



Response to the Economy, Trade and Rural Affairs Committee Report - Green Economy

March 2025

In March 2025, the Economy, Trade and Rural Affairs Committee submitted its report on the Green Economy. The report includes 16 recommendations and 4 conclusions. This is the Welsh Government's response to those recommendations and conclusions.

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1. Introduction

- 1.** Our Economic Mission is clear about the benefits to Wales in having a stronger, fairer, greener Welsh economy. Whilst it is not without its challenges, we have long recognised the wide-ranging benefits and opportunities for Wales with an economy focused on decarbonisation, just transition and greener and cleaner industries.
- 2.** Progress is possible due to the open partnership this government prefers to operate within, and the stability of leadership provided by the Welsh Government allowing for a focus on the longer term. High quality jobs in these industries and a move to a more sustainable operation, enables growth and aligns with the First Minister's priorities for more jobs.
- 3.** This government is working in collaboration with the UK Government on the Industrial Strategy and we have been clear about the importance of clean industries as a sector which has huge potential in Wales. As well as the Cabinet Secretary for Economy's wide-ranging brief which includes energy and planning, enabling a strategic approach to ensuring Wales is well placed to benefit from the green revolution.
- 4.** I thank the members of the Economy, Trade and Rural Affairs Committee for their report on the Green Economy. I have set out my response to the Report's individual recommendations below.

2. Recommendations

The strategic approach to decarbonising the economy (1 and 2)

- 5.** Recommendation 1: By May 2025, the Welsh Government should clearly set out what actions it needs the UK Government to take to support Wales's transition to a green economy. This should inform both governments' development of an industrial strategy to decarbonise the Welsh economy.
- 6.** Response: Accept in principle
- 7.** The transition to a green economy has already begun with the UKG signing the agreement to decarbonise the TATA site at Port Talbot, the journey will continue in the development and collaboration with the UK Industrial Strategy. Whilst it is a UK strategy the Welsh Government has identified priority sectors for Wales and shared these with the UK Government.
- 8.** Our Economic Mission aligns to the UK Government ambitions and values, to stimulate economic growth and increase productivity, we are also aligned to creating new and quality jobs in renewable energy, whilst minimising our carbon impact.
- 9.** Positive engagement and input will continue through the development of sector plans, including across the clean energy industries. This includes engagement through the Business and Industry Inter-Ministerial Group (IMG), a key vehicle for advancing together the Industrial Strategy within Wales.
- 10.** Recommendation 2: The Welsh Government should set out how it will attract commercial developers to become active partners in this transition, and what conditions it will place on co-investment with them.
- 11.** Response: Accept
- 12.** The Investment Summit is a major piece of active engagement with commercial developers to become active partners in the process of transition to a green economy. There are ongoing discussions with partners and there are huge opportunities for collaboration. A broad suite of support measures is potentially available to support investment opportunities in Wales, including access to finance through the Development Bank of Wales and work we are progressing with the renewable energy industry through a sector deal.

Supporting communities to benefit from the transition to a greener economy (3, 4, 5 and 6)

13. Recommendation 3: The Welsh Government and partners should publish consistent guidance for developers to support a strategic approach to delivering community benefits across renewable energy projects in order to ensure more wealth generated by the renewable sector is retained by the communities who host those developments.

14. Response: Accept

15. We currently have guidance in place to support our goal for ensuring wealth generated by the renewable sector is retained by host communities. We are working with Community Energy Wales and Ynni Cymru to consider the current guidance.

16. Recommendation 4: The Welsh Government should review what is defined as locally-owned in its generation targets, to close off any loopholes. It should also set out how this more stringent definition of locally-owned will be applied to achieving the target of 1.5GW locally-owned generation by 2035.

17. Response: Accept

18. We currently have guidance on local ownership. We are working with Community Energy Wales and Ynni Cymru to consider the current guidance and part of those discussions include the definition of 'local ownership'.

