



Llywodraeth Cymru  
Welsh Government

Llyr Griffiths MS

Chair

Climate Change, Environment and Infrastructure Committee

24 January 2025

Dear Llyr,

Thank you for to your letter following my appearance before the Committee on 20 November to discuss Welsh Government policies on energy, planning and transport.

Below are detailed responses to each point you have raised.

### **Energy**

#### Further information about the five priority projects being developed by Trydan Gwyrdd, including their proposed locations

A comprehensive early feasibility review undertaken by Trydan Gwyrdd Cymru's initial programme team identified significant development potential on the Welsh Government's Woodland Estate, amounting to an additional 250MW of renewable energy capacity by 2030 and an additional 750MW by 2040 – subject to availability of grid connections.

The feasibility review identified five sites that appear to have strong development potential for onshore wind. Projects were ranked based on deliverability, considering planning, road access, access to grid and indicative financial return. The proposed locations of these sites are expected to be announced once there is sufficient confidence that they are viable, and enough information to answer the valid questions people near the site will have. We expect to announce the first sites in the coming months.

## How the Welsh Government is collaborating with the National Grid and NESO to improve the speed of access for the priority projects

Welsh Government officials continue to work with a broad spectrum of partners and stakeholders to ensure the needs of the people of Wales are considered in the significant work for planning the expansion of the GB electricity network. With the National Energy System Operator (NESO) beginning work on a Strategic Spatial Energy Plan, we are pleased that the Welsh Government as a co-commissioner of the plan is on the committee that will oversee the process. We have already actively worked with the NESO to ensure that their final network option for the Celtic Sea will provide a robust long-term solution for Wales and the southwest of England.

The Beyond 2030 report from the NESO set out network recommendations for the GB electricity system and reconfirms the need for a high voltage transmission link between North and South Wales, which was first proposed in the HND (Holistic Network Design) report. The Welsh Government has been having ongoing conversations with National Grid Electricity Transmission about the timescales for proposals and how options for such a route would be designed.

The NESO is leading a process to reform connections to the transmission network, originally to make it quicker and easier to connect. This process is part of wider reforms to networks needed to deliver net zero. The Welsh Government is engaging with NESO to understand how this process could help deliver Wales's renewable energy targets. The reform has the potential to bring forward Trydan Gwyrdd Cymru's priority projects' grid connection dates. This will partly be through de-prioritising inactive projects in favour of ones that are progressing through development milestones.

It is useful to note that nearly all projects in Wales connect to the distribution network, whilst the UK/NESO reforms are focused on the transmission network. District Network Operators (DNOs) represent the needs of their proposed distribution-connected projects with the NESO. DNOs have been deeply involved with our local and regional energy plans, but the current process takes account only of those projects that have signed a contract for a grid connection. Projects with land rights, a grid connection, and that are moving through the planning process, will be prioritised. Welsh Government has flagged the challenge this presents for some small organisations, including community groups, and are working with DNOs to make sure they are not unduly disadvantaged.

## Clarification regarding GB Energy and how they can potentially be involved with the sites being developed by Trydan Gwyrdd Cymru

The Welsh Government has had initial conversations with Great British Energy about the opportunities for partnership working across the portfolio of current delivery mechanisms including:

- The Welsh Government Energy Service, which provides support to public sector bodies and community groups.
- Ynni Cymru who are scaling up long term support for community energy and investigating the role of smart local energy systems to deliver local value and minimise the need for new, large infrastructure.
- Trydan Gwyrdd Cymru, our utility scale developer working on public land in Wales to deliver wind projects for the people of Wales.

The details of the involvement that Great British Energy could have on any of the Welsh Government's delivery mechanisms are yet to be determined. However, given that the Welsh Government has organisations and programmes already currently operating, it offers opportunities to scale up existing projects or the provision of support relatively quickly.

The Trydan Gwyrdd Cymru team met with the GB Energy team in December and shared information under a non-disclosure agreement. However, GB Energy is initially focused on investment in the less developed technologies such as offshore and floating wind.

Initial discussions with Great British Energy have centred on the need to avoid duplication, focus on where Great British Energy can add the most value, and the importance of maximising benefits to the people of Wales.

## How Trydan Gwyrdd Cymru is engaging with communities and proposed arrangements for local ownership or community benefits

As previously stated, the proposed locations of Trydan Gwyrdd Cymru's first priority sites are expected to be announced in 2025. Trydan Gwyrdd Cymru will be organising face-to-face meetings and workshops, attending local events and undertaking digital engagement across Wales once the locations have been released.

