

Late response submitted by email 26 November 2024



I write on behalf of Community Energy England's 310+ members. I was only alerted to this call for input on Thursday and to the threat presented by the [£20k per MW 'security fee'](#). I was involved in our conference and Awards in Bristol on Friday so could not meet the 22nd November deadline. I managed to engage a few of our Transmission scale members whose feedback I collate below. I do not claim to be an expert in connection issues, nor have I had time to go into the consultation paper in detail.

We request that you feed the response below, regarding the £20k p MW security fee into the relevant part of the call for evidence.

The imposition of this fee will place a huge burden on community energy and could prevent it scaling as the government envisages under the Local Power Plan. The government has pledged to *"deliver the biggest expansion of support for community-owned energy in history"* [Ed Miliband]. *"Community energy also reduces pressures on the transmission grid and the need for expensive investment, so community ownership will be critical."* It will also be crucial to *"saving families money and improving communities' energy security."* [Michael Shanks] and *"to help tackle fuel poverty, to unleash the dynamism and resources of local communities and to win the consent of local people."* [Ed Miliband].

To deliver the 8GW Local Power Plan target the sector will have to be installing projects at scale where appropriate. We calculate it will add at least 20% to at risk development costs. This additional cost will severely damage the economics of the £3.3bn investment the government is making in this target.

As such the imposition of this fee will run counter to government policy and some mitigation, such as an exemption for community and local authority energy projects, will be necessary.

We understand and welcome the intention to reduce speculative queue squatters but if this policy is applied retrospectively without any exemption for genuine community-led projects it will kill most community energy projects currently in the queue.

We will be urgently drawing the Secretary of State and Minister's attention to this and asking that they discuss an exemption for community energy and council projects.

Feedback from some CEE practitioner members operating at transmission scale

Charles Gamble, the CEO of [Community Power Solutions](#), the developer partner in the Ambition Lawrence Weston community wind turbine (the largest in England at 4.2MW, and the only one installed in 2023 after 9 years of struggle) commented, "This financial instrument is a huge hurdle for community energy. As I understand it can be forfeited if the project fails planning. It will be a massive disincentive." Community Power Solutions and the Bristol Energy Network are looking to roll out 100 community turbines over the next 5 years at 5MW rising to 6MW per turbine. This financial instrument proposal would add £10m to projected at risk development costs, (based upon current £500k costs for a 5MW turbine) rendering many unfundable. For comparison, £100k is exactly the maximum amount available from the government's Community Energy Fund development grant fund which is meant to enable the development of projects of any size, not just pay a security fee.

Jake Burnyeat of [Communities for Renewables](#), that has helped communities raise over £70m and has nearly 50MW of assets under management, commented, "Whilst I understand NESO's intention of reducing speculative trading of grid capacity this is obviously a major additional barrier to communities and public sector bodies developing their own projects by effectively increasing at risk development costs by £20k/MW.

Helen Martin, CEO of [Bristol Energy Cooperative](#), which last year completed the largest community owned rooftop solar installation at 1.1MW on Bottle Yard, said, "Certainly, this proposal would be a challenge and further barrier to community energy projects being able to connect any project larger than 1MW to the grid. This could be avoided by an exemption for community energy entities or for small-scale installations which are very likely to be community owned (e.g. <13MW). Of course, increasing the Statement of Works threshold from 1MW would have a similar effect."

She also commented, "For now we are generally not developing projects that require entering the grid connection queue at all, because the very long waits and high development costs involved are really difficult to reconcile with our model of being both the developer (to ensure meaningful community engagement upfront) and the asset owner over the project's lifetime for community benefit. So, we are focusing on connections below the 1MW 'statement of works' threshold - while watching and waiting to see if/when connection reforms open up space for community energy."

So a really ambitious energy cooperative is having to limit its ambition because of transmission connection issues. These proposals will only make it worse.

She observes that taking small projects out of the transmission queue with an exemption would be enabling. However a size limit for the charge would catch projects such as the [Ouse Valley Solar Farm](#) which at 17MW+ would incur additional charges of £340k on top of additional connection charges recently imposed by connection delays. The Low Carbon Hub in Oxfordshire have developed 19.2MW [Ray Valley Solar](#) farm, the largest in community ownership. Cost would have been £384,000 and would likely have prevented the projects and its benefits: generating 19.5 GWh of clean green electricity every year, enough to power over 6,000 homes, keeping £2.6 million worth of energy spend in the local economy each year; and providing £13 million community benefit funding over the project lifetime.

More projects like these are needed to develop the joined up local energy system of the future than benefits and engages its users, especially in deprived rural communities that will struggle to electrify heat and transport. These projects will increasingly be co-developing local projects such as community heat that will take a significant chunk of the generation but will still need to be connected to the Transmission grid. Enabling them will also be key to the government's ambition to reduce pressure on the grid and deliver cheaper energy to people.

Community energy is not in the business of speculation but of delivery so it is legitimate to put in place an exemption to the security fee which is at least partly designed to mitigate a risk that community energy does not present. That said Jon Halle of the [Big Solar Coop](#) notes that "many (most?) community projects & commercial projects in practice need quite a bit of flexibility in grid offer timing, simply because there are so many other variables. I have been, and continue to be in the process of negotiating with DNOs to extend offers while we bring planning, leases, finances, etc into line. A move to clamp down on this is understandable but it will likely result in the loss of many projects. Decentralised energy actually requires grid flexibility, in other words. I wonder if there is any research on this - my impression is >50% of projects have needed time extensions etc."

'Statement of Works' threshold

Additionally we would urge that the threshold at which transmission considerations apply (the 'statement of works' or Reserved Distribution Capacity threshold) which is currently 1MW should be relaxed for community and council projects. Jake Burnyeat suggests this should be to at least 5MW, preferably 20MW. We, in consultation with Community Power Solutions, suggest at least 13MW. This would allow two 6.2MW turbines to be connected. This size will soon be the most economical to install. We are advised by people who have had dealings with engineers dealing with local distribution grid capacity that when examined there is very often much more grid capacity than the DNOs initially estimate, especially in rural areas, and that this level of connection would in many cases not cause disruption to the grid especially as Active Network Management

becomes more prevalent. See this [short article](#) by Charles Gamble of Community Power Solution.

I copy in the people mentioned above and representatives of OVESCO and Low Carbon Hub, along with others whom I consulted who have input.

Please acknowledge receipt of this and let us know what will happen to it. Thank you in advance for paying attention to this very important issue.

Yours sincerely
Duncan Law