IWA response to Welsh Government "Locally owned renewable energy - A call for evidence"

The Institute of Welsh Affairs

The Institute of Welsh Affairs is an independent think-tank. Our only interest is in seeing Wales flourish as a country in which to work and live. We are an independent charity with a broad membership base across the country. We aim to bring people together from across the spectrum in a safe space where ideas can collide and solutions can be forged in our five priority areas: the economy, education, governance, health and social care, and the media in Wales.

Re-energising Wales

Our Re-Energising Wales project will provide a fully worked out plan to enable Wales to meet its projected energy demands entirely from renewable sources by 2035, resulting in an 80% reduction in energy-related greenhouse gas (GHG) emissions. Further project information can be seen here.

Summary of key points

Strategic direction

- Wales needs a clear plan of action that explicitly recognises the benefits of local ownership and shared ownership schemes, and commits to actions that improve the prospects of locally owned renewable energy projects gaining consent. This will contribute to Welsh Government targets on local ownership, renewable energy and climate change, as well as delivering wider social benefits such as local economic prosperity and resilience.
- As part of this plan, consideration should be given to the benefits of setting further energy targets for local ownership of heat projects and energy demand reduction targets for Wales.

Developing capacity

- A range of bodies have a crucial role to play in providing support for local organisations to develop the skills and capacity to take advantage of existing opportunities and deliver new projects. A Welsh Government action plan could help provide the common vision to coordinate and deliver this activity.
- We are not starting from scratch. There are plenty of good practice examples within and beyond Wales of how developments use different ownership models to support local ownership. Continually learning is a key part of capacity building and - where relevant - we have provided evidence of good practice within our response.
- We need a range of finance mechanisms to be available to reach the required scale of local ownership. This includes encouraging large funds such as Welsh Local Government Pension Funds to invest directly into local renewable energy projects.
- Active consideration should be given to an 'Energy for Wales' type body in Wales, whose role would include helping to deliver the energy transition for Wales to Welsh advantage. The role of 'Energy for Wales' would be to oversee, coordinate and support a wide range of measures, not least all those which could support local and community generation, e.g. governance & ownership, financing, delivery, management; and be of sufficient 'weight' to engage the major energy interests operating in Wales.
- We consider that the Welsh Development Bank has a key role to play in supporting local ownership. Lessons could potentially be learnt from the 'Renewable Energy Investment Fund', an investment arm of the Scottish Investment Bank which provides financial assistance for projects.

Facilitating action through incentives

- Incentives for developers to work with local organisations in pursuit of shared ownership should be explored and actioned, for example via planning processes.
- Similarly, incentives should be explored, provided and clearly articulated to increase local ownership. This should include exploration of a range of incentives from tax incentives, to giving material consideration to the ownership of renewable energy projects in the planning system.
- As part of developing a clear action plan, consideration should be given to how to ensure local communities benefit from schemes developed in their area. This needs to to go beyond offering people the opportunity to invest in a share offer, as this excludes people on low incomes with little savings. Immediately accessible incentives such as the offer of cheaper electricity should be considered.

Our response provides evidence for and expands on the priorities above.

If you have any questions or would like to discuss our response in more details please contact:

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Question 1: Please provide evidence to support or reject expanding the 1GW target to encompass both electricity and heat projects.

As the energy system transitions away from fossil fuels, local ownership should encompass the full range of energy projects. This would include heat and transport projects which could benefit from local participation in schemes. A key question for consideration is whether heat, transport and electricity schemes have different delivery and support requirements, and so may require nuanced approaches.

We believe that any targets set for heat should be additional targets and not one that is incorporated into the 1GW of locally owned energy. This is to ensure that targets remain ambitious and drive the maximum possible action. Furthermore, the IWA believes that a target for reducing energy demand in Wales should be considered alongside existing targets, as this will support Welsh Government to reach the targets already set.

It would be useful for Welsh Government to share its views on projected energy demands up to 2030, so that it is easier to understand what the 70% target approximates to in terms of renewable energy generation in 2030 and therefore what percentage of the overall demand a 1GW local ownership figure represents. This would allow a common understanding of whether the 70% target equates to a growth of local ownership, the status quo or a proportionate reduction. The IWA understands that the current 397 MW of locally owned renewable electricity accounts for nearly 14 per cent of all renewable electricity in Wales.

Wales needs a clear plan of action that explicitly recognises the benefits of local ownership and shared ownership schemes, and commits to actions that improve the prospects of locally owned renewable energy projects gaining consent. This will contribute to Welsh Government targets for local ownership, renewable energy and climate change, as well as delivering wider social benefits such as local economic prosperity and resilience.

