

Written evidence submitted by RWE (REW0038)

Our organisation and reason for submitting evidence

RWE welcomes the opportunity to contribute to the discussion around the development of renewable energy in Wales and thanks the Select Committee for its interest in this important issue.

RWE is one of the world's leading energy companies. Through its four main subsidiaries, of which three are active in the UK (RWE Generation, RWE Supply & Trading and RWE Renewables), the Group boasts a portfolio of around 44 gigawatts (GW) of generating capacity and 20,000 employees worldwide. RWE has a clear target: to be carbon neutral by 2040.

RWE Renewables

RWE Renewables, the newest subsidiary of the RWE Group, is one of the world's leading renewable energy companies. With around 3,500 employees, the company's portfolio encompasses onshore and offshore wind projects, photovoltaic plants and battery storage facilities with a combined capacity of approximately 9GW. RWE Renewables is driving the expansion of renewable energy in more than 15 countries on four continents. By the end of 2022, RWE Renewables targets to invest €5 billion net in renewable energy and to grow its renewables portfolio to 13GW of net capacity. Beyond this, the company plans to further grow in wind and solar power. RWE sees the UK as a core future growth market for its renewables business.

RWE is responding to the Committee's call for evidence as Wales' largest power generator and it's largest renewable power generator, as well as one of the biggest private sector investors into Wales. Over the last decade, together with project partners, we have invested over £3 billion to deliver ground-breaking energy projects in Wales. Our renewables projects include three onshore wind farms, five hydro power stations and three offshore wind farms, including as operator of North Hoyle, the UK's first large-scale offshore wind farm. Over the years, projects operated by RWE have contributed £8.6m to neighbouring communities from the funds associated with our renewable energy sites in Wales. The annual community funding in Wales alone amounts to over £2.4 million, with local people deciding how to use funds to improve their communities. Furthermore, our Gwynt y Môr offshore wind project in North Wales makes an estimated annual economic contribution of £8 million to the local economy.

With a likely capital budget of c.£1.5-2 billion, if consented, Awel y Môr Offshore Wind Farm in North Wales (the extension to the Gwynt y Môr project) is a once in a decade opportunity for Wales. Awel y Môr is Wales' only commercial-scale offshore wind project that will be delivered in the 2020s and with it we, along with our partners, are determined to ensure that Wales has a stake in the next phase of the UK offshore wind growth story. This project is scheduled to be the largest single renewable energy investment in Wales in the next decade and is critical to Wales achieving its renewable energy and decarbonisation targets. Awel y Môr needs local and national political support to ensure it has the best chance of success.

We are also developing an Innovation and Demonstration Floating Offshore Wind Project – Draig y Môr - off the West coast of Anglesey. In addition, we have a pipeline of c.150MW of onshore wind projects which are actively being developed in North and South Wales¹ and are at the vanguard of delivering shared ownership.

¹ RWE also has development options in Mid-Wales, but these are not actively being developed at this time due to the current lack of grid infrastructure.

In addition to our renewables portfolio in Wales, RWE also own and operate the 2.2GW Pembroke Power Station. Built in 2012, Pembroke is a highly efficient, state-of-art gas-fired power station, providing firm, flexible capacity and contributing an estimated £20m per annum to the local economy². As part of the South Wales Industrial Cluster, we are exploring the feasibility of blending and burning low-carbon hydrogen as a substitute for natural gas – early indications show 20% by volume could be achievable. Furthermore, access to floating offshore wind makes Pembroke a prime location to produce green hydrogen. We have identified potential options for electrolysis; partnering via Cluster partners to find an off-taker for the hydrogen produced.

RWE's submission sets out the steps the UK Government can take to ensure Wales can harness its full potential for renewable energy deployment, identifying key areas for action that will also help in Wales' long-term economic recovery from the COVID-19 crisis. These areas include:

- Ensuring Timely Deployment
- Facilitating New Energy Opportunities
- Building Welsh Grid Connection and Capacity
- Minimising Renewable Energy Project Delays
- Infrastructure Development

RWE stands ready to support initiatives from the UK and Welsh Governments to further drive the deployment of renewable energy in Wales.

