



Community Energy Afternoon of Big Ideas

26th March 2018, [Simmons & Simmons](#), 1 Ropemaker Street, London

Steven McNab, Simmons & Simmons Head of Environment and Climate Change and moderator of the event's panel discussion, welcomed delegates to the Community Energy Afternoon of Big Ideas, organised in partnership with Co-op Energy and Pure Leapfrog and introduced himself. Steve is an environmental, energy and planning lawyer, specialising in climate change and clean energy as well as UK, EU and international law. He advises clients on sustainability, transactions, projects and fundraisings of various kinds. Steve went on to talk about the staggering number of subsidies directed toward fossil fuels and to praise community projects generating energy without specific economic support as well as encouraging citizen engagement in the adoption of new practices and behaviours within an environment which is technically and regulatorily complex.

Mark Billsborough, Co-op Energy's Head of Hedging and Renewables, introduced the afternoon and emphasised the importance of financial innovation and partnership working to grow the community energy sector in the current, less supportive policy climate. Co-op Energy is not only leading the way on renewables and community energy, but also a proud pioneer of the Fair Tax Mark. He also pointed out that Co-op Energy is committed to help and buy energy from as many communities projects as possible.

David Bird, CEO of Co-op Energy, was introduced as the first speaker of the day. David set out the importance of a fairer, low-carbon and co-operative energy system and called for a more balanced legislative and regulatory regime that supports people to build powerful community initiatives. He announced that Co-op Energy has not only honoured their pledge to avoid coal and add renewables to their energy mix, but greatly exceeded it. From 2018 all customers' electricity will come from 100% renewable sources. David went on to highlight that Co-op Energy have confirmed their position as the leading supporter of community energy in the UK and proceeded to launch the new Community Energy Strategy, the key points of which were:

- Renewable Energy Generation - Co-op Energy aims to continue increasing the number of PPAs with community energy groups, which have already quadrupled since 2014, and develop simplified and longer contracts. In addition, for the first time, they seek to invest £20m in and co-own community renewables over the next 3 years.

- Local Supply Innovation - Co-op Energy is supporting the roll-out of Smart Meters and will share the learnings derived from trialling innovative 'time of use' and 'local energy' tariffs at Bethesda in partnership with Energy Local. They will also explore the feasibility of introducing an EVs Tariff and charging point coordination package.
- Customer and Member Engagement - Co-op Energy aim to revamp their 'User Chooser' with an expanded community energy offer, roll-out their Energy Saving offer with increased services and products as well as explore the feasibility of developing subsidy-free solar-PV projects in partnership with The Midcounties Co-operative.
- Advocacy and Lobbying for Good - Co-op Energy will once again, for the sixth year, sponsor the Community Energy Conference and the Community Energy Fortnight. They will also continue to engage with and support Community Energy England, the Community Energy Coalition and REScoop.

Emma Bridge, the CEO of Community Energy England (CEE), tackled the big questions about the future of community energy. She explained to the audience that CEE is a not for profit membership association set up by the sector to provide a voice for those committed to the community energy movement. Emma went on to outline the strategic priorities of CEE; increasing the profile and understanding of community energy, sharing good practice and advocating for supportive policies at national and local levels. Emma also drew attention to the sector's growing importance and influence. The 2017 State of the Sector Report, a landmark report which documented a vast amount of data on the sector for the first time, found that the movement has witnessed tremendous growth over recent years, boasting 222 organisations supported by over 30,000 members and investors throughout the England, Wales and Northern Ireland. The sector has also proven to be the trusted intermediary in the energy market - effecting behaviour change and delivering at scale whilst putting people at the heart of energy transition.

Emma went on to explore the innovation currently taking place in the community energy sector. At a time of reduced subsidy, some electricity generation projects are less viable, but opportunities are still abundant for community energy. Communities can still progress their clean energy ambition by contributing to the wider energy system, such as through energy efficiency, demand management, electric vehicles charging, sustainable heat, reaching those in fuel poverty and bringing private assets into community ownership. Emma also stressed the importance of cross-sector partnerships and highlighted that Energise Barnsley, Mongoose Energy and Energy4All, amongst others, have been able to do great things through partnership and successfully develop projects at scale, whilst enabling much greater community impact that might not have been achieved otherwise. Emma rounded off her presentation by asking some of the big questions that Community Energy England is trying to answer and prompting delegates to make the most of this period of change by adapting, innovating and reviewing their strategies and governance.

Erik Christiansen, CEO of EBO Consult A/S gave his perspective on district heating cooperatives in his native country of Denmark. He introduced his work and explained how data, knowledge of behavioural theory and decision-making processes have all shaped the district heating project he has been working on in Denmark. Erik gave the history and background the EBO Consult, areas of work and geographical

spread of the project. He explained that under the Danish Heat Law it is possible for cooperative district heat organisations to be financially competitive with municipally owned district heat. He confirmed with delegates that this non-profit, low risk model will become to be the source of 100% of heating in Denmark.

