

Barriers to community Energy



Call for evidence

Closing date: 30 June 2024

CSE's response in Summary

Transforming the way we generate and use energy so we produce less carbon is a key to tackling the climate emergency and reaching net zero targets.

At the Centre for Sustainable Energy (CSE), we bring people together to transform the energy system and tackle the climate emergency.

Our response to this consultation emphasises three key principles for effective and equitable renewable energy development:

- Empowering communities to actively engage in and lead local energy initiatives
- Ensuring the energy system reflects and responds to local needs and aspirations
- Guaranteeing that local people benefit directly from renewable energy projects in their area

While various ownership models can support these goals, we believe these principles are essential for the successful and just transformation of the energy system to respond to the climate crisis.

We're therefore pleased to see an increasingly prominent role for community energy in flagship net zero programmes like LEAD¹ (local energy advice demonstrator projects), the Net Zero Living programme and prior to that other innovative local net zero projects such as Project LEO in Oxfordshire. However, our concern is that rather than growing, diversifying and deepening the sector so that there are more organisations able to participate in and replicate these schemes, and more places can benefit, the wider needs and potential of the sector are being overlooked.

In summary, our top five recommendations are as follows:

1. We need to see more investment in innovation, learning, and capacity building across the community energy sector. In particular, groups need early-stage support to help them understand the evolving energy market and the opportunities for community level action. We need stronger networks at multiple scales (regional, national and UK-wide) that build capacity, share learning, resources and viable

¹ [Local Energy Advice Demonstrator Competition: successful projects - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/local-energy-advice-demonstrator-competition-successful-projects)

business models, and foster greater collaboration with other energy system and community actors. The strength of the sector is highly contingent on its ability to learn and evolve and collaborate.

2. We need not to disadvantage smaller schemes ... Create a financial mechanism that's for renewable energy schemes of less than 5 MW i.e. providing a route to market and revenue certainty for electricity sold to the grid from community energy projects and other sectors. This would enable many groups to make an investment case for projects.
3. Review the Community Energy Fund to ensure that it offers support to the full breadth of the community sector, including non-generation schemes and the business models most needed to transition us towards a net zero future. We believe the Bristol (City LEAP) and London Community Energy funds (which consistently demonstrates impact and value-for-money) provide a useful point of comparison.
4. Review regulatory restrictions which prevent the development of services like peer-to-peer trading, aggregated flexibility services (at community scale) and microgrids. Enable community energy groups to access a regulatory sandbox, and fund long-term, large-scale pilots of scalable, sustainable business models, to be publicly disseminated.
5. Promote community energy through existing local democratic structures and processes such as town and parish councils and neighbourhood planning and through wider climate awareness and net zero behaviour change campaigns.

1. Which type of stakeholder is responding?

f. Other

The Centre for Sustainable Energy (CSE) is a charity supporting people and organisations across the UK to tackle the climate emergency and end the suffering caused by cold homes. We do this by sharing our knowledge, practical experience and policy insights. For over 40 years, we've helped pioneer and support community action on energy.

Uniquely, we support individuals, communities and organisations to take practical action on energy, alongside research and analysis to inform local and national plans and policy. We have a combination of community, technical and research expertise, giving us a nuanced and multifaceted perspective of the energy system. We take a holistic approach to energy system transformation, including the power that is created by bringing communities

together with other enabling actors (planners, distribution system operators, local authorities, investors and supply chains).

Our credentials

As far back as 2010 CSE co-founded the Community Energy Practitioners Forum (as a precursor to Community Energy England) and today we're proud to be working collaboratively with Community Energy England, Scotland and Wales, Ashden, and for Renewables in Northern Ireland to lead a new UK-wide flagship Community Energy Learning Network funded by the [National Lottery's Climate Action](#).

We have a strong track-record of collaboration and capacity-building in the community energy sector. We're currently a support partner to [North West Net Zero Hub's Community Energy Fund](#) and we're managing Bristol City Leap's £1.5 million [Community Energy Fund for Bristol](#). We're also leading research for Access (the Foundation for Social Investment) into potential business models and support needs for charities and social enterprises in the retrofit sector, having established [Futureproof](#) and [Retrofit West](#) (a new community interest company) ourselves.

We have undertaken a number of research activities into the conditions needed for community energy to thrive. These include: '[We need to come together](#)' - Lawrence Weston's journey to social fairness & net zero and the [Enabling Community Energy in the North East of England](#) study for the North East Net Zero Hub, which explored pathways for developing community energy in North East England.

We helped establish the Bristol Energy Network and are helping to coordinate the Wessex Community Network. We provide training and facilitate learning, exchange and relationship building and have developed a wide-range of different tools, methodologies and resources for the sector.

2. Where are you, or your organisation, responding from within UK?

We are a national charity but operate from our offices in Bristol. Our work spans the UK, although most of our work supporting communities and local authorities takes place in England.

