Cymru suggested the Welsh Government focus on to maximise the potential economic opportunities from the green economy was "unlocking further consenting and planning resource". They highlighted what they viewed as under-resourcing of planning across Welsh public bodies including the Welsh Government, Natural Resources Wales and local authorities and offered a stark warning:

*"We need to more than double the best build rate of energy infrastructure we've achieved in the past 50 years, and we need to do that every year for the next 11 years. That's really quite an undertaking, and unless we have the people behind it in order to do that, we're going to miss our targets. So, we need to see accelerated decision making, more decisions being made, and decisions made efficiently."*⁵⁴

60. Net Zero Industry Wales told Members in order to streamline planning and consenting:

"We're all seeing this burning platform; we now need to find a way to make that work, and I think the only way to do that is by allowing more private resources to enter into that space, to de-risk that, to give that much more adequate, certain timelines, because that certainty

⁵³ RenewableUK Cymru, written evidence

⁵⁴ Economy, Trade and Rural Affairs Committee, 21 March 2024, paragraph 123

of timeline is incredibly important when it comes to investor confidence.”⁵⁵

61. The then Cabinet Secretary, Jeremy Miles MS, set out how the Welsh Government is responding to these concerns:

“It’s partly about changes to planning and consenting, so the infrastructure legislation will change things. The commitment of additional resources to Natural Resources Wales, so that they have more capacity. There is a good discussion happening with the sector based on a pilot, effectively, or at least a project, in south-west Wales, where developers have provided funding to Net Zero Industry Wales in order for consenting bodies to draw on that funding when they need more capacity.”⁵⁶

62. He went on to say:

“... we are working productively on a mechanism where we can ask developers to contribute resource that consenting bodies can draw on when they need more capacity, at peak times or when there are particular pinch points, but doing that in a way where there’s an intermediary, so there’s no link between the two. If we can do that, that will enable us to increase planning and consenting capacity and make those decisions faster, and be better able to respond to the level of demand.”

63. In a session on the future of Welsh steel, the current Cabinet Secretary for Economy, Energy and Planning, Rebecca Evans MS, told the Committee:

“In the last couple of weeks, I’ve made a series of announcements in terms of how we’re looking to bolster and support local planning teams, including potentially looking at dedicated support for those authorities that will see the greatest impact on their planning services ... We’re also exploring how local authorities can better work on a regional basis to access some of those specialist planning services and working through Net Zero Industry Wales also to explore ways in

⁵⁵ Economy, Trade and Rural Affairs Committee, 21 March 2024, paragraph 130

⁵⁶ Economy, Trade and Rural Affairs Committee, 26 June 2024, paragraph 152

which the industry itself could put ... funding into a secure pot, which can then go again to supporting the planning teams to try to make sure that these projects are moved forward in a timely fashion. So, there's lots happening in the planning space to speed up those applications, but we are aware of the particular pressures in Neath Port Talbot, and are looking to work with them.”⁵⁷

Grid Connections

64. Developers highlighted challenges with the energy grid network and particularly getting grid connections. RenewableUK Cymru and their Members Statkraft UK said:

“Our current insufficient grid network in Wales is a significant barrier to maximising the benefits of the green economy. With electricity demand set to more than double, there is real urgency to develop the infrastructure and capitalise on the potential renewable energy opportunities across Wales and the Irish and Celtic Seas. Grid buildout needs to happen at pace in parallel with generation.”⁵⁸

65. The IWA noted that a key challenge for Wales is:

“Weak grid infrastructure and planning delays have been noted by industry as significant constraints impacting deployment and construction of renewable energy in Wales. Weak grid infrastructure is a key inhibitor that prevents Wales from making the most of the opportunities within the green economy, particularly within decarbonising our energy sector”.⁵⁹

66. Community Energy Wales noted that time delays and the cost of grid connections are “significant barriers for communities wishing to be a part of actively decarbonising the energy system”. They said that local energy systems can reduce pressure on the grid, and that increased start-up finance would help more projects to get off the ground.⁶⁰

⁵⁷ Economy, Trade and Rural Affairs Committee, 20 November 2024, Paragraph 97

⁵⁸ RenewableUK Cymru, written evidence

⁵⁹ Institute of Welsh Affairs, written evidence

⁶⁰ Community Energy Wales, written evidence

67. However, as the grid is non-devolved, there are limitations around what the Welsh Government can achieve. RenewableUK Cymru said “we appreciate completely that grid is somewhat out of Welsh Government hands; however, the convening power that Welsh Government have, and to Welsh Government credit, some of the work that they have been doing”, including 'Future Energy Grid for Wales' report, “sets a really clear foundation for this”.⁶¹

Support for ports

68. Ports stand to play an important role in the green economy especially round floating offshore wind (FLOW) energy production. RenewableUK Cymru’s written evidence called for “immediate investment” to increase the capacity and capability of ports supporting offshore wind projects. They said:

“Ports upgrades delivered on time are crucial for maximising the benefits of offshore wind projects. There is a real risk that offshore projects could be delivered without maximising the benefits to Wales if the ports and supply chain are not ready in time.”⁶²

69. Marine Energy Wales also highlighted the need for investment and the impact that can have on the Welsh economy.⁶³ They told Members “our ports need to be FLOW-ready. For every £1 spent in ports, £3 goes back into the Welsh economy, so it's a no-brainer to support our Welsh ports”. Marine Energy Wales also highlighted the risk that France are “readying themselves for this same opportunity” and warned that Wales needs to “look at what they're doing and say, ‘Can we match it?’ or at least make a plan to try and get involved as much here.”