The developer has already begun engaging with the public as from July to September 2024 they ran a survey called "YOU first!" to understand what is important to people in Wales when it comes to renewable energy projects. The outcomes of the survey are being used to inform the development of an approach to local ownership and community benefits.

The Board of Trydan Gwyrdd Cymru includes an expert on local and shared ownership and the leader of a community organisation in South East Wales. They are leading work for the Board on models of ownership that could make such major projects more accessible to communities, particularly those in the least affluent areas.

### Renewable energy targets

The consultation on targets took place 24 January until 18 April 2023. On 14<sup>th</sup> July 2023 a summary of responses were published together with a written statement by the Minister for Climate Change Julie James. The written statement introduced the new targets for Wales.

### Timelines for consultation on CCS and next steps

On 2<sup>nd</sup> December 2024 the Welsh Government launched a twelve-week consultation on its preferred policy position for carbon capture, utilisation and storage (CCUS). Officials are reviewing responses and feedback from stakeholders, and will consider whether any refinements to the policy are required after the consultation closes.

A written statement confirming the adopted policy position will be issued during March 2025, accompanied by a Welsh Government response to the consultation and the final drafting of the policy.

During 2025, detailed guidance on the implementation of the policy will be developed for planning officers and other decision makers. This guidance will build upon the numerous studies commissioned by the Welsh Government, its work on regulatory route maps, and our collaboration with the UK and Scottish Government's policy and regulatory groups over the past three years. The guidance will facilitate the effective deployment of CCUS where it makes a clear and measurable contribution to decarbonisation and Wellbeing of Future Generations Act goals.

### Welsh Government's position regarding CCS and how this aligns with UK Government

The Climate Change Committee (CCC) has been consistent in stressing CCUS is crucial for the transition to Net Zero by 2050. CCUS will play a crucial role in reducing emissions from industrial processes and combustion, electricity generation, hydrogen production, and also where CO<sub>2</sub> is removed from the atmosphere through greenhouse gas removals technologies. Similarly, the International Energy Agency and the Intergovernmental Panel on Climate Change have endorsed CCUS as a critical tool in decarbonisation, particularly in heavy industry such as cement.

However, the CCC are also clear that capture and storage is not a silver bullet and that every attempt must be made to prevent the greenhouse gases being generated in the first instance. Our vision for the future of industry and energy generation in Wales is one in which sustainable industries are retained in Wales and continue to generate high-quality jobs and other benefits for the communities in which they operate. We want industry to substantially reduce its reliance on fossil fuels and its generation of greenhouse gases.

We see a role for targeted implementation of CCUS where it will accelerate emission reductions during the transition away from fossil fuels, and for those industries where there is no reasonable alternative to avoid or substantially reduce the emission of CO<sub>2</sub> to atmosphere. To this end, our policy looks to encourage the deployments of CCUS where:

- it makes a clear contribution to decarbonisation and the economy,
- there are no reasonable alternatives to reduce emissions, and,
- its deployment does not unnecessarily prolong the use of fossil fuels.

The Welsh Government is not able to meet its decarbonisation targets without the right policy and financial commitments from Westminster as the UK Government holds many of the powers and levers related to CCUS. Therefore, the Welsh Government will continue to engage with the UK Government on its developing CCUS policies and regulatory measures, at both an official and Ministerial level, to ensure they take account fully of the needs of Wales and to ensure the technology makes a sustained contribution to decarbonisation. Not least because most CCUS projects entail a significant degree of cross-border and cross regulatory agency working. Officials are working with the UK Government on developing support for non-pipeline transport of CO<sub>2</sub>, UK Government Cluster sequencing and economic and environmental regulatory controls.

#### Timeline for advisory group's report on future energy infrastructure decisions. Next steps for progressing its conclusions

The Independent Advisory Group on Future Electricity Grid for Wales group met during 2024 and has agreed to extend its timetable to account for the complexity of the issues under consideration. We expect the independent group will provide draft recommendations for principles for acceptable electricity grid development in Wales for Ministers to consider by the end of March 2025. These recommendations will be published in due course. The Welsh Government will need to consider the scope and nature of the recommendations before developing plans for further action.

#### **Planning**

##### Measures to ensure income generated from increase planning fees is used to improve planning services and how Welsh Government will respond to calls for ring fencing elements for local planning authorities

I issued an important and wide-ranging consultation- '*Promoting a resilient and high performing planning service*' on 15th November. The consultation sets out my initial proposals for improving the capacity and resilience of planning services. The consultation includes proposals to increase planning applications fees (including a pathway to full cost recovery). The proposed fee increase will significantly enhance local planning authority resources and place them on a sustainable financial footing.