3. What are the barriers, financial and non-financial, preventing the establishment, development, and scaling of community energy projects? Please include any relevant quantitative and qualitative evidence.

Financial

Overall, it is a significant concern to us that it seems increasingly difficult to develop smaller projects. Grid connection costs, policy constraints and the market structures for renewable energy increasingly mean that only large-scale projects are economic. This affects the whole renewable energy sector, but especially affects the community energy sector, who are well placed to develop projects that are supported by their local community but less able to develop very large projects.

Route to market for generation projects

The removal of the Feed-in Tariff has made it much more difficult for community energy groups to develop community-scale generation projects i.e. less than 5 MW. Whilst we accept that the falling cost of both wind and solar projects mean that subsidies are no longer necessary, these projects still need a route to market.

Whilst the contracts for difference regime provides a sure route and price stability to market projects of over 5 MW, community energy projects are often smaller in scale, have no equivalent protection, and must factor into the development of their business plan securing a private buyer for their electricity. The Smart Export Guarantee, introduced after the withdrawal of the Feed-in Tariff, doesn't provide the security needed to access finance or investment. It neither offers a reasonable minimum tariff price or minimum contract length.

Government should create a level playing field for the generation of energy from renewable energy developments of smaller than 5 MW to optimise and democratise the use of the grid and develop more aligned to local priorities. We like to see an export guarantee for smaller sites, similar in function to the contracts for difference regime.

Locally responsive and applicable business models

CSE carried out research for the North-East Local Enterprise Partnership on 'Enabling community energy in the North East of England'², seeking to understand the reasons for the very low concentration of community energy projects and how the sector could best be supported to grow.

This found:

- With no Feed-in Tariff, there are far fewer new asset-based energy generation models.
- Where they do exist, they're often quite niche and financially complicated.
- There was potential to create new opportunities for community energy.
- There are already many well established models, tools and project ideas – relevant to all areas of the UK. However, they're focussed on markets that are generally immature and, together with technologies, are evolving rapidly, making some models more complicated.

New business models consisted of:

1. **Scale Models**, based on cooperation and collaboration between communities, addressing common problems like a lack of electric vehicle (EV) charge points, roof top solar, EV car clubs or solar on roof-tops or schools. They typically have a pooled or centralised delivery hub enabling multiple communities to draw on knowledge and skills, helping to reduce the investment required by each individual community. A great example of this is the Big Solar Coop.
2. **Niche Models**, these are predominantly generation projects. They're viable because they're able to sell directly (via private wire or other arrangement) to a local business or other energy intensive local consumer, or sometimes because they're able to mix a range of different revenues streams. The retail challenges, specified above, mean that increasingly these are the only generation projects possible in the sector. They are generally riskier, more time intensive and require commercial expertise to develop and therefore – even where there is potentially – there are relative few organisations with the capacity to develop them. There are lots of examples of these niche projects (and the associated challenges) from Rural Community Energy Fund.
3. **Innovation projects**, which are principally about exploring, modelling and demonstrating what a future local energy system could look like and the social, financial and system benefits of greater local and community engagement. There are many examples of community organisations being at the forefront of developing

² www.cse.org.uk/my-community/community-projects/community-energy-groups-in-the-north-east/

these projects, including Project LEO (Low Carbon Hub) and Flex Community (Bath and West Community Energy)

Funding the early development phases of community energy projects

The community energy sector has been hampered by a lack of at-risk finance to fund project development. The Rural and Urban Community Energy Funds supported many community energy groups in professionalising and scaling up their ambitions and enabled projects like Ambition Community Energy³ to happen.

In this respect, the opening of the Community Energy Fund is welcome, but the fund has limitations:

- The Community Energy Fund has a high entry barrier, requiring a community energy group to be formed and for the group to have a specific proposal in mind.
- It is aimed at projects which demonstrate innovation, and which are of larger scale.
- It does not support the establishment of 'scale models' based on cooperation and collaboration between communities, but instead concentrates on single projects on single sites.
- It doesn't help communities to understand their very early needs and priorities.
- It doesn't support communities to begin awareness raising activities which are often a precursor to project development.

By contrast the Bristol Community Energy Fund (BCEF) and London Community Energy Fund are more open and flexible:

Bristol Community Energy Fund

- As well as renewable energy and heat, BCEF funding can be used for building retrofit, demand side management, low-carbon transport initiatives (e.g. EV charging points, car clubs) and for advice services.
- BCEF provides microgrants of up to £1,000, small grants of £1,000 - £5,000 for idea testing as well as larger development grants and repayable loans to get a project investor-ready.
- One third of the Bristol Community Energy Fund is used to provide support through the Bristol Energy Network, an umbrella organisation for the community energy sector, which undertakes outreach work to community groups not currently involved in community energy.