70. On 19 June 2024, the then Cabinet Secretary, Jeremy Miles MS, spoke at the Global Offshore Wind conference in Manchester. The Welsh Government press release ahead of his speech said that work to support the floating offshore wind sector would:

“Commence by developing and enhancing offshore capability at the strategically placed ports of Holyhead, Mostyn, Pembrokeshire, and

⁶¹ Economy Trade and Rural Affairs Committee, 21 March 2024, paragraph 109

⁶² RenewableUK Cymru, written evidence

⁶³ Economy, Trade and Rural Affairs Committee, 21 March 2024, paragraph 196

*Port Talbot, which have each had a pivotal role to play in Wales's offshore wind successes to date."*⁶⁴

Our View

The renewables sector faces a number of barriers which will need to be overcome to deliver the energy generation Wales needs and the consequent economic and environmental benefits. While some areas, such as the National Grid, are non-devolved, the planning system is a key lever the Welsh Government is responsible for. The combined responsibilities of the current Cabinet Secretary for Economy, Energy and Planning offer the potential for a coherent and co-ordinated approach to address this.

Since our inquiry finished taking evidence, the Cabinet Secretary, Rebecca Evans MS, has set out a number of steps she intends to take to ensure that planning applications are dealt with more quickly. We welcome the Cabinet Secretary's intention to drive change, but would like to see further detail on how she intends to achieve this.

We have heard that the lack of a pipeline of renewable energy projects is a key barrier to making the most of the potential economic opportunities on offer. The Welsh Government should work with partners to develop a pipeline, to give investors certainty, and help to build a strong, sustainable industry that provides high-quality employment.

Conclusion 4. Weak power network infrastructure is an issue that must be tackled to support unlocking Wales' green economy potential and green growth.

Recommendation 7. The Welsh Government should work with the UK Government, Crown Estate and industry to develop and publish a pipeline of renewable energy projects which is regularly updated.

Recommendation 8. The Welsh Government should provide further details of how it intends to work with partners to address the lack of resource in the planning system, so that speedier consenting decisions are made for renewable energy applications.

Recommendation 9. The Welsh Government should set out how it will prioritise investment in ports, and support Welsh ports in their efforts to access UK

⁶⁴ Welsh Government, *Wales to lead the green energy revolution with bold investments and initiatives*, 19 June 2024

Government funding such as the Floating Offshore Wind Manufacturing Investment Scheme.

5. A just transition and fair work

The transition to a zero-carbon economy presents both risks and opportunities for fair work. This transition is generating new, high-quality jobs in emerging industries, making it an ideal time to ensure these positions are accessible to a wide section of the workforce, including those working in sectors that are shedding jobs.

However, the location of these new jobs is not fixed, and current industrial areas may require support to attract tomorrow's industries.

Delivering a just transition

71. Members heard it was important that work was undertaken to ensure everyone understood the climate emergency and was 'carbon literate'. Dr Alison Parken of Cardiff Business School felt this would ensure buy-in for the transition to net zero. She told Members:

*"Everybody needs to understand what this is about to take some of the fear out of it and to take some of the paralysis out of it, and take some of the feeling of being done to when policies are instituted."*⁶⁵

72. In December 2023, the Welsh Government launched a consultation on the Just Transition framework.⁶⁶ The Committee heard that a co-ordinated approach to a just transition was important, but both the Wales Centre for Public Policy (WCPP) and the Future Generations Commissioner felt this should be based on the Well-being of Future Generations Act. The WCPP told Members:

⁶⁵ Economy, Trade and Rural Affairs Committee, 21 March 2024, paragraph 410

⁶⁶ Welsh Government, [Just Transition Framework](#)

*"We've talked about using the Well-being of Future Generations (Wales) Act 2015 as a governance framework for the just transition, because it enables this collaboration, this longer term thinking, around a more holistic set of principles. But we also recognise that it's not just about the sorts of governance frameworks that you put in place; it's actually the delivery and the outcomes that people feel on the ground that will make the difference as to whether a transition is just or not."*⁶⁷

73. The Future Generations Commissioner supported this argument and told Members: "let's not complicate things, let's use the Well-being of Future Generations Act and the five ways of working as the basis for that framework and that guidance."⁶⁸

74. Union representatives took a slightly different view. TUC Cymru said the transition to net-zero is:

*"... not just a future generations challenge in a way; it's almost the current generation in five to 10 years that we're thinking about. If I think about the workforce at Tata and Llanwern, it's what's going to happen in that next decade that I think is also driving the panic, and that's where I think we look very much to the Welsh Government and the UK Government, and their responsibility there."*⁶⁹

75. The union representatives Members heard from were open to working with the Future Generations Commissioner. However, both Prospect Cymru and TUC Cymru supported the establishment of a Just Transition Commission similar to the one operating in Scotland. Prospect Cymru told Members:

"All the areas that you're looking for answers for are examined by Just Transition Scotland. ...they have a really broad membership that takes in the needs across all the stakeholders to develop it for their country as an independent advisory body providing scrutiny and advice on how to deliver a just transition to low carbon in Scotland. Because it is made up of a broad representation of stakeholders' interests, I think it

⁶⁷ Economy, Trade and Rural Affairs Committee, 21 March 2024, paragraph 414

⁶⁸ Economy, Trade and Rural Affairs Committee, 21 March 2024, paragraph 417

⁶⁹ Economy, Trade and Rural Affairs Committee, 13 June 2024, paragraph 147

is a very good model that we should use, even if our scope would be more limited.”⁷⁰

76. The then Cabinet Secretary, Jeremy Miles MS, told the Committee that responses to the consultation told him “there was a strong sense in that about engaging stakeholders more broadly, making sure communities understand what just transition is about and what the impacts might mean for them.” He went on to say that as a result of the consultation feedback the Welsh Government was working on “some specific guidance, a toolkit of practical things that employers and organisations can look to as they transition to the more sustainable economy that we obviously need.”⁷¹

77. The then Cabinet Secretary did not see the need to establish a Just Transition Commission for Wales. He told Members “we’ve got a prior approach, haven’t we, which is the Well-being of Future Generations Act, which, in a sense, has just transition at its heart”. However, he did add:

“One of the things we heard in the response to the just transition framework was the need for a sophisticated understanding of what just transition means to be integrated into the work of the various fora that we have doing various things across Wales, in a way that, perhaps, isn’t yet there. So, I think my own view is doing that is the critical thing, so that Public Services Boards, and all our partnership fora, really, really have a clear and good understanding of what this means, because, in a sense, it’s an organising principle for the whole of society, really, isn’t it.”⁷²