19. Recommendation 5: The Welsh Government should set out its strategy for introducing targets or quotas for the use of local workers and contractors when developing renewable energy installations and their associated components and infrastructure, including negotiations with the UK Government to amend the Contracts for Difference scheme, which can pose a barrier to the use of local labour and supply chains.

20. Response: Accept in principle

21. A Renewable Energy Sector Deal encompasses all established and innovative technologies. Working with key stakeholders we will explore the supply chain and training needs, building on the work of the Offshore Wind Task and Finish Group. We want to ensure benefits from these developments are retained within Wales.

22. On the Contract for Difference scheme, we are engaging with the UK Government and providing feedback to ensure local supply chains and local skills are benefiting from renewable energy projects in Wales. The changes to the 7th auction round for offshore wind illustrates how this scheme is evolving to try and maximise local supply chains. The Offshore Task and Finish Group is looking at supply chains, ports and skills to gain a better understanding of the actions required to maintain benefits of fixed and floating offshore wind in Wales.

23. Recommendation 6: The Welsh Government should provide the Committee with regular updates on the progress made by Ynni Cymru and Trydan Gwyrdd Cymru against their aims and objectives and how they will work together with GB Energy.

24. Response: Accept in principle

25. Regular updates on Ynni Cymru are available on the Welsh Government website. The page includes a list of projects which have received grants and provides updates on the application process for the new grant funding year 2025-26 (<https://www.gov.wales/ynni-cymru-capital-grant-funding-programme-grants-awarded>)

26. Trydan Gwyrdd Cymru is working to develop a number of potential renewable energy project sites through the pre-planning stages.

27. We will continue to update the Senedd on key developments and progress made by Ynni Cymru and Trydan Gwyrdd Cymru. With Great British Energy due to be established following the Royal Assent of the Great British Energy Bill, we will be setting out more details of partnership working and how Great British Energy will deliver in Wales.

Renewable energy priorities (7, 8 and 9)

28. Recommendation 7: The Welsh Government should work with the UK Government, Crown Estate and industry to develop and publish a pipeline of renewable energy projects, which is regularly updated.

29. Response: Accept in principle

30. We currently have the Offshore Wind Task and Finish Group which will coordinate the work across sectors from ports, to supply chain opportunities and skills and workforce requirements to develop an overall plan recognising the inter-relationships between sectors, which will include a pipeline of

opportunities. The work on the Renewable Energy Sector Deal will consider what might be useful in terms of future opportunities in Wales.

31. Recommendation 8: The Welsh Government should provide further details of how it intends to work with partners to address the lack of resource in the planning system, so that speedier consenting decisions are made for renewable energy applications.

32. Response: Accept

33. A range of immediate measures have been introduced to speed up decisions on infrastructure schemes, including renewable energy projects. Additional resources have been provided to Planning and Environment Decisions Wales to employ additional case officers and inspectors. Natural Resources Wales has been provided with additional funding for planning and permitting casework and Planning Directorate has funds available to support additional capacity in local planning authorities - an example being the recruitment of infrastructure planning officers to work across North Wales.

34. Our objective is to ensure that all partners involved in the consenting of projects operate on a full cost recovery basis. This objective underlies the Infrastructure (Wales) Act consenting regime due to be introduced this year and underpins the changes to planning application fees scheduled for the autumn. This will allow all involved in planning and consenting to recruit and retain the staff that they need. To gain a fuller understanding of future workforce requirements we have commissioned the Royal Town Planning Institute Cymru to undertake a workforce planning study on our behalf. As an immediate step to increase capacity are supporting bursaries through the Pathways to Planning scheme.

35. Recommendation 9: The Welsh Government should set out how it will prioritise investment in ports, and support Welsh ports in their efforts to access UK Government funding such as the Floating Offshore Wind Manufacturing Investment Scheme.

36. Response: Accept

37. The Offshore Wind Task and Finish Group will co-ordinate the work across sectors involved in the delivery of offshore wind. The ports in Wales represent a key sector and the action plan from the task and finish group will set out how government will support the ports in Wales including action needed to access government funding.