London Community Energy Fund

³ <https://www.ambitioncommunityenergy.org/>

- Fundable projects include energy generation, energy storage, energy efficiency and energy-use reductions, demand-side response and demand reduction, electric vehicles or low-carbon transport initiatives.
- Innovation and pre-feasibility development micro-grants of up to £5,000 per project are available.
- Training, events and engagement grants of up to £5,000 per group supported. This can be used by community energy groups to provide training; and engage and partner with new community groups.
- Funding can be used for project implementation and delivery for up to a third of the capital value of the project.
- LCEF Funding allocates up to 50 per cent as upfront payment upon signature of the grant agreement, to help resolve cashflow problems within small community organisations.

Both these funds are accessible for newly established and establishing community energy groups and allow community groups to bid for smaller grants for easy to realise, simpler projects to build their capacity and confidence. Additionally, both funds better reflect the full scope of the community energy sector and are more suited to the business models which are most viable following the closure of the Feed-in Tariff.

Our experience is that community energy groups begin with awareness raising initiatives and smaller, simpler projects, often not generation projects, before scaling up to more ambitious projects. If the community energy sector is to be grown and made more diverse, these projects should be supported. Furthermore, support should not just be focussed on generation projects.

Non-Financial

De-prioritisation of community energy

The potential of community energy has been recognised at a national level on several occasions in recent years. However, despite the pressing and ever-growing ambition for achieving net-zero, actual policy support has waned.

The community energy strategy, published in 2014 under a different government, has not been updated. The recent partnerships for wind consultation⁴ made no mention of community-led wind projects, joint ownership projects or the community energy sector, instead concentrating entirely on private sector projects.

⁴https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1155782/onshore-wind-partnerships-consultation.pdf

Recent policy announcements – including The Ten Point Plan for a Green Industrial Revolution⁵, the Energy White Paper: Powering our Net Zero Future⁶ and The National Infrastructure strategy⁷ – make limited reference to the role of communities.

Community energy forums, support networks and access to expertise

Through our research on the community energy sector in the North East⁸ we carried out a significant survey of community groups across the North East England. This identified that, whilst there was very little community energy activity and only fragmentary networks in this region, there was a widespread interest in community energy among many organisations.

Our research found consistent support for community energy across the region, with a diverse range of community organisations who represent and engage with an even broader range of different constituencies who are interested in community energy.

However, there were few dedicated community energy organisations with an established track-record of delivering community energy projects. Overall, within the voluntary, community and social enterprise sector, there's a lack of confidence, ambition and belief in what is possible.

Many community actors reported an awareness and interest in community energy but weren't sure what to do or where to begin. To capitalise on the motivation to engage their communities, and deliver local projects and services, community groups need support to help understand the evolving energy market and opportunities for community level action. This support is required at an early stage to identify and translate local priorities and opportunities into high-potential projects. We believe there is potential to:

- Create networks that bring smaller organisations together so that they can work together as a greater force.
- Support the development of existing organisations and help shape and form new community energy organisations.

Established community energy groups also report difficulties in accessing expertise, with lack of knowledge and capacity within the community energy sector preventing the development and scaling of community energy projects. From our recent Wessex Community Energy Network meeting, it was evident that there is enthusiasm to take action but misconceptions around what is possible or viable. In this respect, many more mature community energy groups and intermediary bodies (like CSE) offer support to newly

⁵https://assets.publishing.service.gov.uk/media/5fb5513de90e0720978b1a6f/10_POINT_PLAN_BOOKLET.pdf

⁶ www.gov.uk/government/publications/energy-white-paper-powering-our-net-zero-future

⁷https://assets.publishing.service.gov.uk/media/5fbf7591e90e077ee2eadc44/NIS_Report_Web_Accessible.pdf

⁸ www.cse.org.uk/my-community/community-projects/community-energy-groups-in-the-north-east/

established organisations, however they are not funded to do so, and as such struggle to prioritise this work.

Our case study of the successful community-owned Lawrence Weston wind turbine⁹, revealed the extensive ecosystem of actors, experts and support networks which helped inspire the project and supported it coming to fruition. This included Bristol Energy Network, Bristol Climate and Nature Partnership (a partnership of over 1,000 member organisations committed to a zero carbon, socially just Bristol), the commercial energy sector, the city's annual Festival of Ideas, planning support and support from the council finding a site.

Community energy activities occur where these ecosystems and networks exist and are much less likely to where they don't. There is huge power in communities learning from what their peers have done and achieved, and in sharing learning, but in many parts of the country, these local energy ecosystems and networks are under-developed or simply absent. In this context, we support the regional net zero hubs and their role in administering the community energy fund locally.

From 2006 to 2012 CSE ran a national support programme for community groups working on energy. Originally called Community Action for Energy, which then became Green Communities, we gave bespoke support to enquiries alongside resources, tools, training and an annual conference. Over the lifetime of Green Communities, we supported over 23,000 enquiries from community energy activists, trained over 2,700 people, made 27 grant awards to local groups and grew the network to over 6,500 members. The tools and in-depth support that Green Communities gave to groups enabled them to develop their ecosystem locally. We continue to use our own charitable reserves to answer enquiries from community groups, and we would like to see a new national programme providing support to community energy groups to deliver net zero locally.