Supporting places and communities as part of a just transition

78. Members heard the transition to net-zero will not impact communities equally. The Institute of Welsh Affairs (IWA) warned:

“The transition to net zero will have uneven effects across technologies and communities in Wales. The Welsh Government should focus their

⁷⁰ Economy, Trade and Rural Affairs Committee, 13 June 2024, paragraph 141

⁷¹ Economy, Trade and Rural Affairs Committee, 26 June 2024, paragraph 193

⁷² Economy, Trade and Rural Affairs Committee, 26 June 2024, paragraph 203

attention on supporting workers from economically disadvantaged communities and those transitioning out of carbon intensive work.”⁷³

79. The Wales Centre for Public Policy (WCPP) gave a similar warning:

“Without any intervention, the market will dictate the changes within industry and in education and skills provision that are needed to reach net zero. This would be an undesirable outcome: not only is it unlikely to lead to a just transition, but it may result in certain industries leaving Wales and to the offshoring of future emissions. Intervention to support a just transition should therefore focus on supporting industry to decarbonise within Wales and on directly and indirectly supporting workers where they need to retrain or learn new skills.”⁷⁴

80. The WCPP offered some suggestions they felt the Welsh Government should consider to mitigate this impact. This included:

- Targeted support for skills development (skills and retraining as part of a just transition are discussed in more detail in section 5 of this report);
- Ways to incentivise businesses to locate in particular areas affected by the transition;
- Good infrastructure and transport links; and
- Wider support for communities affected by the loss of key industries, such as community projects and mental health provision.⁷⁵

Equality and a just transition

81. Members heard that more work was needed to ensure a just transition, so that the opportunities that will come with transitioning to net zero would be accessible to all. Prospect Cymru told Members:

⁷³ Institute of Welsh Affairs, [written evidence](#)

⁷⁴ Wales Centre for Public Policy, [written evidence](#)

⁷⁵ Economy, Trade and Rural Affairs Committee, 21 March 2024, paragraph 425

“Too little has been done to ensure clean energies are accessible to a diverse workforce. Industry data shows that one in five offshore wind workers are women, and fewer than one in 10 are people of colour.”⁷⁶

82. Dr Alison Parken told the Committee that something had to change about the way renewable businesses operate because “without bringing in people who wouldn't normally choose these sectors, we won't get the skills we need”. She explained:

“In a sense, these industries have not been a rational choice for women or people from ethnic minorities, or disabled people, because they've not felt welcome there. So, as we are transitioning to changing the energy sector, what we have to do is make sure that those workplaces operate differently—that they are properly welcoming and inclusive, and that they start from day one bringing people in in a way that allows people with difference to make a difference in the culture that they're working in.”⁷⁷

83. To help address the diversity gap, Dr Parken suggested “changing the training, who's delivering the training, when the training is delivered, how it's funded, to bring in people who have not seen those sectors as traditionally friendly sectors.”

84. The IWA called for the Welsh Government to “adopt a gendered lens” to retraining and skills development for present and future green jobs. They say that this should involve supporting women and girls into these careers, and work with partners to address barriers to this.⁷⁸

Fair work and a just transition

85. Members heard calls for fair work requirements to be placed on employers seeking support from the Welsh Government to create green jobs. TUC Cymru gave an example from the nuclear construction industry they thought would work well to support fair work during the transition:

⁷⁶ Economy, Trade and Rural Affairs Committee, 13 June 2024, paragraph 112

⁷⁷ Economy, Trade and Rural Affairs Committee, 21 March 2024, paragraph 420

⁷⁸ Institute of Welsh Affairs, written evidence

“... in the nuclear construction industry, where we've got sector agreements. So, you've got a pot of funding, and then you've got a union-negotiated sector agreement, so you know the jobs that are going to result from that spend, you know the pay rates for those jobs, the other terms and conditions. I would want to see public spend like that, where it's a pot of investment aligned to particular negotiated employment outcomes. We are very far away from that, but that's the dream I've got for that.”⁷⁹

Our view

Transition to net zero is likely to have a large impact on the economy and job market. This impact can either be strategically managed by key leaders such as the Welsh and UK governments or left solely to the market. If the wrong approach is taken, the impact will be unpredictable and potentially damaging to some of our most vulnerable communities and workers.

However, if the Welsh Government, working with industry, unions and communities, seizes the opportunities presented by transition and provides leadership, this will limit the potential disruption for workers and communities.

The Welsh Government will need to build a coalition of the willing to achieve a just transition. This will require a whole-government, flexible approach that meets the needs of individual communities. Whilst building that coalition they must be cognisant of this very real chance to enhance the opportunities of marginalised groups and to create better jobs which will enhance communities across Wales. Skills and retraining efforts will play a key role in this, and we discuss these in detail in the next chapter.

Whilst we do not believe the establishment of another public body – namely a Welsh Just Transition Commission – is necessary to achieve this, we do believe the Welsh Government must look more closely at how it will achieve a just transition with the levers it currently has.

Recommendation 10. The Welsh Government should work with partners to develop just transition action plans to support the communities and workers most at risk of negative impacts from transitioning to net-zero.”

⁷⁹ Economy, Trade and Rural Affairs Committee, 13 June 2024, paragraph 175

Recommendation 11. The Welsh Government and UK Government should work with partners including industry and educational institutions to tackle the gap in diversity in the renewable energy workforce. This could include developing more inclusive education and training routes into renewable energy roles, and leading work to ensure partners can contribute to cultural change in energy workplaces that makes them more attractive to underrepresented groups.

6. Skills

86. In February 2023, the Welsh Government published ‘Stronger, Fairer, Greener Wales: Net Zero Skills Action Plan’.⁸⁰ The Action Plan has 36 actions and 7 priority areas which include the following:

- building a shared understanding of net zero skills;
- delivering new approaches to growing our skilled workforce;
- exploring options to strengthen our skills system; and
- understanding careers opportunities and options.