I am only prepared to introduce increased planning application fees where they result in improved performance.

Applicants tell me they are prepared to pay for improved planning services, if there is an assurance that improvements will follow and endure. I will re-introduce the Planning Performance Framework, which was paused during the Covid pandemic, to ensure that performance is effectively monitored. A new requirement for local planning authorities to provide management and financial information will be introduced to evidence how the enhanced fee income is delivering improved performance locally.

Planning fee income is not currently ringfenced which means that it may be used to offset wider local authority budget pressures. Whilst there is wide ranging support for the ringfencing of fees, I recognise that there are challenges to implementing this approach. However, if the enhanced performance information demonstrates that performance has not improved and that planning application fee income is being used for other purposes, I will consider introducing ring fencing.

#### Longer term strategies being considered to address resource and capacity constraints in local planning authorities

The impact of public austerity on local planning authorities has been severe meaning that it will take time to restore the service to a high performing level. The second part of the consultation sets out our proposals to address capacity constraints in local planning authorities and requests additional ideas. It seeks views on how best to increase the pipeline of planners and related professionals by ascertaining the demand and viability for bursary and apprenticeship schemes in both LPAs and CJs. In addition, my officials are currently working with the WLGA to understand the current and medium-term LPA demand for Welsh Government funded bursary schemes.

I have commissioned the Royal Town Planning Institute to undertake a piece of work on 'workforce planning' to be published early summer. It will provide a detailed picture of the existing and future resource and skills requirements across the planning service. This will allow the Welsh Government, local planning authorities, and other partners to devise strategies to address future workforce needs.

We are also looking closely at regional delivery options for planning services especially in a world where there is a finite supply of professionals. The consultation is seeking views on wider proposals relating to more effective regional working by CJs, including the establishment of planning skills hubs in particular for specialist planning functions.

#### How the delegation of DNS decisions for energy projects under 50MW to PEDW maintain democratic accountability and ensure local community engagement

The delegation of DNS decisions for energy projects under 50 MW to PEDW does not result in a democratic deficit, inspectors appointed by PEDW already determine other applications and planning appeals on behalf of the Welsh Ministers. To ensure that complex, novel or contentious issues are determined by Welsh Ministers there is a power to direct a specific application in relation to DNS electricity generating projects below 50MW is to be considered by them.

The decision to delegate schemes up to 50 MW to PEDW is an interim measure, which will only have effect on projects falling under the DNS system. When the new regime provided for by the Infrastructure (Wales) Act 2024 comes into effect new projects below 50MW will be determined by the local planning authority.

The delegation of DNS decisions does not amend the requirements for community engagement throughout the DNS process. A guide setting out how communities can expect to be involved in the development of a DNS proposal is provided below.

<https://www.gov.wales/sites/default/files/pdf-versions/2024/4/2/1713868874/developments-national-significance-guide-engaging-process.pdf>

#### Timeline for new regime and potential delays in implementing new regime

The new regime provided for by the Infrastructure (Wales) Act 2024 is planned to come fully into operation during September 2025. The planned introduction date is subject to the response to question two of the consultation on implementing subordinated legislation. The question sought views on the time needed for stakeholders to be ready for the new requirements to commence.

#### How Welsh Government will support regions to develop Strategic Development Plans

The Town and Country Planning (Strategic Development Plan) (Wales) Regulations 2021 came into force on 28 February 2022, enabling the four Corporate Joint Committees (CJCs) to exercise their strategic planning function from 30 June 2022. The legislation reset the governance structure from the Planning (Wales) Act 2015. The current position is that LPAs continue to progress work on their replacement LDPs in parallel with SDPs to maintain an up-to-date plan coverage and avoid a policy vacuum.

To support early preparatory technical work, two non-statutory advisory notes covering governance, and key SDP plan preparation procedures were issued in August 2021. Specific SDP guidance in the form of a draft SDP Manual was issued for targeted informal consultation during 2022 to inform/assist the plan preparation process. The SDP Manual will be formally published during 2025.

Officials continue to engage with CJCs and LPAs to provide detailed technical advice on the content of SDPs and the plan preparation process. This has been through direct contact with CJCs, individual LPAs, and LPA regional groups. Officials have also engaged with the SE Wales CJC to develop a Draft Delivery Agreement, the precursor to prepare an SDP. This provides a template to enable other regions to follow.

