

A manifesto for community energy

The UK government is consulting on the design of the future energy system, to determine new rules and regulations around how we buy, sell and manage our energy. It is vital that the voices of community energy groups are heard and that the value they can bring is fully considered in these plans.

Dramatic cost reductions in renewables, the rise of electric vehicles, cheaper batteries and more automation is changing the way we generate and consume energy. We are moving towards a more distributed, decentralised and digitised energy system.

In the future there will be economic value not only in generating energy but in providing flexibility, reducing energy demand, eliminating fuel poverty and guaranteeing a positive customer experience. Community energy groups have a new opportunity to evolve, innovate and play a critical role in this space. And some already are.

Community energy businesses will be important players in the management of the smaller, distributed energy technologies that are coming into our homes and neighbourhoods. As they are embedded in communities, they are trusted intermediaries who can communicate directly with people around these changes.

Community energy groups have brought significant economic benefits to their local areas. In England, in 2017, they raised a collective total of £1.1 million in community benefit funding, while in Scotland, over the past decade, an estimated £50 million has been pumped back into the community.

In 2014, the government set out a strategy for a million homes to be powered by community energy schemes by 2020. Four years on, that vision has been abandoned with only 67,000 homes powered by community energy. The scrapping of the strategy and the reduction in feed-in tariffs means community energy groups are now struggling to develop viable projects. In 2017, at least 66 community projects either stalled or failed.

Recently adopted EU rules have instituted a new role for 'citizens energy communities', allowing them greater participation in emerging local energy markets.

As organisations that represent the growing UK community energy sector, it is vital that our voices are heard and the value we can bring to the future energy system is fully considered.

1. Value communities in the energy system

Design the market with community energy in mind

Community energy projects should be valued for the services they can bring to the grid and the wider energy system, including carbon reduction, building local resilience and other social benefits that community projects offer. As energy technologies become cheaper and can be deployed at the local and household levels, community groups can play a role in engaging consumers and gaining their consent to change. For these reasons, a level playing field is needed for community projects to participate fairly and fully in emerging local energy markets.

Open new routes to market for community groups

With the phase out of feed-in tariffs, community energy businesses need new routes to market. Many cannot take the same market risks as commercial actors and require a degree of support to de-risk investments. This could include, for example:

- supporting community onshore wind and solar projects at a 'subsidy-free' price through the contracts for difference (CfD) scheme;
- instituting the principle of a social impact rider that encourages public and potentially corporate buyers of power to strike long term power purchase agreements with community energy businesses;
- reforming the supplier hub model to allow community energy groups to operate as local energy suppliers.

Provide incentives for system operators to engage with community energy in flexibility and capacity markets

The government should simplify access to flexibility and capacity markets at the distribution and transmission network levels and offer greater transparency to prospective community entrants around where the value is on the supply chain. Standards around demand response should be open and simplified to allow community participation and innovation. Where the transition to a distribution system operator (DSO) is already underway, the DSO's incentives should encourage them to support community energy schemes, for instance to collaborate around flexibility procurement, data-sharing and customer engagement.

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2. Support innovation

Stimulate experimentation at the local level

Community energy groups should be supported to participate in local energy trials to provide flexibility, demand management, peer to peer trading and other specific services to the grid, like network costs avoidance. Most innovation funding is designed for profit making companies. The government should ensure the utmost transparency around invitations to trial, making sure they are well publicised and accessible, lowering the minimum levels of investment and making it possible for community groups to take part.

Help with knowledge and capacity

Community energy groups face barriers to entry due to knowledge gaps and lack of access to professional expertise. They should be supported to overcome these by a well-resourced body such as the Community Energy Hub. Resources could include technical, commercial and policy support to navigate the new energy markets. The hub could also synthesise learning for non-specialist audiences on the outcomes of the various trials supported by the government. Furthermore, the government should support community energy groups to deploy a nationwide education campaign on energy, particularly as the introduction of smart meters, half hourly settlements and other complex instruments risk leaving some people behind.

3. Provide leadership

Support clean energy ownership by communities

A variety of approaches to community ownership, including joint ventures, split ownership and shared revenue, were described in the 2015 Shared Ownership Taskforce report. Commercial developers should be required to use one of these mechanisms to allow communities a share of ownership. Community benefits of energy projects should be given material weight in planning applications and community onshore wind projects should have a level playing field with other renewable technologies in the English planning system. Local authorities should provide suitable space for community energy and work with them, through Local Enterprise Partnerships, in delivering targeted energy services, supporting vulnerable households and growing the local economy.

Reinstate tax relief for investment in community energy projects

New community energy business models carry significant investment risks. The feed-in tariff programme ends in March 2019, and will increase the financial risk for small community operators. We call for the reinstatement of community energy projects into the Social Investment Tax Relief regime. Eligibility criteria should ensure that private energy providers without a strong community focus cannot benefit from tax relief.

Create local energy efficiency markets

Five out of the six current BEIS Local Retrofit Supply Chain pilot projects are led by community energy groups. The government has identified the following demand side barriers for energy efficiency uptake: low awareness, suspicion about installation quality and lack of trusted, salient, tailored advice. As trusted intermediaries, community energy groups should be enabled, where appropriate, to lead the deployment of local energy efficiency programmes.

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The following organisations support this manifesto:

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 Bath & West Community Energy
 Carbon Co-op
 Community Energy England
 Community Energy London
 Community Energy Scotland
 Community Energy South
 Coop Energy
 Energise Sussex Coast
 Energy4All
 Forum For The Future
 Friends Provident Foundation
 Green Alliance
 Locality
 NUS
 Power to Change
 Regen
 ReScoop.EU
 Social Enterprise UK
 Westmill Solar Co-operative



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