87. Annex 1 of the Action Plan summarises the skills needs and gaps in the eight emission sectors in Wales: electricity and heat generation; residential buildings; transport; public sector; industry and business; land use and land use change and forestry; agriculture; and waste management. The Annex states that “further knowledge and information is required from across all sectors in Wales to develop a roadmap for setting out the current skills position for each sector”.

88. The Action Plan says that “there is a level of confusion and a lack of understanding amongst businesses, employees and school leavers about what is meant by green/net zero jobs”. The Action Plan also says that “there has been a decrease in investment in training for employees as a result of the current economic challenges”.

89. Action 12 of the Action Plan is to “deliver the £2 million green Personal Learning Account pilot that has been established over a 2-year period to support individuals to either upskill or re-skill in sectors demanding high levels of net zero skills”. It says the pilot will “promote women to take up net zero skills”. In the Draft Budget for 2024-25, £7.2 million was cut from Personal Learning Accounts (PLAs).

Skills challenges

90. Several witnesses highlighted concerns about skills shortages. FSB Wales told the Committee that “small businesses in Wales are currently grappling with accessing sufficiently skilled staff”,⁸¹ and RenewableUK Cymru said that one of the main concerns regarding the level of the skills challenge is the shortage of

⁸⁰ Welsh Government, Stronger, fairer, greener Wales: net zero skills, February 2023

⁸¹ Federation of Small Businesses Wales, written evidence

specialist skills and labour.⁸² Onward says that “skills shortages are frequently highlighted as a problem for the green transition in almost every sector”.⁸³

91. FSB Wales said small businesses in Wales are “[confronting] the challenge of a growing perceived mismatch between the skills in the education system and those that business needs”.⁸⁴ It added that this “structural dilemma arises from a combination of factors, including a lack of foresight in anticipating skills requirements and a failure to adequately adapt vocational education and training to address the evolving needs of the labour market”.

92. ColegauCymru told the Committee that “understanding what skills are needed, how many and by when in different areas is a challenge”. It argued that a vocational education and training strategy for Wales is needed from the Welsh Government to “align vocation education and training needs with economic and industrial priorities”.⁸⁵

93. Marine Energy Wales suggested that there are two elements to solving the skills shortage problem: the need to have a pipeline, to guarantee that there are projects coming through, and awareness. They suggested that awareness has got to “start in schools and then that’s got to build, ensuring that children take the right science, technology, engineering and mathematics subjects”.⁸⁶

94. Witnesses including the FSB and Marine Energy Wales highlighted the importance of linking education with industry, to ensure that industry’s requirements can be taken into account when building courses.⁸⁷ Net Zero Industry Wales suggested:

“... it all comes back to a very clear industrial strategy, in which skills is a key pillar.”⁸⁸

95. The Welsh Government cited one of the key barriers to Wales making the most of the opportunities afforded by the green economy as being “enough skilled and experienced workers in areas such as renewables installation, resource efficiency and in nature restoration.”⁸⁹

⁸² RenewableUK Cymru, written evidence

⁸³ Onward, [written evidence](#)

⁸⁴ Federation of Small Businesses, [written evidence](#)

⁸⁵ ColegauCymru, [written evidence](#)

⁸⁶ Economy, Trade and Rural Affairs Committee, 21 March 2024, RoP, paragraphs 156-157

⁸⁷ Economy, Trade and Rural Affairs Committee, 21 March 2024, RoP, paragraphs 148 and 157

⁸⁸ Economy, Trade and Rural Affairs Committee, 21 March 2024, RoP, paragraph 160

⁸⁹ Welsh Government, [evidence paper](#)

96. The then Cabinet Secretary, Jeremy Miles MS, told us that one of the Welsh Government’s “short turnaround reviews” was “about how we can connect policy to change on the ground in terms of future skills.”⁹⁰

97. The then Cabinet Secretary also highlighted the Welsh Government’s recent consultation on Net Zero Sector Skills, which closed at the end of 2023. He noted that a first draft of a skills road map had been produced, which would be the subject of a number of workshops through the summer. He added:

“The key thing is that those road maps need to be iterative and able to be adjusted to reflect the pace of change in the sector, as much as anything else, and so that we can be alive to the response from investors, from industry, from trade unions or the workforce about what more support, what more guidance they need. So, there will be a road map for each of the eight emissions sectors that we’ve talked about in the plan, and that will provide what I hope is an accessible visual representation of how businesses need to respond. I’ll also be having a set of bilateral discussions with Cabinet colleagues who’ve got a particular interest, so that we make sure that there’s a cross-Government level of working. And I’m planning at this point to publish the first iterations of the plans when we’re back in the autumn.”⁹¹

98. The Cabinet Secretary for Economy, Energy and Planning, Rebecca Evans MS, confirmed during general scrutiny that Jack Sargeant MS, the Minister for Culture, Skills and Social Partnership, will be:

“... leading on the green skills review. That will have a longer timescale in the sense that we’ve already got our Net-Zero Skills Action Plan, we’ve got the emission sector skills overview, so there’s already recent work going on in that particular space. But they’ll all help us focus then through the economic mission and the First Minister’s priorities, and also I think will fit in really well with the industrial strategy as well.”⁹²

⁹⁰ Economy, Trade and Rural Affairs Committee, 26 June 2024, paragraph 146

⁹¹ Economy, Trade and Rural Affairs Committee, 26 June 2024, paragraph 178

⁹² Economy, Trade and Rural Affairs Committee, 14 November 2024, paragraph 304

Retraining the current workforce as part of a just transition

99. The WCPP said that “while many job roles will change as a result of a green transition, in Wales this will mostly include changing skill sets within existing jobs rather than the creation of new job types”. It said that the “skills challenges are therefore likely to include reskilling and retraining workers”.⁹³