As well as the strengthening of the UK-wide network that we're proud to be a part of (with Community Energy England, Scotland and Wales, Ashden, and for Renewables in Northern Ireland), we strongly recommend the creation of regional or sub-regional community energy networks or, where active networks already exist, funding and reinforcing them to build capacity, share learning, resources and viable business models.

Our experience, as detailed above, has shown that community energy groups would benefit from having easy access to tools and resources to simplify their work:

⁹ <https://centreforsustainableenergy.ams3.digitaloceanspaces.com/wp-content/uploads/2023/08/12153650/lawrence-weston-journey-to-social-fairness-and-net-zero.pdf>

- Project management tools, like CSE's Athloi project, will be a free, publicly accessible tool allowing members of community groups to work more efficiently on the development stages of renewable energy projects. It sets out the critical project path for common types of renewable energy from the inception of a project all the way to completion. We anticipate publishing this by the end of 2024.
- Having access to a national dataset on technically suitable areas for different forms of renewable energy, including wind, solar and micro-hydro, would be a great benefit.

Lack of diversity in community energy

There is a chronic lack of diversity within the community energy sector, especially around age, ethnicity and gender. Data from Community Energy England's 2022 membership report indicated that 95% of members were White, 88% were over 50 years old and 67% were male.

Our 2018 research for the Barrow Cadbury Foundation entitled 'Bringing local energy benefits to deprived communities' explored the conditions needed to develop community energy projects in low-income areas and develop policy recommendations. The research found that most community energy projects happen in more affluent areas. This means that the benefits of local energy schemes – a solar installation on a village hall, say, or a collective buying initiative – are less widespread than they ought to be, and tend not to be concentrated in the areas where they would be of most benefit.

The lack of diversity in the community energy sector and (in many areas) the lack of the social capital needed for community activities to occur are factors preventing the establishment, development, and scaling of community energy projects. If community capacity can be nurtured and supported, there is untapped potential for more community-based energy projects in low-income areas.

Enabling civil society to take action

Our work for the Barrow Cadbury Foundation found that in areas of lower social capital, it's critical to involve stakeholders to bolster community capacity and bridge social capital (linking to people and organisations outside of the immediate community). Without leadership and guidance from other local bodies, it is unlikely that many communities in more deprived areas will be able to establish and maintain community energy activity from the ground up.

With barriers linked to inequality (e.g. digital inclusion; financial vulnerabilities) there is also a wider societal issue here around the ability of individuals to engage with community energy initiatives. In areas where there is higher deprivation or lower social cohesion,

people don't have the know-how (e.g. language, technical, financial), can't afford to take the risk, or just not engaged and don't register the opportunity to participate.

A further potential barrier to the community energy sector is lack of awareness. An Ipsos Mori¹⁰ poll reveals that only 1% of British adults feel they are well-informed about the concept of community energy. Once informed about community energy, almost half of those surveyed (47%) agreed that community energy is a more sustainable way of generating electricity than electricity produced by large suppliers and around half (49%) agreed that community energy can be a source of income for local communities who use it.

Parish and Town Councils and neighbourhood plans

There's huge potential to work through local authorities, town & parish councils, and neighbourhood forums and support institutions (such as Locality) to promote the potential of community energy to address local problems and aspirations. They provide ready-made accountable structures, and indeed offer complementary routes to support the delivery of community energy activity.

There is a further missed opportunity to promote and spin off the development of community energy projects through neighbourhood plans. The Localism Act allows local communities to create their own Neighbourhood Plans, containing planning policies to guide the development of their areas and thousands of groups have developed plans. Once adopted such plans would have the same status as the local plans written by local planning authorities.

The continuing popularity of CSE's own publication 'Neighbourhood Planning in a Climate Emergency' – (28,000 downloads to date) demonstrates the willingness of communities to develop ambitious climate policies, including policies to increase local renewable energy deployment and community energy initiatives. Cornwall County Council¹¹ have provided similar support and guidance.

Neighbourhood plans are developed following extensive engagement within the community, with many opportunities for community energy projects to spin out, yet within government sponsored neighbourhood planning guidance¹² there is no mention of the potential benefits of community energy and only passing reference to renewable energy.

¹⁰ Ipsos Mori - Community Energy: A climate solution that's potentially right at the doorstep
www.ipsos.com/en-uk/community-energy-climate-solution-thats-potentially-right-doorstep

¹¹ www.cornwall.gov.uk/media/x35a5bl/climate-change-and-neighbourhood-plans-guide-note.pdf

¹² Neighbourhood Plans Roadmap – Locality 2018 Edition - <https://neighbourhoodplanning.org/toolkits-and-guidance/create-neighbourhood-plan-step-by-step-roadmap-guide/>

Community engagement

CSE's Future Energy Landscape approach¹³ is a proven way for community energy groups to engage their communities at an early stage and build support for the development of community energy projects. Community energy groups are using this approach to initiate and refine projects and build support for action: of 13 workshops run to date, 11 communities identified support for sufficient renewable energy deployment to meet and exceed their community's demand for electricity from local renewable sources.