As part of this plan, consideration should be given to the benefits of setting further energy targets for local ownership of heat projects and energy demand reduction targets for Wales.

Question 2: Please provide evidence on the level of ownership we should consider reasonable to fulfil the requirement.

Regardless of the fuel or energy used, a key challenge in increasing local ownership will be ensuring participation in projects of all scales and sizes. Consideration could be given to including a sliding scale of investment depending, for instance, on the size or capacity (MW) of the project, or total investment cost. Scotland have a suggested offer of 5% to 25% local ownership in shared ownership offers, however there are some concerns that this can be too high for a community if it is a large development. We believe a range of levels is required to give flexibility, as concerted action in this area could lead to considerable increase in the scale of shared ownership projects when compared to the schemes that local organisations are used to delivering. If communties are expected to raise large amounts of money over short time frames, some sort of finance mechanism is needed that can offer similar terms to share offers over similar periods of time, in order for local organisations to effectively guarantee that they can be part of larger energy schemes. We have provided some evidence of potential finance mechanisms in our answer to questions 13, 15 and 16.

We believe that local ownership targets which drive action should require shared ownership of significant non-domestic installations.

Question 3: Please provide evidence to support or challenge expanding the expectation on shared ownership to encompass other new electricity and heat projects.

We consider there is no clear reason to exclude all new heat or electricity projects from this requirement, and we would support the requirement to encompass all energy projects.

Question 4: Do you agree with the definition of local ownership above?

In considering ‘Businesses whose principle headquarters are based in Wales’, this must be considered further to ensure that this definition isn’t too easy to manipulate and therefore include extractive arrangements where much of the profits may leave Wales. Thought should be given to measures to avoid abuse of any system designed to improve the locally owned asset base in Wales. For instance, were investors from outside Wales to set up a company with a Wales address in order to specifically benefit from the ownership, how could we mitigate the risk of financial returns heading outside Wales?

Question 5: Do you agree with the definition of shared ownership above?

We generally agree, however we consider the definition needs to define a threshold at which a project has sufficient (as part of shared) local ownership to be considered as meeting the criterion - "an element" of local ownership. For example, Welsh Government expects all renewable energy generation projects to have 20% or greater Welsh local ownership from 2020 onwards. We would define Welsh local ownership as people and entities that are based in Wales and provide benefit to Wales, its people and communities.

Question 6: Do you agree with the definition of community ownership above?

We agree. In order to ensure all communities have the opportunity to benefit from the energy transition, we consider that every Community and Town Council should be expected to determine the local opportunity for new renewables for their community, with support from their respective local authority and Green Growth Wales. This will help ensure that no community misses out. We note that there is an opportunity to consider this requirement as part of the Welsh Government sponsored Independent Review of the future role of Community and Town Councils.

Question 7: Please provide evidence of benefits already being delivered for Wales from renewable energy projects.

We believe developers and organisations like Community Energy Wales are best placed to submit the relevant evidence here.

Question 8: Please provide evidence of the relative value of the different benefits outlined in the section above. As part of this assessment we would welcome evidence about what the priorities should be for action to secure increased benefits to Wales.

Despite widespread recognition of the social and economic benefits delivered by community renewable schemes, very little work has been done to identify metrics and methodologies for measuring them.

The evidence base on how best to measure the non–financial benefits of successful community energy schemes, including the social effects of local and community energy, is currently fragmentary and largely anecdotal. The sector is currently measuring a wide range of social and community outcomes with a limited range of tools and metrics. Bangor University's research in this area is important and will help us collectively improve our approach to evaluating the social return on investment, value and well-being in community energy.

Social benefits are recognised as being important for increasing public awareness of of the need for low carbon technologies and their benefits for well-being and communities. The extent to which these social benefits are realised through take-up of local ownership largely depends on the process of decision-making, participation and implementation, and the model of ownership employed. In other words, effective delivery is critical for the maximisation of social benefits.