Summary of key recommendations:

1. There is significant further potential for offshore wind in Wales. However, compared to projects in other parts of the UK, offshore wind projects in Welsh waters face an increased consenting risk and therefore a competitive disadvantage. This is because, unlike for the relevant agencies in England, Marine Licences are not deemed under a Development Consent Order (DCO), but determined separately. There is no mandatory time limit, or clear guideline timetable, by which Natural Resources Wales (NRW) must determine Marine Licences for DCOs. We therefore urge the UK Government to work with NRW and the Welsh Government to consider ways of addressing this issue. For example, through increased resourcing for NRW, greater collaboration and information sharing between the Planning Inspectorate (PINS), BEIS and NRW, and a programme for delivery and clear timeframes, either through statute or guidance.
2. The proposal to establish a Ministerial Delivery Group to oversee the expansion of renewable power in the UK is a welcome one; in order to be as effective, these proposals need to include Wales and the Welsh Government from the outset. The work programme should include consideration of strategic issues in the Celtic Sea, future onshore and offshore grid requirements in Wales and marine licensing consenting issues.
3. We encourage the UK Government to work in collaboration with developers like RWE to ensure that there are adequate seabed leases available from The Crown Estate in Welsh waters at an appropriate scale to deploy innovative projects. In particular, the Celtic Sea has significant potential for the deployment of future floating wind. The UK Government, working alongside the Welsh (and

² The economic impact of the Pembroke Power Station, Economy Research Unit, Cardiff Business School: <https://uk-ireland.rwe.com/-/media/RWE/documents/03-unser-portfolio-und-loesungen/betriebsstandorte/eis-pembroke-power-station-reduced-to-10-and-under.pdf>

Irish) Governments, should consider developing an overarching economic strategy for the Celtic Sea, taking a strategic view of the potential for offshore renewable developments in the area.

4. Wales' abundance of natural resources also means that 'green hydrogen' offers huge opportunities for Wales. In order to realise the full potential, UK Government should work with the Welsh Government to ensure that appropriate regulations and support mechanisms are in place to support the rollout of green hydrogen production in Wales. We would urge that the support framework, including support for hydrogen production (for example, via a Contract for Difference) and measures to stimulate demand, must be in place as soon as possible and no later than end-2022, so that investors, such as RWE, can begin deployment of green hydrogen shortly thereafter.
5. We believe there is scope to speed up the pace at which invitations to tender for renewable energy developments are offered on the Welsh Government's forestry estate. We would welcome encouragement from UK Government to deliver more renewable energy schemes on forestry and other land owned by the Welsh Government.
6. The existing two-way Contracts for Difference (CfD) system has been highly successful in delivering cost reductions and deployment of onshore and offshore wind across the UK, including Wales. To ensure Wales fulfils its full renewable potential, the UK Government should reiterate its long-term commitment to CfDs. Furthermore, it should increase the frequency and visibility of future CfD auctions. Finally, to give Welsh projects a reasonable chance of success in the forthcoming 4th Auction Round, the Government should set a minimum 4GW capacity cap for 'Pot 1' technologies (onshore wind and solar PV).
7. Strategic, anticipatory investment in the Welsh grid is required if the continued expansion of renewable power is to take place. The creation of a new, integrated System Operator (as recently recommended by Ofgem) will be beneficial in the long-term, but more immediate action is required. We urge that the Electricity System Operator (National Grid) in its current guise uses the funding it has available during the RII0-2³ price control to support early development work in 2021 and, in the longer term, to devise a strategic solution to expand the electricity grid, in particular in Mid-Wales.
8. In addition we urge the UK Government to prioritise delivery of the Strategy and Policy Statement (as set out in the December 2020 Energy White Paper), mandating Ofgem to work strategically to deliver Net-Zero. In turn, this will benefit Wales by requiring Ofgem, National Grid (ESO) and the Onshore Electricity Transmission Operator (TO) to utilise the net-zero funding opportunities set out in the RII0-2 price control to ensure that the UK Government's targets for 40GW of operational offshore wind by 2030, and net zero by 2050, can be delivered efficiently and at lowest cost to the GB consumer.
9. Furthermore, RWE supports the National Infrastructure Commission's recommendation that there is a long-term need to amend Ofgem's formal duties and objectives. Ofgem's current legal duty has resulted in Ofgem taking an incremental approach to emission reductions, rather than a strategic approach. We would support an amendment to

³ RII0-2 price control: The energy regulator, Ofgem, gives each electricity network company an allowance for how much revenue each of them is allowed to make over a 5 year period. The network companies operate as regional monopolies, so this is designed to ensure they do not over-charge customers or generators for using the network, whilst still being able to afford to continue to invest in maintaining and expanding the network. RII02 is the name given to next 5 year period of revenue control, and is the second period based on the current model of network regulation.