Regulatory barriers

Research has shown that the UK's regulatory framework does not support community energy innovation¹⁴. The framework is based on the supplier hub model, with licenced suppliers acting as the access point for individual consumers to the energy system.

The Netherlands provides an example of a supportive regulatory environment. Community groups can access a regulatory sandbox and receive support to pilot new local energy business models. The sandbox provides regulatory exemptions for large scale trials run by community groups for up to 10 years and offers capacity building support while also placing requirements on innovators to ensure other community groups can replicate the tested model. In contrast the UK's regulatory sandbox is designed for small commercial pilots, of two years, which can be used by existing licensees to build protected intellectual property¹⁵. In the absence of a supportive regulatory framework, it is hard for community energy solutions, particularly in the area of distributed generation, local energy models and flexibility markets, to be developed and scaled.

Regulatory restrictions prevent the development of services like peer-to-peer trading, aggregated flexibility services (at community scale) and microgrid by community energy groups, which could offer further sources of income.

Grid capacity

Whilst it is a problem across the energy sector, grid capacity constraints and extended wait times of several years for grid connections limit the development of community generation projects and community heat projects. This self-evidently delays projects, but also reduces the sense of momentum which is vital if community groups and volunteers are to remain involved in moving projects forward.

¹³ www.cse.org.uk/my-community/community-projects/future-energy-landscapes-community-consultation-method/

¹⁴ [CREDS submission web EAC community energy](#)

¹⁵ Based on research carried out on the CREDS project 'social innovation at the grid edge' see [CREDS submission web EAC community energy](#)

We would support improved and unified approaches to mapping existing and projected grid capacity and data sharing, to better enable community energy groups to understand the potential for project development and more proactive support being given to the sector by distribution network operators. There is potential for the new regional energy system planners (RESP) to help build these relationships and offer this support as part of their role.

Given the significant co-benefits arising from community energy projects, CSE would support grid connection applications that offer social value considerations in connection queues.

Out of date national planning policy

National Planning Policy, set out in the National Planning Policy Framework¹⁶ (NPPF) is out of date in respect of the primary importance of increasing renewable energy deployment to meet the net zero challenge.

The National Policy Statement (NPS) for renewable energy was revised in November 2023 to classify all renewable infrastructure as a Critical National Priority¹⁷, with a policy presumption in favour of granting consent. This is a very welcome change which reflects the true role renewable energy has as the driving force of a zero-carbon energy system and our future society. However, the National Policy Statements only set policy for nationally significant infrastructure projects, which are assessed by the National Infrastructure Commission.

The same logic applies to smaller projects of under 50 MW, assessed against the National Planning Policy Framework, yet national policy in respect of renewable energy generation hasn't materially changed to reflect the net zero commitment, except to make onshore wind harder. The lack of adequate emphasis on increasing renewable energy deployment in the NPPF, or of the need for all communities to contribute, can be seen in the variability of plans adopted.

In research carried out for the Climate Change Committee¹⁸ 22% of local authority respondents said that their local plan did not contain a renewable energy policy. Of those that did, only 13% included a defined target for renewable energy generation, only 11% had

¹⁶

https://assets.publishing.service.gov.uk/media/65a11af7e8f5ec000f1f8c46/NPPF_December_2023.pdf

¹⁷National policy Statement for Renewable Energy (EN3)

<https://assets.publishing.service.gov.uk/media/65a7889996a5ec000d731aba/nps-renewable-energy-infrastructure-en3.pdf>

¹⁸¹⁸ Spatial planning for climate resilience and Net Zero (CSE & TCPA) – July 2023

<https://centreforsustainableenergy.ams3.digitaloceanspaces.com/wp-content/uploads/2023/07/18154731/spatial-planning-for-climate-resilience-and-net-zero.pdf>

identified suitable areas for wind turbines, and only 4% had identified suitable areas for solar farms. None had included any criteria for battery storage schemes.

The worst performing plans are either silent on the issue of renewable energy or repeat national policy, setting out in principle support with no further detail. By contrast the best most ambitious plans set out a proactive strategy to maximise generation. For example, the emerging Cornwall Climate Emergency Development Plan Document¹⁹ sets out a target of 100% renewable electricity supply by 2030, gives significant weight to community led energy schemes, and sets out detailed criteria in respect of onshore wind, solar energy, micro-hydro, geothermal and mine water energy development and energy storage.

Planning policy – de facto block on onshore wind

Whilst the planning regime for onshore wind was reformed in 2023, the changes are insufficient to re-open the pipeline of onshore wind projects. There is still not a level playing field in planning policy between onshore wind projects and other forms of renewable and non-renewable energy generation. The revisions still require local planning authorities to identify suitable locations for onshore wind development, and it is likely that this will continue to be the main consenting route for new wind sites. Local authorities are poorly placed to identify locations that are truly likely to be technical suitable, having neither the relevant knowledge base nor expertise to identify suitable areas for onshore wind.