A just transition and fair work (10 and 11)

38. Recommendation 10: The Welsh Government should work with partners to develop just transition action plans to support the communities and workers most at risk of negative impacts from transitioning to net-zero.

39. Response: Accept in principle

40. We have already consulted on a Just Transition Framework, and we are committed to supporting a just transition to a net zero society in Wales. We are also committed to a social partnership way of working that provides a voice for workers and trade unions and this has an important role to play in a just and inclusive transition to a greener economy. Similarly, we will continue to promote fair work principles as part of a just transition that helps to safeguard worker well-being and provide a secure environment for workforce learning and development, which is essential to the resilience our economy and businesses will need.

41. Recommendation 11: The Welsh Government and UK Government should work with partners including industry and educational institutions to tackle the gap in diversity in the renewable energy workforce. This could include developing more inclusive education and training routes into renewable energy roles, and leading work to ensure partners can contribute to cultural change in energy workplaces that makes them more attractive to underrepresented groups.

42. Response: Accept in principle

43. A Renewable Energy Sector Deal encompasses all established and innovative technologies and will explore the supply chain and training needs. We will be working with relevant stakeholders to ensure we are delivering for the benefit of Wales. However, we believe that we are already tackling this gap with the new curriculum in Wales, and have good examples of working with developers, schools and colleges to share knowledge, information and opportunities.

44. An example of this is the Morlais tidal stream project off the coast of Ynys Mon. This project has worked with schools to share knowledge and information, ensuring local opportunities are recognised early. Marine Energy Wales also has an educational work stream where it works with schools and colleges. Other key

stakeholders include Regional Skills Partnerships and Careers Wales, where they also work to ensure a diverse workforce.

Skills (12 and 13)

45. Recommendation 12: The Welsh Government should carry out, or commission, a skills audit to better understand what skills provision is currently available and where gaps within provision are. This should establish what skills are needed, both now and in the coming years, and where they are, and will be, required to address skills shortages. Following the skills audit, the Welsh Government should produce a report clearly explaining what is needed by when. This report should be regularly updated to enable skills providers and industry to work together to provide the skills required. The Welsh Government should address the perceived mismatch between the education and skills system and what industry needs, including whether the current system can deliver for the upskilling and reskilling of the current workforce.

46. Response: Accept in principle

47. The Welsh Government is currently scoping a skills audit for Wales, considering what approaches have been taken elsewhere and what data are available for Wales. However, identifying green jobs and skills may be difficult due to data limitations - we lack the sample sizes in data sources to be able to do the granular analysis that England can do. Whilst individual sectors may produce their own data, e.g. projections of what is required in future years, it is very difficult to place that in the context of an overarching skills audit due to overlaps, different methodologies, definitions and quality / robustness, amongst other factors. A Green Skills Review is currently under way, one of a number of complementary Short-Turnaround-Reviews, which will continue to strengthen our understanding of the needs of industry and further education both now and in the future. The Minister for Culture, Skills and Social Partnership led a Green Skills roundtable in January and further targeted engagement with stakeholders is currently being developed which will inform ministerial recommendations for future skills provision.

48. Recommendation 13: The Welsh Government should set out how it will work with Careers Wales to ensure that careers advice is better integrated throughout a pupil's education journey to ensure young people are aware of the opportunities within Wales presented by transitioning to a greener economy.

49. Response: Accept in principle

50. We already work closely with Careers Wales to ensure schools can embed careers learning and advice through a learner's education journey, including building awareness of the range of opportunities available to young people in the world of work. This is supported both by Careers Wales's ongoing school support programmes, and the Careers and Work-Related Experience requirements of the Curriculum for Wales, which will complete its roll-out in September 2026.