There are plenty of good practice examples beyond Wales of how wider benefits are being considered. Continually learning is a key part of capacity building. Here are some examples of work to date in this area:

- Community Energy Scotland has undertaken an impact survey to look at the social impact of its work to support community energy projects. This survey used 5 point Likert scales to identify changes in a range of areas such as skills, awareness, engagement and wealth.
- The value of community energy schemes over and above commercial renewable energy developments was recently quantified by research commissioned by Community Energy England (CEE) as evidence for their response to the FiT Review. Please ask CEE for a copy of the report.
- The National Trust has also worked with partners to consider the social and economic benefits of community energy schemes.
- The 'New Economics Foundation' undertook some early stage work to develop a set of metrics for a 'Social Return on Investment' (SROI) study with the Ashton Hayes "Going Carbon Neutral" project. The IWA understands that a full SROI report has not yet been undertaken.
- The I2i toolkit has been developed in the housing sector in Wales to incorporate social value clauses into contracts. Their guide focuses on how to most effectively implement the community benefits process. Their learning is that as long as the benefits are clearly defined, appropriate and measurable, and the correct procedure followed, they can be made a core requirement in contracts.
- Germany have been looking at the social return on investment of the energy efficiency of buildings in Germany.

Question 9: Please provide evidence of specific challenges in relation to shared ownership projects. As part of this assessment we would welcome evidence about whether shared ownership itself represents a barrier to deployment of renewable energy projects.

It was encouraging to see Innogy's recent collaboration with Community Energy Wales to secure shared ownership of a project in the Alwen Forest as part of land managed by Natural Resources Wales (NRW). Following on from this success, it would be worthwhile to explore the potential to examine the procurement processes for NRW managed land of all scales, and ensure that the process makes it possible for a local organisation to pass the relevant stages of the tender process. This includes financial requirements in particular, as local organisations may not be able to incur costs that larger commercial organisations are able to shoulder.

The approach to developing renewable energy projects on the Government estate (as well as wider public sector land) should develop to best deliver shared objectives as part of the Well-being of Future Generations (Wales) Act 2015 criteria. The approach should take account of the wider aspirations of decarbonisation, and ensure energy developments actively engage communities and retain an appropriate proportion of income and wider benefits, such as social benefits, within Wales.

Learning lessons from Scotland

Wales can learn lessons from the Scottish 'shared ownership' policy in terms of what has worked well to date and what has not, whilst considering those characteristics in Wales that might be different.

Feedback from Scotland suggests that there can be an imbalance of power in the negotiation stage of shared ownership, in particular with regards to who has the money to meet initial legal costs. Some communities in Scotland have been faced with 'heavyweight' legal documents and are asked to work to developers' timescales which are not always suitable, including the need to agree a memorandum of understanding before the planning stage. The developers are of course in turn under pressure to obtain agreement in order to meet financial and development timelines. These process challenges can impact the relationship between the developer and the community, and jeopardize the future of projects.

Local Energy Scotland (LES) provide a team of development officers who give impartial advice to community and locally owned renewable energy projects. They fund legal and financial advice and guide potential local owners through the process. Funding comes from the 'Renewable Energy Investment Fund' which is provided by an investment arm of the Scottish Investment Bank. In Wales, we should consider the role of the Welsh Development Bank in supporting local ownership.

Scotland uses the model of "affected areas" to identify who is directly affected by the development and therefore who the shared ownership should be offered to. This raises the question of how widely the geographic boundary of a project's impact should be measured. Scotland currently go to a local community and get their views before deciding whether to cast the net further. In Wales we may need to additionally consider the size of schemes relative to population density. For instance a 3GW tidal project in Cardiff may have its investors within a 30 mile radius, but a 200MW project in Powys would struggle to meet that same geographic limit. Consideration should be given to how to ensure local communities benefit from schemes developed in their area. This needs to go beyond offering people the opportunity to invest in a share offer, as this excludes people on low incomes with little savings. Immediately accessible incentives such as the offer of cheaper electricity should be considered.

Scottish projects also have to prove shared ownership returns and schemes have net economic benefit i.e. the community has to identify schemes that have net economic benefit in terms of jobs and income. This approach should be considered in Wales.

There are 3 types of shared ownership model to consider:

- Shared revenue: less community control but a share of returns (possibly more suitable for community groups that are not aspiring to run renewable developments and just want returns)
- Split asset: where the community can own the asset
- Joint venture: difficulties noted by developers as voting rights mean that in a joint venture community members have the right to vote on company business. Most large businesses do not want this. Easier for small developers and developments.

Guidance from Scottish Government on shared ownership (published in 2015) is due for review this year. It would be useful to monitor developments and learning during this process as Wales prepares for increased action in this area.

The role of Planning

There has to be benefit for larger developers in the shared ownership process, as entering into shared ownership agreements might add additional layers of complication and cost. It may well be hard to make shared ownership stack up for developers if profit the margins are small. If shared ownership is to become the norm then we need to incentivise it for developers. Using the planning system is one lever to ensure that there is a benefit for larger developers in the shared ownership process.