Whilst the need for planning authorities to identify suitable areas for onshore wind has been in place since 2015, as noted above only 11% of planning authorities have done so²⁰. As a result, onshore wind projects, whether commercial or community energy projects, the cheapest form of energy generation currently available, remains undeliverable in the majority of England, and onshore wind development in England has largely ceased.

CSE regularly has discussions with community energy groups, and parish councils who would like to develop onshore wind projects, only to find such projects are undeliverable through conventional planning routes. Eleven of thirteen communities engaged through our Future Energy Landscapes community engagement project²¹ expressed majority support for the development of onshore wind. Further reforms are needed to remove the need to forward plan the development of onshore wind projects, making it possible to simply submit a planning application as with other forms of energy generation.

¹⁹ www.cornwall.gov.uk/media/uxgjk4jn/climate-emergency-dpd.pdf

²⁰ National planning policy limiting creation of new onshore wind farms in England, research finds - www.uwe.ac.uk/news/national-planning-policy-limiting-creation-of-new-onshore-wind-farms-in-england-research-finds

²¹ www.cse.org.uk/my-community/community-projects/future-energy-landscapes-community-consultation-method/

Definition of community energy within planning law

There is no definition of community energy within planning law, and planning authorities are unable to assess renewable energy proposals from community energy groups any differently to commercial projects, nor give weight to the substantial co-benefits delivered by these projects. This limits the degree to which planning authorities can support the social value the community energy sector offers or develop policies which specifically support the sector.

Due to this blindness, the planning system interprets the substantial local economic and social benefits arising from community energy proposals as “bribes” to the local community. In the case of the judicial review of the Severndale wind turbine²², this led to planning consent for a community owned project being quashed on the grounds that too much weight had been given to the community benefits arising from the development. This is an unfair construction given that community energy organisations (often set up as Co-operatives and Community Interest Companies) are non-profit organisations specifically devised to deliver local public benefits. They deliver true community benefits and have legal structures which restrict what the profits can be spent on and prevent the asset being sold.

Most communities we’ve engaged with through our Future Energy Landscape project were willing to host sufficient renewable energy deployment to meet and exceed their community’s demand for electricity from local renewable sources. However, in all cases this was subject to the community benefitting from hosting this infrastructure.

We found that who owns and benefits from renewable energy projects significantly influences public opinion. Put simply, members of the public feel differently about commercially owned renewable energy projects being developed in their area than they do about community owned or led projects. For the local communities we engaged with, the community benefits arising from the project were inseparable from the planning considerations relevant to the proposal.

To fully leverage public support for the expansion of renewable energy, planning policy and planning decisions should be able to take the identity of the developer and the community benefits from the development into account in planning decisions.

We note that, building on our work, the National Infrastructure Commission for Wales has recommended²³ that the Welsh Government bring forward primary legislation enabling the

²² www.supremecourt.uk/cases/docs/uksc-2018-0007-judgment.pdf

²³ Preparing Wales for a Renewable Energy 2050 - A report from the National Infrastructure Commission for Wales (NICW) - October 2023 - <https://nationalinfrastructurecommission.wales/wp-content/uploads/2023/10/NICW-renewable-energy-report-English.pdf>

ownership of a renewable energy scheme (whether commercial or community owned) to be a material consideration in the planning system, creating a statutory definition of community energy, and enabling planning authorities to mandate the benefits which local communities receive from renewable schemes. We recommend that the UK government do the same.

4. Please indicate whether the community energy scheme(s) you typically work with are urban or rural? a. Urban b. Rural

We have significant experience supporting both (a) urban and (b) rural community energy projects development:

5. Are there any regional issues impeding community energy projects? Please include any relevant quantitative and qualitative evidence.

The current sector shows hotspots of community energy activity and projects, which in our view reflect regional variations in support networks, regional funding arrangements and levels of support from local authorities. Our study for the North-East Net Zero Hub found that even where there are currently low levels of community energy activity, there are likely to be high levels of interest which have yet to be activated. There is, therefore, huge potential to grow the sector if the right networks and support mechanisms can be established.

6. Where you have identified possible or actual barriers, do you have any proposals for how these might be reduced or removed, and why do you think the actions you propose would be effective and appropriate? Please include any relevant quantitative and qualitative evidence.

The answer to Q6 provides a complete set of our recommendations (including those from the questions above) in response to this call for evidence.

Financial

Route to market

- Create a financial mechanism for energy schemes of less than 5 MW i.e. providing a route to market and revenue certainty for electricity sold to the grid from community energy projects. This would enable many groups to make an investment case for projects.

Locally responsive and applicable business models

- Pilot funding is needed to develop scalable, sustainable business models so as not to be dependent on grant funding.
- Provide support to the community energy sector by matching local needs with financially viable models and opportunities.