100. Make UK warned that “provision for upskilling and retraining, while important, does not alone solve the immediate shortages of net zero and other skills in the workforce or fill current vacancies”.⁹⁴

101. Natural Resources Wales (NRW) agreed, saying that “a combination of new jobs and upskilling of existing jobs will be required”. It suggested that “reskilling in legacy industries is an opportunity.”⁹⁵

102. ColegauCymru believe that new approaches to upskilling and skills development are needed. It says that a transition to a green economy requires:

“reskilling for immediate skills gaps through employer training and flexible provision to enable individuals to respond to opportunities in the labour market.”⁹⁶

Capacity within the education and skills system

103. The WCPP believes that the “education and skills system currently lacks the capacity to reskill existing workers”. It says there is a:

“... vicious cycle where courses are not provided due to a perceived lack of demand, but the lack of demand is somewhat rooted in the belief that there are no courses available.”⁹⁷

104. Renewable Energy Systems said that a main barrier to addressing skills needs is the “lack of sufficient number of course in further and higher education across the country to train and provide the necessary qualifications.”⁹⁸

⁹³ Wales Centre for Public Policy, written evidence

⁹⁴ Make UK, written evidence

⁹⁵ Natural Resources Wales, written evidence

⁹⁶ ColegauCymru, written evidence

⁹⁷ Wales Centre for Public Policy, written evidence

⁹⁸ Renewable Energy Systems, written evidence

105. Educ8 stated that:

“... we need our skills system to be more responsive and agile enabling programmes such as apprenticeship training frameworks to quickly respond to the needs of employers and the green economy.”⁹⁹

106. It added that frameworks “can also be rigid and inflexible which is totally at odds with what is required for the green economy.”

107. However, Dr Alison Parken noted that, on the equal and just transition research they had carried out, “we took quite a lot of evidence from higher education and further education, who are interested in this area but are not certain of the demand, and that's the issue. Without the demand, they won't put on these courses.”¹⁰⁰

108. CITB Cymru noted that in a recent CITB activity tracker, “1 in 4 of those that responded reflected that an unclear pipeline of work was undermining investment in skills and training.”¹⁰¹

109. In written evidence to the Committee, the Welsh Government stated it had invested £30 million in its Personal Learning Account programme, “to help employed people upskill and reskill.” It added:

“Part of this programme includes a £3.5m investment to meet net zero skills gaps in construction, energy, manufacturing and engineering. The wage cap has been removed for this element to allow more people to access these valuable net zero skills and qualifications. We have also created a specific net zero skills element within our Flexible Skills Programme (FSP) - to support employers upskill their staff to meet future economy needs.”¹⁰²

⁹⁹ Educ8, [written evidence](#)

¹⁰⁰ Economy, Trade and Rural Affairs Committee, 21 March 2024, paragraph 384

¹⁰¹ CITB Cymru, [written evidence](#)

¹⁰² Welsh Government, evidence paper

Attracting and retaining young people in Wales

110. The Institute of Welsh Affairs (IWA) said that clear policy and funding is needed, that “supports younger generations to take up the economic opportunities of employment within the green economy”.¹⁰³

111. RenewableUK Cymru said that the main concerns regarding the level of the skills challenge are attracting new talent; encouraging young people into the industry; and retention of graduates. It added that there is a “lack of local knowledge and career guidance among both school-age students and those of working age”.¹⁰⁴

112. Community Energy Wales noted the importance of continuing professional development for teachers: “just giving teachers a real sense of what the green economy looks like, what a green future job market looks like—them and careers advisers—so that they can pass that vision on to the young people and encourage them into the right training pathways.”¹⁰⁵

Careers advice

113. Community Energy Wales spoke of increasing “the attractiveness of employment in the field and [encouraging] young people to consider a career in the green sector”. It added that “the onus needs to be on inspiring the next generation” and said “the only way to do this is to provide their teachers with a better understanding of the sector and future potential.”¹⁰⁶

114. Ambition North Wales believe that the role of primary and secondary schools, further education, higher education and apprenticeship providers “in equipping young people with the green skills employers require is crucial.”¹⁰⁷

Confidence in future jobs and careers

115. Educ8 argued that “young people care for the planet, they care for future generations” and the opportunities presented by a green economy “would offer them long-term career pathways” and “is something that would be attractive to

¹⁰³ Institute of Welsh Affairs, written evidence

¹⁰⁴ RenewableUK Cymru, written evidence

¹⁰⁵ Economy, Trade and Rural Affairs Committee, 21 March 2024, paragraph 251

¹⁰⁶ Community Energy Wales, written evidence

¹⁰⁷ Ambition North Wales, written evidence

them". However, they added that there is a degree of uncertainty when something is tagged as 'green'.¹⁰⁸

116. Pembrokeshire College flagged that "skills drain from Pembrokeshire, we all know that that's been a problem for some time, and we have employers who are becoming more reluctant to take on young apprentices quite simply because they cannot guarantee that they will be able to have that work within Pembrokeshire over the period of the apprenticeship". They cautioned:

*"It would be sad to think that our young people haven't got those opportunities quite simply because we can't tell them when the jobs are going to be available."*¹⁰⁹

117. M-Sparc said that there is a lack of awareness of the types and availability of green jobs, and many young people believe they have to leave north Wales to find well-paid jobs which will make the skills gap harder to manage.¹¹⁰

118. Several witnesses spoke about the challenges of communicating about green jobs. M-Sparc told the Committee that "it's sometimes difficult to point at what those jobs are" as "we do have to still talk in a hypothetical way a lot of the time" so it's challenging to encourage young people.¹¹¹ Pembrokeshire College agreed:

*"... it is quite hard to encourage young people to think about the jobs that may be available in five years' time, because they can't see them, they can't think—you know, there's nothing tangible there at this point in time."*¹¹²

119. ColegauCymru suggested:

*"I think we're in a really tricky situation, because we're trying to communicate green skills, green jobs. Young people don't understand what that means."*¹¹³

