

Community Energy England Policy Proposals

Included in ESNZ Committee call for evidence: Unlocking community energy at scale

Note: The number adjacent to each proposal corresponds to their paragraph number in CEE's full response to the ESNZ Committee call for evidence.

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1. How could the Local Power Plan to be produced by Great British Energy build upon existing community energy support schemes, such as the Community Energy Fund?

1.1 The Local Power Plan must be about more than generation. It must support whole systems thinking about the development of the energy system including the vital importance of 'local' and of the active participation of people. It must help to create local energy markets to incentivise local balancing and flexibility.

The Community Energy Fund

1.3 Underwrite CEF, extend and expand to UK-wide until LPP measures are in place so that no viable projects are stalled.

1.7 The Net Zero Hubs should set up a library of successful CEF projects.

1.8 Ensure LPP funds are co-designed with the sector and local authorities to ensure collaboration.

1.10 The LPP should focus on supporting and nurturing the sector back to growth not just on getting money out of the door. This requires funding for expert input and project support which is both technology specific and knowledgeable about the local circumstances. CEE proposes a 'knowledge hub and spoke' model where a national centre of expertise (hub) about a specific technology or theme can produce resources, advise and support local experts (spokes) to visit projects to give more locally specific advice. The representative community energy associations (CEE, CE Wales, and CE Scotland) already have the networks to support the coordination of this model, working with the UK Energy Learning Network (see 1.15).

1.11 Nurturing community energy organisations and projects is particularly important in the pre-application period

Energy Learning Network

1.16 The government should support the ELN to expand its activity and become a long-term operation beyond its 3 year funding.

Designing the Grants and Loan Schemes

1.17 The government should be open-minded and flexible in designing the loan and grant schemes. There is a good case for grants for communities.

1.18 Support should be provided to enable smaller and less experienced organisations to access funding that pays in arrears (see Energy Redress Fund below). This should be both bridging finance and support to get finance systems, process and skills in place.

1.19 A proportion of grant funding for local authorities should be ring fenced to be passed through to communities.

1.20 There should be a LPP Mission Control with regional offices.

The Energy Redress Fund

1.22 The Energy Redress Main Fund should be opened up to community businesses as soon as possible.

1.24 The government should work with the Fund, the community energy sector and other finance providers to provide bridging finance and support for community businesses to access this and other funding that pays in arrears.

Supporting Low Carbon Heat

1.29 Consolidate funding for the low carbon heat transition and ensure that it is integrated with power, retrofit and storage, is accessible by community energy at appropriate scale and eligible for innovative solutions.

1.33 Develop a rural GigaWatt voucher scheme.

Solar on Schools

1.35 Roof rental/access for schools should be standardised and made available to all potential projects. The DfE should engage proactively with the sector to enable more community energy work in schools.

2. How should the energy market and licensing regulations be reformed to enable community energy projects to sell the electricity that they generate to local customers, without the current barriers, and be properly remunerated for doing so? What lessons can be learnt from other jurisdictions?

2.2 The Local Power Plan must positively enable local supply and local energy markets to facilitate holistic Smart Local Energy Systems at distribution level.

2.5 Regulation must change to encourage local supply and local balancing.

P441 - Complex Site modification.

2.9 One of the first actions that could be taken to enable local supply is to enact Elexon's Modification P441.

2.10 The related Modification P442 should also be approved.

2.11 The current requirement under the 'complex site' provisions for the generator and the consumer to operate at the same voltage should be removed.

Enabling Local Energy Markets

2.14 There must be rewards for reducing the costs of and need for upgrades to distribution and transmission networks.

2.15 The government should institute a Community Electricity Supply scheme with duties, incentives and financial support on stakeholders (e.g. energy networks and suppliers) in order to 'make the market' for local balancing and flexibility through local supply.

2.16 The government should guarantee a floor price for clean energy generators looking to supply electricity directly to local people.

Other jurisdictions

2.18 The government should seek to harmonise or emulate the community energy enabling legislation in Europe, instituting a Renewable Energy Community right.

2.19 The government should work with REScoop, the European community energy network to evaluate the best models and most relevant to the UK for replication.

3. How could existing government support mechanisms, such as the Smart Export Guarantee, provide community energy projects with more financial certainty?

3.1 The **Community Energy Fund** must be underwritten, extended beyond March 2025 and expanded to include the whole of the UK.

3.4 The government should urgently ensure that the current SEG is applicable to community energy organisations.

3.5 The government could underwrite the SEG with a long term guaranteed floor price.

New support mechanisms

3.6 The government should institute a **Community Energy Export Guarantee** with a negotiated floor price guaranteed over 15-20 years, underwritten by government.

3.7 The Community Energy Export Guarantee Scheme should incorporate 'value-based pricing'.

3.9 The government should encourage and incentivise the public sector to enter into **long-term PPAs** with the community energy sector.

3.10 The public sector should be mandated or encouraged to make their rooftops accessible to community energy organisations.