Development phase funding

- A long-term commitment should be made to funding the re-opened Community Energy Fund.
- Create quick, easy access to micro-grants for simple ready to go projects directed at fuel poverty alleviation and energy efficiency initiatives to broaden the sector, encourage currently non-energy focussed community groups to engage and foster the growth of smaller community energy groups.
- Provide additional funding to enable communities to understand their very early needs and priorities.

Non-financial

De-prioritisation of community energy

- Update the Government's community energy strategy based on the findings of this call for evidence.

Access to expertise and national support

- Provide community groups easy access to tools and resources to simplify their work, including project management tools, datasets.
- Ensure that publicly funded work is open source, ensuring that knowledge and learnings that were publicly funded are shared.
- Commission and publish a national dataset on technically suitable areas for different forms of renewable energy, including wind, solar and micro-hydro, enabling the development of community energy projects.
- Work with experienced energy advice agencies to provide the support needed for community energy groups to support people in fuel poverty in their communities.

Cultivating the regional development of community energy networks

- Create regional or sub-regional community energy networks, or fund existing networks to build capacity and share learning to support the development of existing organisations and help shape and form new community energy organisations.
- Ensure that public sector bodies such as local authorities, energy hubs are sufficiently resourced to be active participants of these networks and to give proactive support to community energy groups.

- Community groups need support to help understand the evolving energy market and opportunities for community level action. This support is required at an early stage to identify and translate local priorities and opportunities into high-potential projects.

Lack of diversity in community energy

- Encourage the use of participatory research to build interest and consensus around community energy in under-represented communities.
- Create quick, easy access to micro-grants for simple ready to go projects directed at fuel poverty alleviation and energy efficiency initiatives to broaden the sector, encourage non-energy focussed community groups to engage and foster the growth of smaller community energy groups.

Enabling civil society to act

- Promote the community energy sector via local authorities, town & parish councils and support institutions such as locality.
- Cross-reference the potential for community energy within neighbourhood planning publications.

Regulatory barriers

- Enable community energy groups to access a regulatory sandbox and receive support to pilot large scale trials for up to 10 years and offer capacity building support while also placing requirements on innovators to ensure other community groups can replicate the tested model.
- Consider whether regulatory barriers can be removed or amended to enable community energy groups to sell their electricity direct to local consumers, to build public support for the expansion of renewable energy.
- Review regulatory restrictions which prevent the development of services like peer-to-peer trading, aggregated flexibility services (at community scale) and microgrid by which could offer further sources of income.
- Ofgem to provide guidance to industry on procuring flexibility from a diverse range of households and communities. We will encourage the regulator to maximise the potential for community scale flexibility.

Grid capacity

- Create improved and unified approaches to mapping existing and projected grid capacity and data sharing, to better enable community energy groups to understand the potential for project development.

Planning

- Revise the national planning policy framework to reinforce the overriding need for renewable energy in a net zero world, mirroring the wording set out in National Policy Statement, with a policy presumption in favour of granting consent.
- Reform the planning regime for onshore wind, to remove the need to forward plan the development of onshore wind projects, making it possible to simply submit a planning application as with other forms of energy generation.
- Create a statutory definition of community energy in planning law, and enable the positive benefits achieved by community energy schemes to be considered as material considerations in planning decisions.
- Give positive encouragement that neighbourhood plans should include policies to increase renewable energy generation and cross reference support organisations and funding sources for the development of community energy.

7. Which existing or past government support mechanisms and policies have been most helpful in implementing community energy projects and why? Please include any relevant quantitative and qualitative evidence.

CSE administered the Urban Community Energy Fund for the lifetime of the fund and administered the Bristol Community Energy Fund. Our experience is that through this support, community energy groups were able to scale and professionalise their activities. Pre-investment project development grants or loans plus expert support helped to scale the ambition of groups to realise more ambitious projects. Several groups submitted have gone on to develop further projects and employ staff.

The Ofgem Energy Industry Voluntary Redress Scheme²⁴ and Local Energy Advice Demonstrator project have been good sources of funding to enable community energy groups to run fuel poverty and innovation projects.

CSE was involved in the Next Generation Project²⁵, which helps to develop sustainable, financially viable and innovative community energy businesses.

CSE helped establish the Bristol Energy Network (BEN) and are helping to coordinate the Wessex Community Network. Both are umbrella organisations for individuals and community groups with an interest in energy.

²⁴ <https://energyredress.org.uk/announcements/ps20m-funding-round-now-open-charities-and-community-energy-groups-through-ofgem>

²⁵ www.cse.org.uk/my-community/community-projects/innovative-support-for-community-energy-businesses/

BEN was set up in 2010 to help community energy initiatives across the city, share learning and ideas for a more sustainable energy future. Following a £10k grant to formalise the organisation and employ part-time staff, BEN has a stable finance model, independent of the council, with a stream of grants and long-term funding secured to support staffing. The network has given rise to many community initiatives across the city.