Ofgem’s legal duties, from “reduce Greenhouse Gas emissions” to include “economically efficient decarbonisation”.

10. There is also a need for associated infrastructure upgrades to facilitate the offshore energy sector in Wales, in particular floating wind. The UK Government should invest in infrastructure in Wales that drives work towards a renewables-powered net zero, for example by investing in anticipatory port upgrades. Specifically the UK Government should urgently work with experienced developers and port operators to identify the appropriate site or sites for significant investment to ensure that port infrastructure is available in Wales to support floating wind deployment at scale in the 2030s.
11. The UK hosting COP26 presents an important opportunity for Wales. It is important that the Welsh Government and wider stakeholders have the opportunity to feed into the preparations for the conference and that Wales has a prominent platform, distinct from the UK ‘umbrella’, especially given Scotland’s prominence with the event being held in Glasgow. The opportunity for Wales to contribute to initiatives and associations wherever possible (for example in the same way that major cities, states or regions do), will be important, not only for Wales’ international profile as a key renewables investment destination, but in building awareness and understanding within Wales about its potential in this area. As Wales’ largest renewable generator and significant investor in Wales, RWE is happy to support those efforts wherever appropriate.
12. There are three key areas that require support from UK Government that would-assist Wales’ post COVID-19 Economic Recovery:
 - a. **Ensure the Welsh power grid is fit for a green and sustainable future.** Prioritise work on delivery of measures to facilitate strategic anticipatory grid upgrades in time to benefit anticipated onshore and offshore projects expected across Mid-Wales, the Irish Sea and the Celtic Sea.
 - b. **Accelerate Wales’ role as a world-leader in onshore wind, offshore wind and new emerging technologies.** For example, through collaborating with developers like RWE to ensure that there are adequate seabed leases available from The Crown Estate in Welsh waters; and increasing the frequency, visibility and certainty over future CfD auctions, in particular for onshore wind and solar PV.
 - c. **Ensure Natural Resource Wales (NRW) is well-resourced to support a net zero future.** A well-resourced NRW will help to speed up a range of renewables projects, both via the marine licensing process and in its role as a statutory consultee in the planning process, and by bringing forward invitations to tender for renewable energy developments on Welsh Government land, notably the forestry estate.

Response to Call for Evidence Questions

- 1. How can the UK Government best support the deployment of renewable generators in Wales?**
- 2. How should the UK and Welsh Governments work together to support the development of renewable energy projects in Wales?**

RWE supports and encourages cooperation and collaboration between the UK and Welsh Governments to ensure Wales achieves net zero emissions by 2050. The UK Climate Change Committee (CCC) recognises that under the current balance of authority, the majority of powers relevant to delivery of Welsh decarbonisation lie in the hands of the UK Government⁴, with energy policy a reserved power. This is particularly the case in the context of the decarbonisation of the power sector – for example through centralised support mechanisms and grid infrastructure – where UK Government action and direction will play a fundamental role in the delivery of an electricity system that can underpin wider decarbonisation of the Welsh economy and society.

It is therefore critical that the UK Government prioritises key policy areas and addresses associated challenges relevant to the further facilitation of renewable electricity in Wales. We have therefore set out below practical suggestions of actions that the UK Government can undertake in a number of areas that will support and stimulate renewables development in Wales.

Ensuring timely deployment of renewables:

RWE welcomes the Energy White Paper proposal to establish a Ministerial Delivery Group to oversee the expansion of renewable power in the UK. In order to be as effective as possible, these proposals need to include Wales and the Welsh Government from the outset. Furthermore, the work programme should include consideration of strategic issues in the Celtic Sea, future onshore and offshore grid requirements in Wales and marine licensing consenting issues (see below).