¹⁰⁸ Economy, Trade and Rural Affairs Committee, 9 May 2024, paragraph 483

¹⁰⁹ Economy, Trade and Rural Affairs Committee, 13 June 2024, paragraph 83

¹¹⁰ M-Sparc, written evidence

¹¹¹ Economy, Trade and Rural Affairs Committee, 22 May 2024, paragraph 198

¹¹² Economy, Trade and Rural Affairs Committee, 13 June 2024, paragraph 53

¹¹³ Economy, Trade and Rural Affairs Committee, 9 May 2024, paragraph 479

120. The Committee heard some positive examples of steps to highlight green career opportunities and build pathways for young people on Anglesey. M-Sparc told Members that there was a common narrative in north Wales of “people having to leave to get good-paid jobs”. However, they said:

“We are doing a lot to try and combat that. Menter Môn do a great job, Ambition North Wales and the local HE, FEs and M-Sparc, going out into schools to really encourage children and young people that there are opportunities in north Wales and that studying STEM subjects will lead to a job—that there are jobs here.”¹¹⁴

121. Menter Môn told Members that regarding Morlais, their tidal stream energy project:

“... the megawatts are secondary to the development of jobs on the island—it's a by-product, in a way. Green energy is great, but we're trying to increase opportunities for local people, so there is an emphasis in the project on that to maximise the opportunities. But it starts from primary school onwards. What's important is that, unlike the companies that come in from outside, we are a team of 20 in Morlais, we're a team of local people, they're all Welsh speakers and they go into schools to speak about their experiences in the sector. That makes such a difference.”¹¹⁵

122. Community Energy Wales also highlighted the work done by Welcome to our Woods in Treherbert.

¹¹⁴ Economy, Trade and Rural Affairs Committee, 22 May 2024, paragraph 198

¹¹⁵ Economy, Trade and Rural Affairs Committee, 22 May 2024, paragraph 205

Case study – Welcome to our Woods



Figure 3 Image supplied by Community Energy Wales

Welcome to our Woods (WTOW) is a member-owned development organisation based in Treherbert. Their work includes community well-being, food resilience and landscape-scale stewardship of woodland natural resources.

Last year, Welcome to our Woods was able to offer new contracts to three of their volunteers who had undertaken NVQ level 2 courses in regenerative horticulture and coppicing and greenwood trades at partner organisation Black Mountains College. Thanks to upskilling, WTOW has successfully managed to increase the number of paid jobs it can offer while improving the CVs and building the skills profile of its volunteers, as well as improving work-life balance. Another of their volunteers has been running yoga classes and other well-being courses in the woods, including working with recovering addicts, and has launched her own company.¹¹⁶

123. The then Cabinet Secretary, Jeremy Miles MS, pointed to work being carried out to communicate about potential future careers, including:

- Careers Wales have been working on a series of case studies showing young people progressing into green jobs. They are developing a 'Future

¹¹⁶ Case study supplied by Community Energy Wales

Jobs Wales' webpage, which will provide more granular detail alongside some of that, and they'll then be using those resources when they go into schools and when the careers advisers are giving that specific advice.

- The Regional Skills Partnerships (RSPs) have been working on some school-level engagement for employers. For example, in Denbighshire schools, there have been some good ways of integrating renewable careers into curriculum opportunities.
- At Further Education (FE) level, Cardiff and the Vale College has been bringing in engineering and construction firms to talk about what net zero means in those sectors, so that they can bring alive some of the opportunities for students at FE level as well.¹¹⁷

Our view

Ensuring that our workforce has the right skills is going to be one of the main objectives the Welsh Government must meet if we are going to take full advantage of the transition to a green economy. The rest of this report regularly highlights the new high-skilled, high-quality jobs that we hope a green economy is poised to provide us.

However, if the Welsh workforce does not have the skills to perform those jobs, business will look elsewhere and those jobs will be created there. As such, it is important that the Welsh Government has an understanding of the skills of our current workforce, the future need and how we can ensure those two elements meet at an appropriate time.

We found that, at least from some sectors, there is a skills gap and shortage in Wales. A gap between what is needed and what we have. The Welsh Government must work with industry and skills providers to ensure the skills are there to encourage investment in Wales and create well-paid and high-skilled jobs.

Wales is an ageing nation. The green economy will present exciting opportunities for young people in Wales. These opportunities could both give young Welsh people the reason and ability to stay in their communities and also attract young people from elsewhere to come to live and work here. The Welsh Government must seize this opportunity to ensure people being educated in

¹¹⁷ Economy, Trade and Rural Affairs Committee, 26 June 2024, paragraphs 184-186

Wales have appropriate careers guidance to enable them to take advantage of the green economy jobs.

Recommendation 12. The Welsh Government should carry out, or commission, a skills audit to better understand what skills provision is currently available and where gaps within provision are. This should establish what skills are needed, both now and in the coming years, and where they are, and will be, required to address skills shortages. Following the skills audit, the Welsh Government should produce a report clearly explaining what is needed by when. This report should be regularly updated to enable skills providers and industry to work together to provide the skills required. The Welsh Government should address the perceived mismatch between the education and skills system and what industry needs, including whether the current system can deliver for the upskilling and reskilling of the current workforce.

Recommendation 13. The Welsh Government should set out how it will work with Careers Wales to ensure that careers advice is better integrated throughout a pupil's education journey to ensure young people are aware of the opportunities within Wales presented by transitioning to a greener economy.

7. Financing the net-zero transition

“The Welsh Government cannot achieve net zero without constructive partnership working with the private sector.”¹¹⁸

Prioritising investment in a greener economy

124. Witnesses suggested that investment was one of the key elements that needs to be addressed to secure a foundation for supporting the green economy.

125. Net Zero Industry Wales called for the public and private sectors to ensure there is sufficient resource available to match governmental ambition, stating that:

“I think we need to make sure that we have resource available in Wales, between the private and public sector, that matches our ambition, because ambition at the moment is this high – we talk about it, and that's the promise to the communities surrounding us – but the resource that we have available is this low.”¹¹⁹

126. The Development Bank of Wales (DBW) highlighted that net zero is “the single largest economic mission in Wales”, and that investment in decarbonisation will need to be scaled up during the next carbon budget period from 2026-30. It called for the Welsh Government to prioritise developing a long-term net zero investment strategy to enable and capture the opportunity of the £63 billion additional investment required to deliver net-zero by 2050.