The planning system could be used to require more shared ownership, by giving shared ownership schemes weight in the planning system. Renewable energy is weighted in the planning system but in Wales, at the moment, there is no significant weight given to the fact that a scheme is locally or community owned or in shared ownership (unlike in Scotland). This has been a major issue in previous planning applications for community energy projects that are clearly going to be of significant local benefit.

Planning decisions must be based on an assessment of the impacts of any proposed development, irrespective of who the applicant is. We believe that there should be sufficient weight within the planning system to enable community energy projects to flourish by giving material consideration to the ownership of renewable energy projects, such that considerable additional weight is given to a wholly community-owned energy project, or one which delivers significant local benefits through shared ownership models. This idea of 'presumed consent' for community energy projects has been raised here previously. Presumed consent in favour of community energy projects would immediately accelerate the deployment of community energy in Wales as the barriers would lower on a number of fronts:

- Reduced planning risk would incentivise more communities to consider developments in their area
- A greater material weight in planning would increase the number of successful projects, and lower the cost of all projects due to lowered cost of finance
- Any area which was identified as having better planning opportunities for community energy would attract significant interest, investment and expertise from within and outside those areas, increasing the number of project applications and facilitating links between communities.

This in turn will help secure a pipeline of projects to support business activity around the sector.

If local authorities are being encouraged, through planning, to meet renewable energy targets through the planning system, planning should also be encouraging local/shared ownership of renewable energy assets. We believe it is worth exploring the benefits of giving communities first rights of access for projects within the planning process.

Question 11: Please provide evidence of developments using other ownership models not included above.

Germany, which has over 1,000 energy cooperatives, has introduced the right of community energy projects to sell their electricity directly to third parties.

Denmark's "right to invest" principle requires project developers to give local residents priority when it comes to financing a community energy scheme. Local people have the right to invest up to 20% of a project. Giving communities the right to invest is a powerful tool as it allows local people who have knowledge of local needs an input into the project. Evidence in Denmark shows that when people feel like they own part of the energy they use, then it is considerably easier and more effective to work with people in terms of behaviour change and energy usage.

There are opportunities to create greater engagement and partnership between the community sector and the public sector. We could create opportunities for government/local authorities/registered social landlords to buy their energy from community energy schemes directly, for example, and therefore guarantee a price for community energy schemes. This could create more certainty for these schemes. One of the main problems in this seems to be procurement processes. When community organisations sell community energy generation, feedback suggests that it can be easier to sell to smaller, locally owned supply companies, whilst it is harder to break into bigger more established companies.

The public estate has the potential to develop more renewable energy sites on publicly owned land for local ownership. We believe it would be helpful to formally link local ownership targets with the public sector carbon neutral 2030 target, to make clear the value in using locally generated electricity. At present, power purchase agreements only seem to stack up currently for larger schemes.

Replicating the 'Swansea Community Energy & Enterprise Scheme' across all local authorities in Wales should also be considered. Having been developed by the City and County of Swansea, but now independently managed, profits from the scheme are being used to support local projects that help people develop skills, enterprise, economic growth and job creation. Creating a separate legal structure could help ensure the delivery of schemes is quicker and setting up a separate structure could allow a more entrepreneurial approach to locally owned energy projects to develop.

A report on local authority engagement in UK energy systems highlights the need for a robust national imperative for local authority involvement in energy schemes. The report makes a number of recommendations for the UK Government and local authorities concerned with where powers should be held, ensuring support agencies are in place, and access to finance, procurement and specialists skills and amending energy market regulations. The report's recommendations for local authorities can be summed up as have a plan, deploy resources to deliver it, collaborate, build a business case and use planning powers. Taking a Welsh perspective of the report's findings we can see there's a good framework for delivery in Wales through existing legislation (e.g. Well-being of Future Generations Act 2015) and support mechanisms (e.g. Green Growth Wales), but there may still need to be action on the role and powers of local authorities.

Consideration should also be given to what general support is available for the mutualisation of large installations if this is to become more common. It is important to ensure that local organisations, if largely driven by shared ownership agreements, do not get locked into purely corporate goals.

The report cited above states that “All Scottish and almost 80% of English LAs have a published energy plan. This compares to 40% in Wales and around 10% in Northern Ireland”. Clearly, we need to do more in Wales to ensure local authorities are realising their potential benefits from locally owned energy.