High-level planning support for renewable energy projects across the UK is important to deliver net zero. National Policy Statements (NPS) have not been updated since they were first adopted in 2011, and renewable technology has developed significantly since this time. We therefore strongly welcome the UK Government's commitment in the Energy White Paper to complete a review of the existing energy NPS, with the aim of designating updated NPS by the end of 2021. In their review the government should maintain existing support for onshore and offshore renewables and including previously omitted technologies such as floating wind and solar, hydrogen production and hydrogen-fired generation and CCUS.

Ensuring timely deployment - offshore wind:

There is significant further potential for offshore wind in Wales. A 2018 report by the Carbon Trust for the Welsh Government noted that 2GW of additional wind power could be delivered by just 2-3 new offshore wind projects in Wales, as long as site extensions and new site leases can be secured, alongside the necessary grid connections. The report noted the importance of securing project extensions to extend the life of operational wind farms to support the Welsh Government's target of 70% renewables generation by 2030.⁵

⁴ Climate Change Committee (December 2020) *Advice Report: The Path to a Net Zero Wales*. Figure 7 Abatement in the Balanced Pathway for Wales is shared by the UK and Welsh Governments.

However, compared to projects in other parts of the UK, offshore wind projects in Welsh waters face an increased consenting risk and therefore a competitive disadvantage. This is because, unlike for the relevant agencies in England, Marine Licences are not deemed under a Development Consent Order (DCO), but determined separately. There is no mandatory time limit, or clear guideline timetable, by which Natural Resources Wales (NRW) must determine Marine Licences for DCOs. This issue will also impact many gigawatts of low-carbon electricity generation in Wales, including marine and new nuclear projects in Wales, which require DCOs and Marine Licences. We therefore urge the UK Government to work with NRW and the Welsh Government to consider ways of addressing this issue. For example, through increased resourcing for NRW, greater collaboration and information sharing between the Planning Inspectorate (PINS), BEIS and NRW, and a programme for delivery and clear timeframes, through statute or guidance.

Facilitating new energy opportunities in Wales:

We encourage UK Government to work in collaboration with developers like RWE to ensure that there are adequate seabed leases available from The Crown Estate in Welsh waters at an appropriate scale to deploy innovative projects. Securing a pipeline of such leases with increasing capacity alongside a long-term two-sided CfD and grid infrastructure commitments will give Wales the best chance to secure investment in research and development as well as developing manufacturing scale and expertise to lead a growing global market in floating wind.

The Celtic Sea has significant potential for the deployment of future floating wind. The UK Government, working alongside the Welsh (and Irish) Governments, should consider developing an overarching economic strategy for the Celtic Sea, taking a strategic view of the potential for offshore renewable developments in the area. This could for example include the prospect of a cross-border enterprise zone to facilitate trade and investment in and around the Celtic Sea. Whilst development of renewables at scale in the Celtic Sea is not likely for another 10 years, such an approach should be accelerated immediately to include developments in complementary sectors such as oil and gas, hydrogen, CCUS, interconnectors and ports.

Wales' abundance of natural resources also means that 'green hydrogen' (i.e. from electrolysis using renewable power) offers huge opportunities for Wales and it could play an important role in the wider decarbonisation of Wales. In order to realise the full potential of green hydrogen in Wales, the UK Government should work with the Welsh Government to ensure that appropriate regulations and support mechanisms are in place to support the rollout of green hydrogen production in Wales. We would urge that the support framework, including support for hydrogen production (for example, via a Contract for Difference) and measures to stimulate the demand, must be in place as soon as possible and no later than end-2022, so investors, such as RWE, can begin deployment of green hydrogen shortly thereafter.

In addition, the UK and Welsh Governments should continue to support Welsh industry on its path to decarbonisation. A key part of this is continued funding and support for the South Wales Industrial Cluster (SWIC), where project partners (including RWE) are looking to develop and deploy technologies such as hydrogen and carbon capture and storage (CCS), where there is potential for shared infrastructure.

Finally, we believe there is scope to speed up the pace at which invitations to tender for renewable energy developments are offered on the Welsh Government's forestry estate. We would welcome

⁵ Carbon Trust '[Future Potential for Offshore Wind in Wales](#)' p.4.

encouragement from UK Government to deliver more renewable energy schemes on forestry and other land owned by the Welsh Government, which of course would also benefit the Welsh Government Treasury via royalty payments.