127. DBW said that a strategy “should clearly communicate the mission (i.e. the net zero capital gap by sector), regulatory drivers across sectors (e.g. gas boiler phase out), facilities for investment (e.g. funds, advisory services) and policies for the future.”¹²⁰

128. The Committee was also told that a clear plan and a pipeline of projects would enable “investor confidence”.¹²¹ Blue Gem Wind told the Committee that a

¹¹⁸ IWA, written evidence

¹¹⁹ Economy, Trade and Rural Affairs Committee, 21 March 2024, paragraph 183

¹²⁰ Development Bank of Wales, written evidence

¹²¹ Economy, Trade and Rural Affairs Committee, 21 March 2024, paragraphs 108 and 114

pipeline is “critical for developers, it’s critical to attract global multinationals to the region”.¹²² The UK Infrastructure Bank (now the National Wealth Fund) stated that:

“... the clearer the strategy, the clearer the milestones that the Government wants to achieve, the better able we are to mobilise around that and to help private investors have the confidence and think about how they might be able to bring in finance to help the Government achieve those aims.”¹²³

Leveraging private sector funding

129. The IWA told the Committee that “due to the lack of fiscal levers Wales needs to work increasingly with the private sector to deliver projects which decarbonise its economy across the board.”¹²⁴

130. A number of witnesses told the Committee that the Welsh Government should prioritise investment which leverages private sector funding. Ambition North Wales told the Committee that “public-private partnerships can help share the financial burden and attract private investment in renewable energy, sustainable infrastructure, and other green initiatives.”¹²⁵

131. Onward suggested that “investment should be prioritised in areas where there are clearly gaps in what the private sector is willing to invest in at the moment, and [...] the things that the public sector needs to invest in, in order to crowd in that investment”.¹²⁶

132. RenewableUK Cymru argued that “we need to recognise the role of private investment and what that represents in terms of our community benefits, in terms of biodiversity enhancement opportunities and in terms of SME development.”¹²⁷

133. The FSB noted that greater levels of foreign direct investment would help to stimulate “large amounts of what we’re trying to achieve”, but added that where that investment happens, “we need to set clear obligations towards building SME

¹²² Economy, Trade and Rural Affairs Committee, 13 June 2024, paragraph 33

¹²³ Economy, Trade and Rural Affairs Committee, 22 May 2024, paragraph 13

¹²⁴ IWA, written evidence

¹²⁵ Ambition North Wales, written evidence

¹²⁶ Economy, Trade and Rural Affairs Committee, 21 March 2024, paragraph 447

¹²⁷ Economy, Trade and Rural Affairs Committee, 21 March 2024, paragraph 189

supply chains for higher and lower skilled capacities that support the different types of expertise that we've currently got in the Welsh economy.”¹²⁸

134. The WCPP claimed there is “substantial opportunity for the Welsh Government to work with local authorities to support innovative forms of finance for local decarbonisation projects.”¹²⁹

Making the most of public sector investment

135. The Welsh Government told us:

“Budgetary constraints mean that we must think and act smarter on how we support Industry and leverage UK Government investment in line with our priorities. We also need to make even better use of assets such the Advanced Manufacturing Research Cymru facility, which is currently working on numerous initiatives to decarbonise our supply chains and could expand operations into developing green technology.”¹³⁰

136. The Development Bank of Wales said that “allocation of an element of non-repayable funding alongside repayable funding in a hybrid offer is a cost effective and value for money way to maximise impact of public funds”. It suggested that the Welsh Government should develop “test and learn” pilot schemes that can be scaled up.¹³¹

137. Onward highlighted the role the UK Infrastructure Bank, now the National Wealth Fund, can play in augmenting Welsh Government and local authority funds, stating that:

“Given budgetary constraints, local government could look to UKIB for capital to support environmental projects. And the Welsh Government should engage with the bank to provide financing to companies where it does not have the capacity to offer direct support.”¹³²

¹²⁸ Economy, Trade and Rural Affairs Committee, 21 March 2024, paragraph 185

¹²⁹ Wales Centre for Public Policy, written evidence

¹³⁰ Welsh Government, evidence paper

¹³¹ Development Bank of Wales, written evidence

¹³² Onward, written evidence

138. Sarah Jones MP, Minister of State for Industry in the UK Government, pointed to the new National Wealth Fund, which she stated would “catalyse private investment in support of the Government’s objectives for investment growth and net zero, while generating a return for the taxpayer.” She added:

“It will play a pivotal role in the government’s industrial strategy and will simplify the UK’s fragmented landscape of support for businesses and investors, aligning critical institutions like the UK Infrastructure Bank and British Business Bank to create a single coherent offer for businesses and a compelling proposition for investors.”¹³³

139. The Welsh Government’s written paper noted that Corporate Joint Committees (CJCs), local authorities, the NHS and other parts of the public sector procure goods and services from the green economy. It added that the Welsh Government was considering “how these procurements might be made more efficient and more strategic”, and that this “will provide better value for money and help the public sector to support green economy supply chains in Wales.”¹³⁴

140. In terms of innovative approaches, the Welsh Government told us:

“Our work on energy prioritises the retention and value from investment in Wales. We are already innovating through Trydan Gwyrdd, Ynni Cymru and the Local Energy Fund. Wales is the only part of the UK to have a public sector renewable developer. Trydan Gwyrdd Cymru has been established to lead new renewable energy projects on public land in Wales. This approach will ensure Wales benefits directly from the development of new renewable projects with income from developments coming back to the Welsh Government. Through Trydan we will also look to secure a greater level of direct benefit to communities supporting local green jobs and wider environmental and social value.”¹³⁵

Our view

We heard compelling evidence of the need for the Welsh Government to prioritise investing in the transition to net-zero, and are pleased to hear that

¹³³ Letter from the Minister of State for Industry, UK Government, 4 September 2024.