Question 13: Please provide evidence of the types and sources of finance used to develop energy projects in Wales. Evidence to support or challenge the continuation of Welsh Government finance offers would be helpful.

There are a range of finance sources that Wales are currently exploiting, but there are also opportunities to develop these further.

Wales needs to exploit specialist forms of finance, including mezzanine finance, in order to drive investment in renewable energy i.e. a mix of debt and equity financing that gives the lender the rights to convert to an ownership or equity interest in the company/project in case of default. There are examples where lenders have started providing mezzanine loans to renewables projects, including community energy projects, in order to compliment senior loans provided by banks, so they are effectively providing mezzanine funding to plug the funding gap. This form of finance has helped community groups gain quicker access to finance, as opposed to raising finance through a community share offer for example. This mezzanine finance route and joint venture option could also help heat project investment, as there is significant interest from investors to consider investment in the heating sector, including for example, investment in district heat networks. However, further certainty and clarity on the revenues and contractual arrangements would be required when funding heat projects.

Commercial operators can potentially share project risk across a number of developments whereas community energy schemes are less likely to be able to do that. Therefore, early-stage finance to undertake early-stage feasibility work is important. That exists in Wales at the moment to some extent through the Ynni Lleol scheme and also through the Robert Owen Community Banking community energy fund. With the local ownership ambition growing, these types of funds will also need to grow to ensure the appetite of funders is met with good schemes.

A fairly quick win could be communities taking ownership of existing assets that are already built. One of the main barriers to this is access to affordable finance, although there are also examples of a number of cooperatives working together in partnership with ethical investment companies to acquire sites. There is also the potential for ethical investment companies to co finance alongside each other to help deal with project debt. However, communities buying such assets can be outcompeted by large infrastructure funds in terms of the rates of return — the cost of capital that the community organisations tend to face.

In 2017 we released our report 'Funding renewable energy projects in Wales'. Within this, we used the example of Welsh Local Government Pension Funds as a potential large fund that could invest directly into local renewable energy projects. Such funds (with around £15 billions worth of assets in Wales) could work in partnership to buy and develop local renewable energy schemes. Local government pension funds outside Wales, such as the Greater Manchester Pension Fund, are already investing in the renewable energy market.

The Well-being of Future Generations (Wales) Act 2015 should be informing how Welsh Local Government Pension Funds are looking at long-term opportunities and options for investing in outcomes that support local well-being. There is far greater scope for pension funds in Wales to be used in a way that can support investment in local infrastructure or similar projects that seek to improve local economic, social, environmental and cultural well-being of people and communities in Wales. Welsh councils invest £739 million (and rising) of their pension funds in fossil fuel companies. That equates to 6.6% of their total investments, higher than in Scotland, England or Northern Ireland. A key question is how is climate risk being incorporated into the current and future funds investment strategy? The current opportunity around the pooling of these pension funds needs to help address this so that such such funds can invest locally in Wales. Welsh pension schemes could even work with the Welsh Government to jointly identify suitable renewable energy sites and projects that benefit local communities.

The need for Wales to have a much stronger independent finance sector evolving to create specialisms, adaptability and diversity should be explored further. A mechanism whereby Welsh Government are merely required to provide the underwriting guarantees against loss could help develop this.

The National Infrastructure Commission for Wales could have targets for supporting the deployment of locally owned renewable energy and associated infrastructure needs. Furthermore, lessons could potentially be learnt from places such as Germany where 'Public Banks' have helped finance a green and just energy transformation.

Major investment in community energy and shared ownership schemes can be driven by tax incentives. Previously, for example, communities could offer share offers with enterprise investment scheme tax incentives. The Treasury has removed some incentives which has impacted such relief. There is a tax incentive called the social enterprise investment scheme, which community energy, uniquely amongst social enterprises, is now banned from using. Welsh Government could helpfully lobby the UK Government to allow community renewable energy schemes to be eligible for tax relief such as Social Investment Tax Relief.

Welsh Government also have levers such as business rates relief to drive the right incentive structures for local ownership. We welcome Welsh Government's announcement of 100% rates relief for community hydro projects. However, what happens if the next valuation impacts wind energy in the same way for example? Using such levers to provide relief over a period that schemes are financed would help, particularly when considering the recent changes in valuation and the impacts on hydro schemes. This does not represent a huge cost to the public purse if it is being reinvested back into local communities. Any energy project needs confidence to get investment and to get the buy-in from volunteers.