Grid connections and capacity:

At present, grid issues, rather than consenting, represent the longest lead item for onshore and offshore wind projects in the UK. This issue is exacerbated in Wales where electricity networks are ill-equipped to accommodate the additional renewable generation necessary to deliver the energy transition. This is a particular issue in Mid-Wales. Not only does this present a challenge for delivering renewable power to end users, it also threatens Wales' ambition for a balanced, equitable, low carbon economy. There is an urgent need for capacity upgrades to the Welsh electricity grid if the expansion of renewable power necessary to meet net zero is to take place.

Ensuring that efficient, well-planned, and timely grid connections are available when large, low-carbon projects are ready to connect requires strategic, anticipatory investment in the grid. Ofgem's recent recommendation for the creation of a new Independent System Operator with a clear mandate to support Net-Zero through 'more direct planning of onshore and offshore electricity networks' is likely to be hugely beneficial in the long term. However such significant institutional reform takes time, and reinforcement solutions need to be planned, consented and built within the next ten years to avoid delays to Wales' decarbonisation journey. Therefore we would urge the Committee to urge the electricity System Operator (National Grid) in its current guise to use funding it has available during the RII0-2 price control (commencing April 2021) in the form of a Net Zero Development "use-it-or-lose-it" (UIOLI)⁶ allowance from Ofgem to progress urgent capacity upgrades in Wales. This pot of funding is specifically designed to support early development work on projects that network companies intend to bring forward in support of Net Zero. Such funding would enable National Grid to, in 2021, devise a strategic solution to expand the electricity grid in Mid-Wales.

The timely and efficient delivery of such a solution would be well supported by ensuring that stakeholders are formally required to recognise their responsibility to deliver the UK's climate and associated clean power targets. We therefore urge the UK Government to prioritise delivery of the Strategy and Policy Statement set out in the December 2020 Energy White Paper, mandating Ofgem to work strategically to deliver Net-Zero. This will in turn benefit Wales by requiring Ofgem, National Grid (ESO) and the Onshore Electricity Transmission Operator (TO) to utilise the net-zero funding opportunities set out in the RII0-2 price control to ensure that the UK Government's targets for 40GW of operational offshore wind by 2030, and net zero by 2050, can be delivered efficiently and at lowest cost to the GB consumer.

Furthermore, RWE supports the National Infrastructure Commission's recommendation that there is a long-term need to amend Ofgem's formal duties and objectives. Ofgem's current legal duty has resulted in Ofgem taking an incremental approach to emission reductions (i.e. will next year's emissions be lower than this year's), rather than a strategic approach (what's the best decision to efficiently deliver decarbonisation in the long-term). In addition, any costs which Ofgem do not regulate are not explicitly considered within their assessment of impacts (for example, increase in CFD costs). Combined, this approach leads to inefficiencies and decision-making based only on partial assessment of what is best for current and future

⁶ Net Zero Development "use-it-or-lose-it" (UIOLI) allowance: this will be introduced as part of RII02, and gives the network companies access to funding to cover the early stages of developing a proposal that might support Net Zero.

consumers, and the system as a whole, in the context of decarbonisation. Therefore, we would support an amendment to their legal duties, from “reduce Greenhouse Gas emissions” to include “economically efficient decarbonisation”, This is a crucial step to ensure net zero is delivered at best value, and will underpin Ofgem’s interpretation of guidance to be provided in the anticipated Strategy and Policy Statement.

In addition, the UK Government’s ongoing Offshore Transmission Network Review is an opportunity to consider a more strategic approach to facilitating grid and the connections strategy for offshore wind both to achieve 40GW by 2030 and enable the even larger volumes of offshore wind needed to hit net zero by 2050. Anticipatory investment in strategic grid solutions on and offshore is needed to ensure that offshore wind in Wales minimises any unavoidable environmental and local community disruption and that infrastructure is delivered in the most economically efficient manner. RWE chair BEIS’ “Expert Group” for this Review, and are involved in the workstreams which will deliver these benefits in Wales and across GB.