51. Careers Wales recognises the green economy will have an impact on future jobs and has prioritised this area across its work. In all secondary schools, special schools and Pupil Referral Units, Careers Wales offers a facilitated Education Business Partnership which provides opportunities for learners and teachers to meet and interact with employers. These interactions aim to inform, inspire and motivate young people about their future career and include the offer to engage with a wide range of green economy employers across Wales. Since September 2024, Careers Wales also offers careers guidance and coaching to all year 11 learners before they leave compulsory education, ensuring young people receive impartial support tailored to their individual needs.

52. The Careers Wales and Working Wales websites are full of information relevant to young people and adults to support their career journeys, including a wide range of information, opportunities, and support available through the Net Zero and your Career area.

53. Careers Wales also provides an offer of support to schools to build their Alumni community and, through the Big Ideas Wales Role Model contract, is continuing to deliver 1,000 workshops to inform and motivate learners to consider self-employment and business start-up. Careers Wales has also developed a range of resources which give teachers and practitioners a real sense of what a green future job market looks like, so that they can pass that vision on to the young people and encourage them into the right training pathways.

54. As well as the support that Careers Wales provides, schools play a key role in raising awareness of the range of opportunities available to young people.

55. The Curriculum for Wales, which began roll-out in 2022, ensures careers education and sustainability are embedded across a range of learning, and we have worked closely with Careers Wales to help them develop their offer to support the Curriculum. Careers and Work Related Experiences (CWRE) is a

cross-cutting theme in this curriculum, for learners from ages 3 to 16. This means that for the first time, we expect learning about careers to be integrated into learning from children's earliest time in school. Because Careers education is integrated with other learning, it gives schools an important opportunity to ensure careers education makes important links with issues like sustainability.

56. In the case of sustainability and the green economy, one of the four purposes of the Curriculum is to support learners to become ethical, informed citizens who show their commitment to the sustainability of the planet. As schools plan all learning, including careers education, we would expect them to plan how this helps learners develop these attributes.

57. Careers education can play an important part in preparing learners for the green economy by exposing them to a wide range of career opportunities, including in emerging sectors. We would expect age and developmentally appropriate careers education to be embedded across various Areas of Learning and Experience, in line with the statutory CWRE guidance.

58. For example, the Science and Technology Area of Learning and Experience seeks to build learners' understanding of ethical entrepreneurship, business ethics, and sustainable green industrial processes and practices. This prepares them for the world of work and builds their awareness of emerging green economic fields. Sustainability and climate change, and the ways in which individuals, communities, and countries can respond to these challenges, are also included as a mandatory part of learning within the Humanities Area. The Health and Well-Being Area of Learning and Experience encourages learners to develop resilience and adaptability, and to make informed and considered decisions, which are vital in a changing economic landscape. These Areas of Learning provide key contexts for engaging careers and work-related experience provision, helping learners to see how their learning connects with the world of work, including in the green economy.

59. Schools also have access to a range of resources from Careers Wales to support them to plan effective careers education.

60. Our early insights research into Curriculum implementation found that primary and secondary schools were identifying these cross-curricular careers education opportunities, and drawing on positive relationships with Careers Wales, as well as local employers and organisations, to support their provision.

61. We will continue to work closely with Careers Wales to understand the impact of their support for schools, including in developing engaging CWRE

provision that raises learners' awareness of green skills and jobs. We will also be promoting green growth and jobs as a career pathway at the UK WorldSkills National Finals, which is being held in Wales in November.

Financing the net-zero transition (14, 15 and 16)

62. Recommendation 14: The Welsh Government should develop a long-term net zero investment strategy.

63. Response: Reject

64. The First Minister is clear we do not need any further strategies; we need action and delivery. Our Economic Mission is fully congruent with our Net Zero plan, our journey to net zero and a greener, stronger, fairer Wales. It focuses on our second carbon budget (2021 - 2025). It also looks ahead to build the foundations for Carbon Budget 3 and our 2030 target, as well as net zero by 2050.

65. Our Investment Summit will bring to Wales investors in that greener economy, it will present the opportunities that this country has to offer and the energy transition that has already begun. The next Welsh Government will need to ensure and monitor the added benefit of the UK 10-year Industrial Strategy and its impact on transition to net Zero as well as increase productivity and jobs in Wales.