## **Transport**

### Advantages of ad hoc arrangements over formalised arrangements, such as a joint working group

Ad hoc arrangements have the advantage of considering time critical Transport planning application and consenting. Formalised arrangements such as the Regional Transport Plans (which the Corporate Joint Committees are preparing) offer a forum within which Government can look at any arising issues as part of future proofing.

### Collaboration with other ministerial colleagues on the Border Target Operating Model

The Deputy First Minister is now leading the Welsh Government's work on border controls, as this fits well with his portfolio. Other ministers are involved as required, for example, we jointly gave evidence to ETRA on 15 January. The Committee may wish to direct any follow up questions to him, nevertheless I can provide a brief update on the work.

The Committee will be aware that the Border Target Operating Model (BTOM) was agreed with the UK and Scottish Governments in August 2023, and Defra is now leading for the UK Government.

The new UK Government intends to renegotiate borders agreements with the EU, including a new veterinary agreement. We are broadly supportive of their approach, but it is likely to take some time to reach agreement, so we need to continue to work on the outstanding issues.

The changes laid out in the BTOM are a necessary result of Brexit and the UK's exit from the European Single Market. The Welsh Government worked with the Scottish and UK governments to develop coherent and consistent rules which respect our high standards of biosecurity, whilst maintaining the viability of businesses, including the ports, including for smaller ports, and we secured a border operating model which works for Wales and the whole of GB.

At the time the BTOM was agreed, there were a number of outstanding issues which prevented us finalising the regime for goods from the island of Ireland, so no date has yet been set for identity and physical checks to begin at Ireland-facing ports. We have emphasised the need for a joined-up approach, whether goods arrive in Wales, Scotland or England.

I am pleased to say that policy discussions have restarted with the UK and Scottish Government, and I'm sure that the Deputy First Minister will update the Committee as matters progress.

### Intended timescale for completing the ports and maritime plan

We intend to complete the strategy by the end of this term of government, spring 2026. My initial priority will be to support my colleague the Cabinet Secretary for Transport and North Wales, with the establishment of a Welsh Government-led multistakeholder taskforce to develop a new strategy for the future of the Port of Holyhead. The task force will include participation from Minister Lawless from the Irish Government so that we can ensure that the port will meet the future needs of both nations. The taskforce will also consider the resilience of sea connectivity between Wales and Ireland more generally, so that these critical transport links can better withstand the challenges we expect from climate-driven changes in severe weather patterns and other hazards and threats. The taskforce will of course link in with our broader work on a Welsh Ports and Maritime Strategy for Wales.

This shorter-term priority work will help shape the scope of the wider Ports and Maritime Strategy for Wales and determine the budget required to deliver the Strategy. I will report back to the Committee once the taskforce has completed its work on a new strategy for the future of the Port of Holyhead and its work around the resilience of sea connectivity between Wales and Ireland more generally. I will write again to the committee once we have agreed a scope and have allocated budget for the development of the wider Ports strategy.

### Intended timeline for remaining approval process for the two Welsh freeports

The Celtic Freeport has tax sites designated and is operational, as businesses on the sites can qualify for tax relief. We are now working with the Freeport to complete their Full Business Case (FBC) and put in place a Memorandum of Understanding (MoU). Once the MoU is signed, we can start to release seed capital funding for infrastructure and skills projects. We aim to agree the MoU in Spring 2025.

Subject to relevant parliamentary scrutiny, the tax site designation legislation for Anglesey Freeport will come into effect on 23 January and the Freeport will be open for business. My officials are awaiting the formal submission of the Freeport's FBC for assessment and have been working closely with the Freeport consortium on its development. Dependent on the FBC assessment we would hope to agree the MoU by the summer of 2025.

### Clarification around why Celtic and Anglesey freeports are at different stages in approval process

Each Freeport is assessed independently. Various factors can affect the timings of the approval process. These range from timings for the submission from the Freeport of relevant documents, responses to requests for further information, and the degree to which further actions are needed to meet assessment thresholds.

The approval process involves both the Welsh and UK Governments, with decisions needed from Ministers in the Welsh Government, Ministry of Housing, Communities and Local Government, and HM Treasury (HMT). The final decision from HMT on the tax sites for both Welsh Freeports also formed part of the overall UK Government

considerations for the first phase of the spending review. Whilst an exceptional case was agreed to progress the Celtic Freeport in advance of the autumn budget, the Anglesey approval was considered as normal after the budget was agreed.

Most recent economic assessment for future investment plans for Cardiff Airport

An independent economic assessment for the future plans for Cardiff Airport was conducted as part of the submission to the Competition & Markets Authority and their assessment of our proposed long-term investment in Cardiff Airport which was published on 2 October.