¹³⁴ Welsh Government, evidence paper

¹³⁵ Welsh Government, evidence paper

green jobs and growth is one of the First Minister's four priority areas. However, we need to see greater detail on how this priority will be achieved, for example through the development of a long-term net-zero investment strategy.

Working with partners to use all possible sources of funding to support the transition to net-zero will be critical. There are a number of steps the Welsh Government needs to take here, including working with the Development Bank of Wales so it can play an enhanced role in this area, investing jointly with other public sector bodies, and leveraging private sector investment.

We acknowledge that the Welsh Government is working with limited resources, however it is key for the Welsh Government to take a long-term and innovative approach to investment. There was clear agreement among our witnesses of the importance of a clear strategy and visible pipeline of projects, and how this can influence the level of investment that can be achieved. , That issue was explored in detail in the Renewable Energy Priorities section of this report.

Recommendation 14. The Welsh Government should develop a long-term net zero investment strategy.

Recommendation 15. The Welsh Government should work with the Development Bank of Wales to set out the steps the Bank should take to play a greater role in contributing towards, what the Bank called, “the single largest economic mission in Wales” – delivering net zero. This should include support both for private sector investment and community energy provision.

Recommendation 16. The Welsh Government should use all potential levers to prioritise investment in the transition to a greener economy, including working with partners such as the UK Government, the National Wealth Fund and local authorities to jointly invest in projects where appropriate. Spending should focus on opportunities to leverage private sector investment and filling potential investment gaps.

Annex 1: List of oral evidence sessions.

The following witnesses provided oral evidence to the committee on the dates noted below. Transcripts of all oral evidence sessions can be viewed on the [Committee's website](#).

Date	Name and Organisation
21 March 2024	Felix Milbank, Deputy Head of Policy, Federation of Small Businesses Wales (FSB) Jessica Hooper, Director, RenewableUK Cymru Ben Burggraaf, Chief Executive Officer, Net Zero Industry Wales Tom Hill, Marine Energy Programme Manager, Marine Energy Wales Sarah Evans, Director of Business Growth and Consultancy, Cwmpas Benedict Ferguson, Co-Executive Director, Community Energy Wales Derek Walker, Future Generations Commissioner for Wales Dr Alison Parken, Cardiff University Dr Jack Price, Wales Centre for Public Policy Ned Hammond, Head of Energy and Environment, Onward UK
9 May 2024	James Powell, Marketing and Communications Director, Educ8 Jemma Parsons, Head, Green Skills Academy Matt Rees, Vice Principal – Work Based Learning and Commercial Activity, Bridgend College, representing ColegauCymru
22 May 2024	Kate McGavin, Chief Policy and Strategy Officer, UK Infrastructure Bank

Date	Name and Organisation
	<p>Andy Regan, Mission Manager, Sustainable Future Mission, Nesta</p> <p>Dafydd Gruffydd, Managing Director, Menter Môn</p> <p>Dr Debbie Jones, Low Carbon Innovation Manager, M-Sparc</p> <p>Robyn Lovelock, Growth Deal Programme Manager, Ambition North Wales</p>
13 June 2024	<p>David Jones, Stakeholder Manager, Blue Gem Wind</p> <p>Wendy Weber, Head of the Build Environment, Pembrokeshire College</p> <p>Peter Hughes, Unite Wales Regional Secretary, Unite the Union</p> <p>Jane Lancaster, Assistant Secretary, Prospect - Cymru</p> <p>Nisreen Mansour, Policy Officer, Wales TUC</p>
26 June 2024	<p>Jeremy Miles MS, Cabinet Secretary for Economy, Energy and Welsh Language, Welsh Government</p> <p>Aine Gawthorpe, Deputy Director, Industrial Transformation and Foundational Economy, Welsh Government</p> <p>Helen John, Deputy Director, Projects - Border Controls and Statutory, Welsh Government</p> <p>Neil Surman, Deputy Director - Skills, Welsh Government</p>

Annex 2: List of written evidence

The following people and organisations provided written evidence to the Committee. All Consultation responses and additional written information can be viewed on the [Committee's website](#).

Reference	Organisation
GE01	Learning Disability Wales
GE02	Renewable UK Cymru
GE03	Federation of Small Businesses Wales
GE04	Make UK
GE05	Natural Resources Wales
GE06	Educ8 Group
GE07	CITB Wales
GE08	Friends of the Earth Cymru
GE09	Development Bank of Wales
GE10	Marine Conservation Society
GE11	British Standards Institution – BSI
GE12	Renewable Energy Systems
GE13	Wind2
GE14	Regional Innovation and Regeneration Centre at Cardiff School of Management, Cardiff Metropolitan University
GE15	Institute of Welsh Affairs (IWA)
GE16	CollegesWales ColegauCymru
GE17	Floventis Energy
GE18	M-SParc
GE19	Western Gateway
GE20	Universities Wales
GE21	Community Energy Wales

Reference	Organisation
GE22	GW4 Alliance
GE23	The Chartered Management Institute (CMI)
GE24	RWE
GE25	Social Farms & Gardens
GE26	Net Zero Industry Wales
GE27	Oxfam Cymru
GE28	Royal Society of Chemistry
GE29	Welsh Language Commissioner
GE30	Cwmpas
GE31	The Wales Centre for Public Policy (WCPP)
GE32	Vattenfall
GE33	RSPB Cymru
GE34	Catholic Bishops' Conference of England and Wales (CBCEW)
GE35	Onward
GE36	Future Generations Commissioner for Wales
GE37	Statkraft UK
GE38	Ambition North Wales
GE39	Isle of Anglesey County Council

Additional Information

Organisation
Prospect Cymru
The Crown Estate
The Horticultural Trades Association (HTA)
Minister of State, Department for Energy Security and Net Zero, and the Department for Business and Trade, UK Government