66. Recommendation 15: The Welsh Government should work with the Development Bank of Wales to set out the steps the Bank should take to play a greater role in contributing towards, what the Bank called, "the single largest economic mission in Wales" - delivering net zero. This should include support both for private sector investment and community energy provision.

67. Response: Accept

68. The Welsh Government's remit letter to the bank clearly set out that DBW is expected to play its full role, by requiring changes to business behaviours and practices to move our economy purposefully toward Net Zero and our wider environmental goals, while maximising the future economic opportunities from these activities. The bank's corporate plan details the organisational response to this remit, which is overseen by the Board and reported to the Welsh Government. The bank continues to deliver on the corporate plan and has established a Green Business Loan Scheme (GBLS).

69. Since 2023 the GBLS has provided over £7.5m of repayable finance to small and medium-sized enterprises to invest in energy-saving technologies, thereby reducing operating costs while supporting emissions reduction. DBW also operates a £12.5m Local Energy Fund to support community-led renewable energy projects that increase the amount of renewable generation in Wales.

70. Operating the GBLS pilot has positioned the bank to now take a leading role in Project Perseus. This project (overseen by the IoD, ICAEW, UK Finance and the British Business Bank) is developing the UK's most advanced cross-sector smart data scheme to enable green loans supported by automated emissions reporting. This is a prestigious and significant development which highlights the innovative and ground-breaking role of the bank and how it is contributing to sector-wide initiatives.

71. Recommendation 16: The Welsh Government should use all potential levers to prioritise investment in the transition to a greener economy, including working with partners such as the UK Government, the National Wealth Fund and local authorities to jointly invest in projects where appropriate. Spending should focus on opportunities to leverage private sector investment and filling potential investment gaps.

72. Response: Accept

73. The Welsh Government is committed to working with the UK Government and the National Wealth Fund to help leverage private sector investment. The Welsh Government is committed to working collaboratively with the UK Government and other partners to identify all potential opportunities to jointly invest in projects and build investment pipelines to support the transition to a greener economy.

74. The National Wealth Fund is the key lever to deliver the UK Governments' 'clean growth mission' across the UK and shares the Welsh Government's ambitions and values, to stimulate economic growth, create new and quality jobs in renewable energy, whilst minimising our carbon impact.

75. The NWF objective is to provide the capital funding necessary to mobilise private investment across the UK which will support its growth and clean energy missions'. It is committed to working collaboratively with the Development Bank for Wales and regional partners to provide commercial and financial advisory and lending support throughout the investment cycle to deliver on local priorities, supporting them with early-stage project development.

3. Conclusions

The strategic approach to decarbonising the economy

76. Conclusion 1: The green economy is an opportunity that must be grasped quickly. The Welsh Government should work at pace with the public and private sector to support decarbonisation, underpinned by a just transition, to help Wales fully realise the opportunities presented. In turn the Welsh Government must make maximum use of public-private partnerships to drive renewable energy investment.

77. Response: Agree

78. The Welsh Government agrees that transition to a green economy needs to be based on cross sectoral partnerships, to be carried out at pace and to include investment in renewable energy. The Welsh Government is committed to working collaboratively with the UK Government and other partners to identify all potential opportunities to jointly invest in projects and build investment pipelines to support the transition to a greener economy.

79. The Welsh Government has committed a further £4.5m to the Green Business Loan Scheme in 2025-26 and the bank continues to work with stakeholders across the UK, through Project Perseus, on the underpinning mechanisms which will enable data sharing on emissions at business level to unlock green finance. Such ventures are critical in establishing a viable connection between the financial economy and real economy to enable a clear path to net zero in a secure, scalable and assurable manner.

80. The National Wealth Fund (NWF) is the key lever to deliver the UK Government's 'clean growth mission' and shares the Welsh Government's ambitions and values, to stimulate economic growth, create new and quality jobs in renewable energy, whilst minimising our carbon impact.