Enterprise Investment Scheme and Seed Enterprise Investment Scheme.

3.14 The government should reinstate the eligibility of 'energy generation' to benefit from EIS and SEIS.

4. What are the regulatory solutions needed to minimise the high costs and long delays incurred in securing a grid connection for community energy projects?

4.4 Connection costs should be reasonable and where possible socialised for community energy connections. The process to notify DNOs of planned connections should be simplified and zero cost for community organisations.

4.7 The government should institute a '**Community Right to Connect**' which would allow projects that are ready to connect and deliver additional social benefits to connect ahead of purely commercial projects, as soon as possible and at a reasonable price. Priority should also be given to projects that are demonstrably delivering on a Local Area Energy Plan.

4.7.2 As part of NESO's Connections Reform process, they should add criteria for 'designating' community-owned energy and storage projects.

4.7.3 Providing a statement of support for community energy to enable Ofgem to instruct NESO to include Community Project Designation should be a priority for DESNZ/GB Energy.

NESO's proposed £20k security fee for connection applications

4.9 The proposed security fee of £20k per MW for Transmission connection application should not apply to community energy applications.

Relaxing Transmission Impact Assessment 1MW threshold

4.12 The threshold at which transmission considerations apply (Transmission Impact Assessment threshold) which is currently 1MW should be relaxed for community and council projects, especially where local balancing is in place to manage export to the Transition network.

4.14 DNOs should be required to work proactively with communities and councils to identify flexibility solutions that they could jointly implement in situations where network constraints would (or will in the future) otherwise necessitate reinforcements to deliver more supply. Likewise they should alert communities and councils where there is spare capacity that might allow projects to happen.

5. Should the local benefits of community energy projects be formally recognised as a material consideration in planning decisions?

5.2 The local planning authority should be obligated to take into account the local benefits, when making their determination.

5.3 Community ownership should be a material consideration, and is a good proxy for delivering local benefit.

Other planning reform needed.

5.7 This net zero mandate for planning must be instituted as soon as possible. The 'purpose of planning' should be 'to achieve net zero as quickly as possible by means of sustainable development'.

5.9 Local authorities and local planning authorities should have a statutory duty to deliver a proportionate share of the national target - a Locally Determined Contribution.

5.11 The government should update Permitted Development Rights, particularly around solar on heritage buildings and sites and to include critical infrastructure for community heat and energy projects, such as boreholes, regardless of their location relative to property boundaries.

6. What should be the role of Neighbourhood Plans and Local Area Energy Plans in building local support for community energy projects?

6.1 The government should encourage, mandate and fund local authorities to work with community energy to facilitate the development of local assets, enable planning permission and on Local Area Energy Planning (LAEP) to create holistic Smart Local Energy Systems.

6.2 Local Area Energy Planning should be a statutory part of the Regional Energy Strategy Planning (RESP) process to give it status in statute, proper coordination and a stated purpose in feeding up into national strategy and policy.

6.3 The government should enable LAEP where there is local enthusiasm for it

6.4 There should be a funded Community Energy Development officer in each local authority. The government should support local authorities with clear guidance and training on working with community energy, including templates for contracts, leases, MoUs, etc.

6.5 Local Authorities should be mandated to secure carbon reductions.

6.6 Community energy organisations should be mandated to be involved in Local Area Energy Planning from the very beginning.

7. What is the potential for community energy to incentivise consumer demand flexibility at the scale needed to achieve the UK's net zero targets?

7.10 There needs to be a mandate on energy networks and suppliers to engage with and facilitate these innovative solutions

7.11 Consumer demand flexibility should be encouraged by enabling community energy organisations to supply electricity directly to consumers.

7.13 The value to the system of these integrated local schemes in reducing constraints and the need to overbuild the grid, as well as the benefits they deliver communities, should be recognised in financial and policy support for these schemes.

8. Other barriers to unlocking community energy at scale

The Law Commission's recent proposals to modernise Coop and Community Benefit Society Law

8.2 The government must ensure that reforms to Coop law facilitate growth of the cooperative energy sector by removing the unnecessary distinction between Cooperatives and Community Benefit Societies in a broader single definition that focuses on the Cooperative Principles.

Shared ownership

8.4 The government should reconvene the Shared Ownership Taskforce (ensuring continuity with its first incarnation in 2014). It should require commercial developers to offer a 15% share of commercial projects to community ownership.

Public Awareness

8.7 The government should collaborate with the sector on a public awareness campaign on community energy and net zero.

Long term finance

8.8 Great British Energy and the Local Power Plan must support the development of mechanisms for long-term finance for community projects to refinance following the Local Power Plan, development and construction loans.

8.9 This must address the challenge of attracting long term low-cost finance that still keeps the asset in community hands. It will have to be a blend of finance solutions.

The professionalisation of the community energy sector:

8.11 Government support for community energy should include funding for salaries.