In summary: swift action is required to avoid the delays that renewable project developers are currently experiencing, to give Welsh citizens access to clean, cheap power sooner. It will also help ensure best value for consumers in the long term and will help Wales play its full part in the decarbonisation challenge.

Infrastructure development:

There is also a need for associated infrastructure upgrades to facilitate the offshore energy sector, including Wales’ significant potential for floating offshore wind. The UK Government should invest in infrastructure in Wales that drives work towards a renewables-powered net zero, for example by investing in anticipatory port upgrades. Specifically the UK Government should urgently work with experienced developers and port operators to identify the appropriate site or sites for significant investment to ensure that port infrastructure is available in Wales to support floating wind deployment at scale in the 2030s.

3. What mechanisms can ensure that subsidies for renewable generators are good value for money?

The UK Government has a target of delivering 40GW of operational offshore wind by 2030. Additionally, the National Infrastructure Commission recognises the need for additional onshore wind by 2050⁷ and in the recent Energy White Paper, the UK Government acknowledged onshore wind, as well as solar, as being ‘key building blocks of the future generation mix’.

The existing two-way Contracts for Difference (CfD) system has been highly successful in delivering cost reductions and deployment of onshore and offshore wind across the UK, including Wales. The most recent CfD Allocation Round in 2019 saw record low prices for offshore wind projects – with projects coming in below the UK Government’s forecasted cost of electricity. Overall, the UK Government managed to secure 5.8GW of capacity without having to spend any of its allocated £65m annual budget.

⁷ The National Infrastructure Commission’s March 2020 ‘Opportunities for the power sector’ [report](#), modelled ‘demand scenarios’ and concluded their electrification scenario would require 18 – 27GW of onshore wind by 2050, whereas their greener gas scenario requires 15 – 22GW by 2050. Under both of the scenarios, the NIC estimate that an additional 2.8 - 4.3GW of onshore wind will be required by 2030, from a baseline of 12.6GW in 2020. The NIC also [reference Cornwall Insight’s](#) long-term power market model from February 2020, which states that a total 16-22 GW of onshore capacity is needed by 2030 for net zero scenarios.

RWE believes that the best way of ensuring government financial support represents good value for money is via the existing two-way CfD system. To ensure Wales' fulfils its full renewable potential, we would make the following recommendations:

1. **The UK Government should reiterate its long-term commitment to CfDs.** The CfD scheme is understood by industry and the financing community and provides a coherent and reliable route to market for renewable electricity that ensures investment flows efficiently to deliver projects at scale.
 2. **Furthermore, we urge the Government to provide clarity on future auctions for onshore wind and solar.** Specifically, they should confirm that "Pot 1" technologies (including onshore wind & solar PV) will continue to be supported in allocation rounds beyond CfD Allocation Round 4 (AR4) which will open later this year – as this is far from certain.
 3. **We also believe the Government should give serious consideration to moving to annual, rather than biennial timetable for CfD auctions (i.e. once every two years).** The benefits of moving to annual auctions include de-risking projects⁸ and benefits to the supply chain by smoothing out the delivery profile. Annual auctions would also relieve peak and trough planning requests to the statutory consenting bodies, allowing them to allocate resource more evenly and resulting in stronger consent applications.
 4. **Finally, it is also critical to have sufficient volume in the auctions to match UK Government targets for deployment.** The UK Government's AR4 Impact Assessment⁹ included only a 1GW Pot Capacity Cap (albeit "indicative"), for a biennial auction, equivalent to annual deployment of just 0.5GW. We estimate that there will be at least 6GW of eligible onshore wind and solar PV capacity alone by the time the auction opens in late 2021. To give Welsh projects a reasonable chance of success in these auctions it is proposed that the UK Government sets a minimum 4GW 'capacity cap' for Pot 1 (if biennial) which would result in at least a sufficient 1.5x competition ratio.
5. **What opportunities are there for renewable generators in Wales of greater interconnection with other electricity markets?**

As set out in the recent Energy White Paper, increased interconnection with other markets can increase the ability of the GB electricity market to trade with other markets and enhance the flexibility of the energy system. It is particularly useful for energy systems that have high shares of variable renewables (e.g. wind and solar) as it can facilitate export of excess renewable generation. However, increased interconnection is only beneficial and efficient between markets where there is a 'level playing field' e.g. carbon price and policy support. Unfortunately, this is not the case in UK. A significant component of the price differential between GB and other markets is the carbon price floor, and other regulatory and policy differences.