I am not going to comment on the detail of the economic assessment or the CMA report. We are taking the time needed to give full consideration to the CMA's assessment.

As previously stated to committee we remain open to refining our proposed programme of investment on the basis of that assessment.

I will update the Senedd and this Committee in due course once we have decided on the best way forward and I will commit to publishing a redacted / summary version of the economic assessment shortly after when the time is appropriate.

Status of outstanding targets set for the Airport's 2021 rescue and restructuring plan and how targets will be incorporated into objectives for long term strategy

Update on performance targets set out in the Airport's rescue and restructuring aid grant agreement:

<b>Description of the Target</b>	<b>Date by when it should be achieved</b>	<b>Evidence required</b>	<b>Updates</b>
Achieve an annual level of 1.3m flown passengers	31 March 2026	Report detailing passenger numbers based on data submitted to the Civil Aviation Authority (CAA)	Cardiff Airport has recovered 52% of its 2019 passenger figures, recording 860,000 passengers through its terminal by the end of the last financial year (31 March 2024). Due to the unforeseen loss of Wizz Air in early 2023 and route cancellations such as the Ryanair route to Belfast in October, the airport is now on a trajectory to achieve 1.3m

			passengers by 31 March 2028.
Reach a level of profitability, measured by the EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) margin	31 March 2029	Set of audited accounts	The airport is yet to reach a level of profitability, measured by the EBITDA margin. LBITDA (Loss Before Interest, Taxes, Depreciation, and Amortization) is in line with budget, reaching positive EBITDA is a future target.
Minimum of £500,000 salary cost saving	Year ended from 31 March 2022	Annual report	The Airport achieved the target of a minimum of £500,000 salary cost saving in Year ending 31 March 2022.
Maintain operating costs in line with the 11/02/21 forecast.	31 March 2029	Any projected increases of more than 5% to be notified to the Welsh Government Official as part of the quarterly reporting.	The airport continues to maintain operating costs broadly in line with the 11/02/21 forecast. However, we recognise a number of factors continue to impact on the aviation industry including inflationary pressures, a tight labour market and mandatory regulatory requirements, that present significant challenges to the aviation industry in its recovery and it is no different for Cardiff Airport.

Commitment to becoming carbon neutral:

31 March 2023

To be updated as part of the quarterly reporting.

The position remains the same as articulated to Public Accounts and Public Administration Committee in a letter from the WG dated 5 May 2023; [Letter from the Welsh Government to the Chair - 6 May 2023.pdf](#)

- a) Commit to an operational solar farm at Cardiff airport (or some other energy efficient usage for energy consumption)
- b) Commitment to the development of sustainable aviation fuel and to offer this to airlines at Cardiff Airport as soon as practicably possible.
- c) Commitment that all future vehicle purchases will be electric or hybrid (where available)
- d) Offer a pricing structure (that can be made publicly available) where there is discount on fees and charges for those airlines operating the most fuel-efficient aircraft.
- e) Focus on enhancing environmental flightpath.

No revisions, new measures or targets have been agreed by either party on any of the above targets.

The above targets will not be brought forward and included as part of any new targets set by the WG as part of any future long term strategy or funding package for the airport. The above targets were specifically set / agreed as part of the rescue and restructuring package in March 2021. A new set of targets would be agreed between the Welsh Government and CIAL as part of any future funding support / package.

#### Consequences if Cardiff Airport fail to meet targets

The Rescue and Restructuring package has fulfilled its primary function, which was to support the airport through what's been quite a long-tail impact from the pandemic, perhaps longer than people had originally anticipated. We made our very best estimates about how things might unfold when we created the funding package. We are very comfortable that it has protected the airport through those long-tail issues.

We think the airport team have done a fantastic job in those circumstances, to get Cardiff Airport to where it is today, and provide that really solid and stable platform for a future that we hope will be positive.

The Targets are not considered performance conditions, rather being targets to aim towards and not performance conditions that must be satisfied.

The Welsh Governments will not seek to penalise the airport for not meeting any of its agreed targets.

We are now moving into the next phase, which is about long-term investment, based on economic growth, the potential of the airport and the surrounding area. That is the focus of this next stage in the airport's journey, and that is why we have got on and made our subsidy application to the Competition and Markets Authority.

Yours sincerely,



**Rebecca Evans AS/MS**

Ysgrifennydd y Cabinet dros yr Economi, Ynni a Chynllunio  
Cabinet Secretary for Economy, Energy and Planning