Bristol City Council has also launched the City Leap programme²⁶. This £1bn investment programme is a public/private partnership seeking to lever in private investment into low carbon energy infrastructure, such as solar, wind, heat networks, heat pumps and energy efficiency measures – to help Bristol meet its carbon reduction targets of becoming carbon neutral by 2030.

As already discussed in question 3, within City Leap the council has set up its own £1.5 million Community Energy Fund. These last two initiatives point to the potential of local government to support and empower communities to take action, adding to national initiatives.

8. Could you share any evidence, either quantitative or qualitative, demonstrating how community energy projects are supporting the delivery of the UK's national net zero targets and providing additional benefits (e.g., reducing fuel poverty and improving community well-being).

Building informed consent for the energy transition

The impact of the community energy sector can be seen narrowly in terms of the amount of renewable energy generated, or in the case of retrofitting or energy efficiency projects, the number of properties retrofitted, or amount of carbon or energy saved. Seen in these terms, the sector could be viewed as performing poorly when compared with the commercial sector, however, this is much too narrow a frame of reference.

Evidence from the Committee on Climate²⁷ suggests that the 2050 net zero target will be unattainable without changes in people's behaviours, with as much of a third of the emissions reductions by 2035 relying upon individuals and households making decisions to

²⁶ www.bristolcityleap.co.uk/

²⁷ The Sixth Carbon Budget The UK's path to Net Zero - www.theccc.org.uk/wp-content/uploads/2020/12/The-Sixth-Carbon-Budget-The-UKs-path-to-Net-Zero.pdf#page=5

adopt low-carbon technologies, choose low-carbon products and services and reduce carbon-intensive consumption.

Community energy activities can:

- Unlock generation and retrofit projects that the private sector isn't interested in and aggregate flexibility from those unable to pay; local energy approaches can access different finance models, operate at lower margins, and leverage the power of local partnerships.
- Increase local accountability and control and therefore build trust, consent and active participation, making the energy transition relevant and locally resonant to the needs and aspirations of people within their local communities.
- Enable greater capacity to match local demand with local power generation in ways that centralised models cannot achieve.
- Capture some of the economic benefits from the energy transition for the benefit of local communities.

Whilst CSE is ultimately agnostic about who owns renewables, if renewable energy is to be expanded as is necessary to meet the climate crisis, for the reasons set out above we believe the case for community energy is overwhelming. The community energy sector should be broadened and supported to deliver renewable energy, but also to build energy and climate literacy and nurture public support for the transition.

Building resilience

Community energy projects have the potential to increase the resilience of community hubs and community spaces, fund services and build community capacity. Lawrence Weston, a deprived community in Bristol provides an example of the benefit that can be delivered. Suffering from the impacts of austerity, in 2016 the community came together to develop a community owned solar farm. The community received £150,000 upfront at the stage of the farm's completion, and continues to receive an annual income, which is invested in a range of energy support activities. The community owned wind turbine in Avonmouth, developed by the same group, will provide a similar income. Both projects have been pursued because they bring with them the possibility of an ongoing financial gain for Lawrence Weston – and this is the framing, and the reason, through which they have secured wide community support to pursue the projects.

9. Could you share any evidence, either quantitative or qualitative, of the wider system impacts (positive and negative) of community energy schemes and how any negative impacts can be mitigated.

CSE undertook research for Citizens Advice in 2018²⁸ looking at consumers experience of community energy projects and the motivations of community energy groups for getting involved. We studied schemes where local people signed up for local tariffs provided by community energy schemes.

On the positive side, the research found that community energy organisations were motivated by doing something new and making a difference in their community. Meanwhile consumers we interviewed believed they were saving money, reducing their carbon footprint, and some felt more engaged with their energy usage, and some were actively enjoying the challenge of shifting or reducing their demand. They also mentioned indirect or 'soft' benefits, like meeting new people in their community through the project, and a sense of pride at being involved in something innovative.

We did however find a need for community energy groups to professionalise their approach, including:

- Providing clear, accessible information
- Providing clear complaints processes
- Clarity on rights of joiners and leavers
- Emphasis on vulnerable consumers
- Data protection
- Ensuring reliability of technology

Our research didn't find systemic problems and the shortcomings we found were not putting consumers at significant risk. Additionally, many of these projects were clearly promoted to consumers as trials or pilots, so consumers were generally quite forgiving.

There is a tension between the community energy sector trialling new products, services and ways of working and meeting customers standards, and it is beneficial that the sector continues to innovate. Nevertheless, if the community energy sector is to expand and form an integral part of the energy market as a whole, it is important that it meets the same core standards as the commercial market.

²⁸https://assets.ctfassets.net/mfz4nbgura3g/KvJWpC1tMa5FhyLijrA5m/90f1f4471ccf966c2209d7134a26c310/Community_20Energy_20report_20Jun_202018_20_1_.pdf