It is also worth noting that increased North-South transmission-level interconnection *within* Wales, featuring several new Grid Supply Points connecting into the local distribution network, would also enable

⁸ Clear visibility of annual auctions would increase developer confidence, who in turn would be able to commit to more development expenditure, creating a pipeline of more established and better evaluated projects entering the auctions. Furthermore, more regular auctions this would reduce likelihood of a planning consent or lease expiring before an auction could take place.

⁹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/869788/contracts-for-difference-ar4-consultation-impact-assessment.pdf

increased opportunities for onshore wind and community energy as well as facilitate decarbonised heating and transport in Mid-Wales (see response to Q1-2 'Grid connections and capacity').

- 6. How can the UK Government facilitate Welsh contributions to COP26?**
- 7. What implications is COP26 expected to have for Wales?**
- 8. Has the COP26 Year of Climate Action had any significant implications for Wales?**

The UK hosting COP26 presents an important opportunity for Wales. It is important that the Welsh Government and wider stakeholders have the opportunity to feed into the preparations for the conference and that Wales has a prominent platform, distinct from the UK 'umbrella', especially given Scotland's prominence with the event being held in Glasgow. The opportunity for Wales to contribute to initiatives and associations wherever possible (for example in the same way that major cities, states or regions do), will be important, not only for Wales' international profile as a key destination for investment in renewables globally, but in building awareness and understanding within Wales about its potential in this area, too. As Wales' largest renewable generator and significant investor in Wales, RWE is happy to support those efforts wherever appropriate.

- 9. What opportunities are there for renewable energy to aid Wales post-COVID-19 economic recovery?**

Growth in the Welsh renewables sector has great potential to aid in Wales' post-COVID-19 economic recovery, with the points set out above helping to deliver this. Our responses to the above questions are also applicable to this wider question. As a more focused top line answer, RWE considers there are three key areas that require support from UK Government that would-assist Wales' post COVID-19 Economic Recovery:

a) Ensure the Welsh power grid is fit for a green and sustainable future

As outlined in response to Question 1-2 'Grid connections and capacity', Wales urgently requires a coherent and costed plan to be put in place for the upgrading of its grid infrastructure to enable full decarbonisation to happen.

The UK Government should engage across the key stakeholders to prioritise work on delivery of measures to facilitate strategic anticipatory grid upgrades in time to anticipated onshore and offshore projects expected across Mid-Wales, the Irish Sea and the Celtic Sea.

b) Accelerate Wales' role as a world-leader in onshore wind, offshore wind and new emerging technologies.

Wales needs to seize the initiative to be at the forefront of the next stage of onshore and offshore wind development, and to maximise the investment in Welsh supply chain and skills that comes with that initiative. For this to happen, the industry needs confidence that a long-term pipeline of projects will be forthcoming – both onshore and offshore.

We encourage UK Government to work in collaboration with developers like RWE to ensure that there are adequate seabed leases available from The Crown Estate in Welsh waters at an appropriate scale to deploy innovative projects. Securing a pipeline of such leases with increasing capacity alongside a long-term two-

sided CfD and grid infrastructure commitments will give Wales the best chance to secure investment in research and development as well as developing manufacturing scale and expertise to lead a growing global market in floating wind.

We would also reemphasise the points made above regarding frequency, visibility and certainty for CfD auctions, in particular, 'Pot 1' technologies.

Actions to ensure Wales is positioned to take up future renewables technologies, such as floating wind, wider marine technologies, as well as hydrogen and carbon capture and storage, will help deliver investment and jobs in these future growth sectors.

c) Ensure Natural Resource Wales (NRW) is well-resourced to support a net zero future

As referenced previously, ensuring key statutory consultee and approval bodies are well resourced to provide efficient and timely consenting processes, which do not delay the facilitation of projects, would be a key step to help bring forward project investments and the associated economic benefits.

A well-resourced NRW will help to speed up a range of renewables projects, both via the marine licensing process and in its role as a statutory consultee in the planning process, and by bringing forward invitations to tender for renewable energy developments on Welsh Government land, notably the forestry estate.

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