



## **Responding to the Climate Change, Environment, and Infrastructure Committee (CCEIC) request for initial views on the Welsh Government's Wales Net Zero Wales (NZW) Plan**

RWE Renewables UK Ltd. (RWE) is the largest generator of electricity in Wales and largest investor in renewable energy, currently operating four onshore<sup>1</sup> and three offshore wind farms<sup>2</sup>, and a number of hydro plants. RWE also operates a Combined Cycle Gas Turbine (CCGT) power station at Pembroke, which is the most efficient in the UK. We have a pipeline of new projects in development across Wales in offshore, onshore, battery storage and hydrogen.

We welcome the publication of NZW Plan and believe it is a useful collation of policies and actions. We recognise the Welsh Government's (WG) determination to meet its legally binding commitments, and the increased sense of urgency.

### **Ambition statement: By 2025, 1GW additional renewable energy capacity will be installed**

#### **Policy 22: Increasing renewable energy developments on land through our planning regime**

1. RWE supports the commitment to increase electricity generation from low carbon and renewable sources and would encourage the Welsh Government to set ambitious targets that are directly linked to the overarching target to achieve net zero by 2050.
2. However, RWE would like clarity on how the 1 GW ambition can be achieved given the current project pipeline & grid delays.

**Ambition Statement: From 2021 there will be no new build unabated fossil fuel generation in Wales. All current unabated gas generation removed from the system by 2035. Any additional supply will be met from decarbonised power plant from 2035 at the latest.**

#### **Policy 17: Reducing emissions from the combustion of fuels for electricity generation**

3. We agree that the majority of new generating capacity needs to be low or zero carbon. However, electricity generated from unabated natural gas will continue to be needed during the transition to net zero while we develop and deploy the low carbon alternatives that can replicate its role in the electricity system. This will ensure that the system remains reliable and affordable.
4. We would therefore not support that all current unabated gas stations should be removed from the system by 2035 – this is an artificial, costly and risky strategy without sufficient certainty today that alternative technologies will be deployed in time:
  - a. There have already been large reductions in emissions from fossil fuel generation, which will continue as zero carbon energy generation increases.
  - b. Fossil-fuelled plants generate to ensure security of supply, filling the gap between demand and zero carbon generation. All energy projections, including the work of the CCC, indicate that gas generation will be required into the 2030s, and some projections even see the need for some unabated gas-fired power stations running very infrequently may still be needed for affordable reliability in 2050 – with their extremely low emissions offset by negative emissions elsewhere in the power system or wider economy.

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<sup>1</sup> Brechfa Forest West (57.4MW) (Carmarthenshire); Clocaenog Forest (96MW) (Denbighshire / Conwy); Mynydd y Gwair (32.8MW) (Swansea); Rhyd y Groes (7.2MW) (Anglesey)

<sup>2</sup> Gwynt y Môr (576MW); Rhyd Flats (90MW); North Hoyle (60MW) all off the coast of North Wales.

- c. Whilst we support an ambition that additional supply should be (as far as practical and affordable) met from decarbonised power plant as soon as possible, the policies and support is currently not in place to ensure that sufficient alternative abated capacity is built. Further, the affordability of such an ambition is not yet understood, and therefore decisions on removing unabated capacity should only be made when there is high confidence these alternatives can be, and will be, delivered.
- d. **In summary**, we operate in a single UK electricity system - artificially reducing the running hours of unabated gas stations, or forcing closure, without sufficient alternative capacity could threaten system reliability and security whilst unnecessarily and materially increasing consumer costs.

#### **Policy 21 – Planning the delivery of the electricity and gas grid we need for Wales**

- 5. RWE welcomes the recent Ministerial initiative to bring network operators, Ofgem and the WG together to work on a strategic grid solution. This is now, more than ever, an urgent issue that needs to be addressed without delay – WG’s work on this needs to be done thoroughly. The WG should involve existing generators, renewable energy developers and large consumers also in this process.
- 6. WG needs to ensure that electrolyser and industrial decarbonisation demand is also considered.
- 7. Regional Energy Strategies should not be limiting. Import and export of electricity within and between regions (and across the UK and beyond) is critical, rather than balancing supply and demand purely at a local level.

#### **Policy 24 – Marine evidence, planning and licencing: supporting offshore and marine renewable energy deployment**

- 8. One of the biggest risks to the deployment of marine renewables is that there are no firm timescales for the consenting and granting of marine licenses.
- 9. RWE welcomes the proposal to streamline consenting processes with shorter timescales. Ensuring robust and well-resourced local planning authorities and statutory consultees will be critical to achieving this

#### **Policy 25 – Innovation in new renewable energy technology to drive faster and deeper decarbonisation and support the green economy**

- 10. The NZW Plan does not appear to support blue hydrogen for power station decarbonisation but supports CCUS and green hydrogen. To aid the transition to green hydrogen and to enable CCUS (and shipping), blue hydrogen may need to be part of the solution, even if it may be a transitory role.
- 11. It is important that the WG is clear about what role it envisages for blue hydrogen in power stations and industrial decarbonisation.

#### **Policy 26 – Locally owned energy developments to secure an economic return for Wales**

- 12. RWE is committed to maximising benefits for Wales in an appropriate way, matched to specific technology types. We believe local/shared benefits and ownership models work best for onshore wind and solar and are progressing local/community ownership offers on our Alwen Forest and Pen March onshore wind projects. Offshore wind is more appropriate for local benefits than ownership given the size and risk of investment, but it offers larger-scale benefits by incentivising investment, local supply chain and jobs (see Policy 27).
- 13. A public/private partnership approach could be achieved on the Welsh Government’s Woodland Estate. We encourage the WG to accelerate the availability of this land for onshore renewable energy developments as a matter of urgency, using the Forestry Land Scotland approach as a template for moving forward.

#### **Policy 27 – Maximising Welsh benefit from commercially operated infrastructure projects in Wales**

- 14. RWE supports this ambition supports (and has proactively helped shape) Welsh Government’s thinking in these areas.
- 15. For offshore wind projects, we believe that maximum benefit for Wales can come from a focus on expanding manufacturing, supply chain and port and infrastructure capabilities.
- 16. Following studies on supply chain capabilities - and linked to the UK Offshore Wind Sector Deal and development of supply chain clusters - RWE encourages WG to support The Offshore Energy Alliance more formally via local funding and resource to more fully capitalise on the benefits these clusters can bring.