There could be a further role for local authorities in looking at prudential borrowing for low interest finance, working with community groups and others under the local ownership umbrella in providing land assets to develop schemes. Community groups and registered social landlords, for example, can work with local people to ensure the energy is used locally whilst also seeking to influence behaviour change.

Question 15: Please provide evidence to support or challenge a role for a 'not for profit' energy company for Wales to help deliver local ownership targets

There is, in these targets and government policy commitments, as well as across much of civic society and business across Wales, a growing desire to contribute to and benefit from the energy system transition that is taking place across the UK.

To some extent that may also explain the interest in a Welsh energy supply company to date. We acknowledge that Welsh Government has taken the first step in evaluating the potential for a not for profit energy company for Wales. Further consideration could be given to deciding if a new company is the best means of solving Wales' energy challenge and facilitating Wales' advantage on the UK energy transition.

In the Northern Energy Strategy report, IPPR considered a similar issue from the perspective of the north of England, once home to significant UK energy assets. The Northern Energy Taskforce concluded that there was a need for a strategic body to oversee and coordinate, which they named 'Energy for the North'. They propose the body would oversee the monitoring of a northern carbon budget, and northern measures to meet it; including work on skills, innovation (through a Northern Energy Accelerator) and deployment (through an energy generation framework).

Taking this approach would suggest a different sort of energy entity, not one necessarily engaged in supply, but in delivering the energy transition for Wales and to Welsh advantage. With Wales already developing a carbon budget there is perhaps a clearer framework for the action required, so the task of 'Energy for Wales' would be to oversee, coordinate and support a wide range of measures, not least all those which could support local and community generation, e.g. governance & ownership, financing, delivery, management; and be of sufficient 'weight' to engage the major energy interests operating in Wales.

Question 16: Please provide evidence of the need for an investment mechanism to increase availability of Wales based capital for investment in energy projects.

In 'Funding renewable energy projects in Wales', we stated "*Welsh Government should support the development of a new cooperative, charitable or not for profit body which has a clear brand and* ***supports investment in Welsh renewable energy projects*****, with an aim to establish the body by the end of 2019. This entity could be an obvious local partner for developers and investment platforms such as Abundance to build significant renewable energy sites, creating joint investments. This body could develop projects that are wholly community owned and also facilitate shared ownership opportunities on larger scale energy projects*."

This body noted in the quote above could take the form of an 'Energy for Wales' type organisation, as referenced in our answer to question 15.

Based on our research for this report, which included speaking to investment experts and looking at the strengths of such models as Abundance, we would recommend a distinct entity be developed in Wales. There is, as yet, no Welsh based large scale platform that could offer investment to multiple, different sized projects.

This new body could enhance community engagement with renewable schemes, manage share offers to raise money on a local level within Wales and draw in investment from local authorities, pension funds and others. It could even help to package schemes collectively to make them more attractive to investors. This could greatly increase the visibility and simplicity of investment in energy projects in Wales. It could even act as a developer as well, although this would need careful consideration in terms of combining roles around fundraising and development. Regardless, Wales could also explore the need for a 'Welsh' based developer with a local or national interest, although arguably this is the space that Community Energy Wales is already starting to occupy and could expand further with support.

Abundance, when interviewed for our research, noted the significant time and challenge of setting up an Abundance type structure throughout the regulatory process and beyond and considered that Wales should not miss the opportunity to leverage what is already out there, as opposed to setting up something new. Abundance, at the time, indicated they would be happy to explore working with partners in Wales to stimulate investment in renewable energy projects and look at possible investment mechanisms such as a national or local renewable ISA. Abundance could work with the new Welsh entity to deliver schemes that have clear economic, environmental and social benefits to Wales.

Wales could even use an existing provider of crowdfunding (such as Abundance, Ethex etc) to setup a Wales-only platform which could be used by all energy projects to attract funds. This would have a clear brand and simplify the process of publicising the project and investment opportunity locally, it would clarify to local residents and businesses that the development is part of a Wales-wide move to increase local asset ownership, and greatly improve the likelihood that significant sums of funding could be raised for projects. It could also be used to restrict investment opportunities to residents within a certain geographic area.

Question 17: We have asked a number of specific questions. If you have any related issues which we have not specifically addressed, please use this space to report them.

The complicated transition in the energy system, including the switch of ‘Distribution Network Operators’ role to ‘Distribution System Operators’, is an area where Welsh Government could play a role in making sure that the switch enables local and community solutions to play a role and is not set up in a way that is too complicated for those kinds of schemes to engage.

Thank you for your consideration of our response.

Ends