



19 January 2017

Dear Chancellor

I am pleased to submit Community Energy England's Spring Budget 2017 representation.

### **Community Energy England**

Community Energy England (CEE) was established in 2014 to provide a voice for the community energy sector, primarily in England. Membership totals over 200 organisations. The majority of the member organisations are from the community energy sector but the membership extends across a wide range of organisations that work with and support the community energy sector. Further details can be found on the CEE website at [www.communityenergyengland.org](http://www.communityenergyengland.org)

### **The Community Energy Sector**

Community energy refers to the delivery of community led renewable energy, energy demand reduction and energy supply projects, whether wholly owned and/or controlled by communities or through partnership with commercial or public sector partners. By placing democratic control, shared benefits and active participation at the centre of project delivery, community energy can create a foundation for the significant infrastructural and cultural change needed to increase our energy security and to reduce the impact of climate change.

Where successful, community energy has the potential to draw people in, not just as consumers but also as active participants, or partners, in a process of change. Partners because people share in the benefits, have some say in how things happen, are actively involved and feel a connection with the outcomes.

To date community energy has had a strong impact through the development of community renewable energy, such as putting solar PV on community buildings. Over £100m of community investment has been raised to deliver such projects and community benefit funds established to reinvigorate the local economy and environment. Community energy enterprise have also been delivering a vital role in enabling conversations with communities, households and businesses around energy issues.

Now community energy enterprises are looking to support wider government priorities such as demand side management and to build upon their strengths to influence energy behaviour and engagement.

## Our proposals

We have two relatively simple and low-cost asks outlined within this letter. The policy and regulatory environment has changed significantly for the sector over the last couple of years and so we have included the two most simple options which would support the sector to grow in a sustainable manner and help it to realise its full potential.

### 1. Social Investment Tax Relief

We ask that consideration be made for community energy schemes to be included within Social Investment Tax Relief. Community energy delivers proven value to communities and their environment and offers alternative, ethical investment opportunities for the community. However, recent policy changes are leading to a drastic slowing in the development of schemes and inclusion with SITR would support the sector in bringing in much needed community investment.

In the Spring of 2015, the UK's Chancellor did indicate that community energy schemes utilising subsidy would be excluded from EIS/SEIS, but become applicable for an enlarged SITR scheme (subject to EU State Aid approval). However, in the Autumn of 2015 the Government announced that access to SITR would no longer be facilitated. It was indicated that this exclusion was based on a belief that that community energy was a 'low risk' investment and required no further encouragement. However, a number of policy changes since this decision was made has increased the level of risk involved in developing community energy projects. Additionally, the longer implementation time frames of community energy projects can add risk (see section below for more details).

### 2. Re-instatement of pre-registration for Feed-in Tariffs

The reintroduction of the tariff guarantee element of pre-registration (for community energy groups and schools - as defined in the Feed in Tariffs Order) would provide much needed certainty for organisations.

This should:

- a) be cost-neutral and would be financed within existing FiT budgets
- b) fit with "we intend to reintroduce the pre-registration tariff guarantee if we can devise an implementable system which delivers robust cost control and avoids gaming. We will issue an update early next year." (p17 [here](#)).

Community energy enterprises are collaborative and democratic in the way that they operate. Community projects often largely, if not totally, rely on volunteer time and skills. This means that projects typically take longer to deliver than those in the commercial sector; while the outcome is often better because of the involvement of local communities in the design, planning and implementation of the project. Because of the longer project implementation times, it can be difficult to develop a robust project plan that gives community investors an adequate level of confidence without the added security that mechanisms like pre-registration brings.

**Next steps**

The first 'State of the Sector' survey is currently being carried out to gather evidence on current activity, community benefits and future plans. A report on this survey will be available in March and we would be pleased to share the results with you and to work with you on more detailed proposals for future Budgets.

Yours faithfully

A handwritten signature in black ink that reads "Emma Bridge." The signature is written in a cursive, flowing style.

Emma Bridge  
Chief Executive  
Community Energy England