Rie Krabsen, Assistant Manager, Marketing and International Affairs at EBO Consult A/S expanded further on how the project engaged with homeowners and the methods used to encourage them to make the switch from oil or gas to a sustainable heating solution. She explained that to be a viable project, the network needed a minimum 30% of household sign ups to the network. To attain this, social media was utilised to engage with homeowners; regular, short newsletters, a cartoon in local papers and a memorable poster were used to catch attention and provide important information on the project in an accessible method. The project also offered a discounted package model to households that agreed to make the switch early; offering a financial incentive proved effective and is also in line with cooperative values, as it contributed to a decrease in fuel poverty in the area. The conversation was then opened to the floor and delegates discussed district heating further, covering energy sources used for the district heating, possibilities for the UK and the renewal of the infrastructure in the area. Erik confirmed that the district heating network in the area received no subsidies for the extension of the network, municipalities paid for the work through long term finance loans.

Martin Crane, Director of Carbon Alternatives gave an insight to how district heating could be developed and utilised in the UK. He explained that district heating is an ideal source of energy for the UK's existing housing stock and can be connected to large scale, energy efficient sources. He stated that "we must seize the opportunities that are available to us today and follow the Danish example". These opportunities to be seized are BEIS - HNDU which funds 70% of cost of feasibility studies for Local Authorities and BEIS – HNIP, £300m of capital funding for heat networks, grants or very low cost loans (probably up to 30% of total capital cost) but only available until 2021. Delegates then discussed how European projects could be replicated in the UK and the increasing interest for district heating from international corporations who are looking towards green energy sources.

Steven McNab chaired the panel discussion on 'Community Energy Finance – tips and traps from the finance field and where to next?'. The panel members had varied and expansive experience of community energy, with community energy practitioners, developers and solicitors taking part. Each panelist introduced themselves and gave their professional perspective on finance for community energy projects.

Chris Matthews, Executive Director of Leapfrog Finance explained that small banks and investors such as Pure Leapfrog are now looking for the social capital of a potential project in addition to CO2 emission reductions. Large pension providers are beginning to divest from fossil fuels and community energy may be able to benefit from this.

Jamie Davidson, Corporate Finance Associate Director of Johnson Carmichael, discussed the increased difficulty of the investment process in the current climate, giving a challenging example from the Scottish perspective. He advised delegates to assess the specific project and to link to trusted advisors and a support team to guide the project. It was noted that subsidy support is challenging; on-site generation may be a way to negate this.

Jake Burnyeat, Managing Director of Communities for Renewables, agreed with Jamie's advice and noted that any relationship with an adviser is likely to be long term, so it is vital to establish

trust and shared values before making any agreement. He also suggested to remain flexible, maintain a realistic budget and overall, remember the end goal; a successful community energy project.

Louisa Cilenti, Founding Partner of Lux Nova Partners, discussed some of the legal issues facing projects, commenting that every case is different and it is not always possible to rely on a template from an existing project. She also commented that due diligence is complex and needs to be thorough. Panelists agreed on the importance of communicating the benefits of community energy projects throughout the process and keeping aims in mind.

Delegates were then invited to ask the expert panelists questions, with much discussion taking place around new models for community energy. The possibility for acquisition of existing projects so they could be brought into community ownership was discussed, with Chris commenting that any financial model for this type of project would need to be able to prove its benefits for the local community in order to attract potential investors. Jamie confirmed that the price point for any acquisition is vital, but reminded delegates that as this market is currently active it may prove difficult for community groups to purchase existing projects. Louisa reminded the audience of the importance of selling the story of community energy and its related achievements in order to attract potential investors. The panel and delegates then discussed how community energy can work collaboratively with Local Authorities, giving examples such as Plymouth Community Energy, which was set up by the council and is now running very effectively.

Emma Bridge, Chief Executive of Community Energy England (CEE) facilitated the Big Ideas session, with panelists and delegates taking part in a lively discussion on the future of community energy. She encouraged delegates to read the forthcoming State of the Sector Survey 2018 to see the change in the ratio of projects since the last report was collated, as this data may assist groups when making decisions on potential future projects. Discussions commenced with an update from Graham Ayling, Head of Energy Saving Trust Foundation, on the Energy Industry Redress Scheme. £300,000 of funding has been made available to charities wishing to take part in a variety of energy saving activities. He confirmed that community energy organisations without charity status are able to partner with a charity and bid for funding. Delegates discussed the narrative around community energy on a national level with Emma reminding delegates that CEE was set up to give community energy organisations a unified voice. Emma commented that community energy is popular across both public and political opinions and encouraged delegates to adapt their narrative depending on the audience to gather further support. Other topics of discussion included the potential of aggregation, the impact of the transition from DNO (Distribution Network Operator) to DSO (Distribution System Operator), legal agreements required for different types of projects, energy loans and pay-as-you-save models, private wire, local supply, improving asset management, potential post-subsidy models, increasing job skills, and maximising the efficiency of schemes.

Mark Billsborough closed the day and summarised Co-op Energy's commitment to community energy. He commented on the exciting possibilities offered by district heating, as well as Co-op Energy's new partnership with Pure Leapfrog. Mark thanked the speakers, panelists and delegates for contributing the afternoon of big ideas and hoped to see everyone at the [summer conference](#).