

24th October 2022



CECA Wales Monday Briefing

Constraining Wales' energy generating and distribution capacity?

I have focused on the energy sector quite a bit in recent weeks but given how we're all struggling with energy prices (domestically and business-wise) it just seems very apt, plus we should be seeing more infrastructure opportunities in this sector too.

In July 2021 the Welsh Select Committee at Westminster published a report on Renewable Energy in Wales and one of the key conclusions of the report was that developers of renewable energy were encountering problems with grid capacity and connecting to the electricity grid in Wales. They recommended that the UK Government recognise that increasing renewable energy generation in Wales may be significantly hindered by grid constraints if action is not taken. To mitigate this risk, they recommended that the UK Government work in collaboration with Ofgem and other stakeholders to plan anticipatory investment in the grid in Wales.

The Welsh Parliament/Senedd Cymru's Climate Change, Environment and Infrastructure Committee also reported on Renewable Energy in Wales, in May, and found that: *"Wales' grid infrastructure is not fit for purpose. It is holding back renewable energy development. It requires investment, reinforcement and upgrading."*

However, the UK Government's response was lukewarm at best and dismissive at worst even suggesting that the Grid was currently fine in Wales but they would look at future demand. This attitude and lack of investment is undoubtedly constraining the ability of Welsh communities to exploit their renewable energy potential.

The current inquiry was launched in February 2022 as a follow up to the questions raised in the Renewable Energy report, to take evidence on grid capacity in Wales and to consider present and future issues which will determine whether the grid is an enabler or barrier to achieving the UK and Welsh Government's net zero targets. They sought to answer the following :

- What are the current capacity issues facing the National Grid?
- How are the constraints on Wales' grid likely to be exacerbated as demand for renewable energy surges?
- How can Wales unlock the grid and ensure that it is ready for future demand?
- What can be done to incentivise investment in grid flexibility, in particular vehicle to grid technology and 'smart' charging?
- What should be done to ensure that the grid, particularly in rural areas, can cope with the extra demand that will be generated from the transition to electric vehicles?
- What level of anticipatory investment in grid capacity is required by the UK Government to ensure that Wales can deliver its decarbonisation roadmap?
- How can the UK Government, the Welsh Government and Ofgem work together to improve grid capacity?

The report can be read here <https://publications.parliament.uk/pa/cm5803/cmselect/cmwelaf/218/report.html#heading-5> It contain 33 recommendations which include a focus on anticipatory investment and the need for a strategically planned system as well as stressing the need for Welsh households, businesses and industry to benefit from Wales' natural resources for renewable energy generation - which they can't do without adequate connections to the grid.

Energy generation and use has evolved over the past few decades but, in the future, the grid network needs to be designed in a different way to facilitate the changing nature of energy generation, supply and demand. It needs to move away from justification on a "piecemeal", project by project basis to a more holistic, strategic approach so that capacity can be built in upfront to allow energy development opportunities to be exploited by all. Unless the UK Government changes tack energy development in Wales will continue to be the domain of large international developers with small indigenous developers and communities getting left further behind.

CECA Wales Political Update

In terms of events at the Senedd :

Infrastructure and Transport:

- The Petitions Committee evaluated [P-06-1299](#) which has called for new clauses to be added to the road building freeze, they agreed to revisit the petition after the roads review had taken place.

- Darren Millar MS **called** for a statement from the Deputy Minister for Climate Change on the Welsh Government's roads review, noting concerns regarding highway safety. The Trefnydd said a statement will be published in the next half of the current term.
- Peredur Owen Griffiths **asked** for an update on the rollout of the new bus timetable and for the Welsh Government to consult with travellers on operating routes. The Deputy Minister for Climate Change noted the responses to the Bus White Paper, which will be published shortly and said that legislation will follow next year.

Energy:

- The Welsh Affairs Committee has **published** a report following its inquiry into grid capacity in Wales, making 33 recommendations.

In terms of events at Westminster :

- The Levelling Up, Housing and Communities (LUHC) Committee has launched an inquiry into funding for Levelling-Up. The inquiry will examine funds available for continued levelling-up and how effectively resources are directed.
- The Department for Business, Energy and Industrial Strategy has announced that a new UK subsidy regime will come into force on January 2023. The new regime permits public authorities to deliver subsidies that are tailored to local needs.
- The Department for Business, Energy and Industrial Strategy has announced £211 million in new funding for UK battery research and innovation.

CECA Wales Director Activities

My activities over the last week included :

- Preparing for the CECA Wales Annual Dinner and Awards
- Launching the second module of our new CECA Wales programme of NEC4 workshops for members
- Meeting TfW officers to discuss client concerns on tenders for new projects
- Judging applications for the CIHT awards
- Meeting members to discuss concerns

Client engagement and business opportunities

Last week I met with Transport for Wales officers to discuss how more contractors could be encouraged to submit tenders for active travel projects.

Please contact me if you would like to discuss or propose any specific engagements with clients and/or let me know if you would like to raise any specific matters with specific clients in the future and I will plan further activities for the Autumn period.

Training Events

Please note that our events programme for 2022 is over half way through but we are currently assessing the need for membership training in **Carbon Management** and will announce proposals in the near future. Please check out our website for further updates <https://www.ceca.co.uk/wales/events/> .

We are also preparing a series of webinars on social value opportunities and sources of support for CECA Wales members. We hope to host these in over the Autumn/Winter period.

Our next programme of **NEC4 workshops** for members is underway and members have been contacted separately to secure places on this programme of courses. Please be assured that, as always, we will ensure that all CECA Wales members will be able to access these courses but please keep an eye out for further announcements via these briefings and our website.