81. The NWF objective is to provide the capital funding necessary to mobilise private investment across the UK which will support its growth and clean energy missions. It is committed to working collaboratively with the Development Bank for Wales and regional partners to provide commercial and financial advisory and lending support throughout the investment cycle to deliver on local priorities, supporting them with early-stage project development.

82. Conclusion 2: The Welsh and UK Governments should work together at pace to develop an industrial strategy that provides a clear vision for decarbonisation of the Welsh economy. The strategy must facilitate the Welsh Government taking a key leadership role in the decarbonisation of Welsh industry.

83. Response: Agree

84. We remain committed to collaborating closely with the UK Government on the development of the forthcoming Industrial Strategy. The UK Government shares our ambitions and values, to stimulate economic growth, create new and quality jobs in renewable energy, whilst minimising our carbon impact. Positive engagement and input will continue through the development of sector plans, including across the clean energy industries. This includes engagement through the Business and Industry IMG, a key vehicle for advancing together the Industrial Strategy for Wales and the wider UK and ensuring its successful delivery.

85. Through supporting the UK's clean energy industries there is an opportunity to accelerate growth opportunities and jobs, which align with the First Minister priority areas. We will continue to work to focus upon funding opportunities, where for example the National Wealth Fund will commit at least £5.8 billion over the UK Parliament to green hydrogen, carbon capture, ports, gigafactories and green steel sub-sectors. We are working closely with regions to help maximise opportunities and in areas with the UK Government across Freeports, Investment Zones and City and Growth Deals to help realise our strengths and maximise opportunities.

86. Wales has thrived on a diverse economy rooted in manufacturing and can move forward in an exciting shift towards renewable energy. This transition is not merely a necessity, it is an opportunity for small and medium enterprises (SMEs) to flourish, creating new supply chains and fostering fulfilling careers in areas of Wales that have often suffered from outward migration. We published a Business Decarbonisation Brochure in February 2025, which brings together in one place the strategic context, presents researched evidence on carbon and financial impacts and provides references to a wealth of technical and financial support.

87. We will continue to focus and support through Net Zero Industry Wales, Business Wales and the Development Bank of Wales to support businesses and to help realise opportunities which net zero brings.

88. Conclusion 3: The Welsh Government will need to make use of public-private partnerships to drive renewable energy investment. As part of this they should make ambitious but realistic asks of commercial developers as conditions of government investment.

89. Response: Agree

90. The Welsh Government agrees that partnership across sectors and with commercial developers are essential to drive renewable energy investment.

Renewable energy priorities

91. Conclusion 4: Weak power network infrastructure is an issue that must be tackled to support unlocking Wales' green economy potential and green growth.

92. Response: Agree in principle

93. The existing grid network provides a secure, resilient and stable supply meeting historic use. However, analysis from our Future Grids for Wales report shows that Wales's electricity demand may almost triple by 2050 and updating Wales's grid is essential if we are to have an energy system fit for purpose in the long term. Significant increases in renewable generation to meet up to three times the current demand will require new electricity transmission network infrastructure. The report clearly evidences that increases in peak electricity demand will create a need for electricity distribution network reinforcement.

94. Welsh Government officials meet regularly with network companies and other key energy network-related organisations including Ofgem, the Department of Energy Security and Net Zero, and the National System Energy Operator (NSEO). These companies and organisations are responsible for both grid connectivity in Wales, and for strategic planning for improving grid capacity and strengthening networks in Wales. The Welsh Government has led energy planning across Wales at the local authority level to identify future needs, which has closely involved network companies and provides evidence that is informing network companies' delivery plans.

95. Officials also sit on the committee that oversees NSEO's Strategic Spatial Energy Plan, which will in turn inform the Central Strategic Network Plan. We are already working with the newly launched Regional Energy System Planner for Wales, which will play an important part in developing a coherent plan for gas

and electricity networks in Wales that meet the priorities of Welsh people and businesses.