

**Community Energy:
Generating More than Renewable Energy**

For Community Energy England

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Quantum





Foreword by Emma Bridge, Community Energy England

Community energy is about far more than the generation of renewable energy. It reduces energy bills, provides energy efficiency advice, develops skills, generates revenue in the local economy, the list of social, economic and environmental benefits goes on. This will of course come as no surprise to those who have come into contact with community energy projects and have seen the inspiring work that is undertaken. However, to date most of this evidence has been anecdotal. The data gathered for this report from 80 community organisations conclusively proves the additional value that community energy brings. And these benefits are only just beginning. Community Energy England is still a young organisation, only formed in 2014, but even in that short time I have seen a huge growth in the innovation of community energy projects, the number of people it reaches and, ultimately, its potential to make a real impact on people's lives.

To continue to do this, at least in the short-term, we need support from schemes such as the Feed-in Tariffs. Community energy delivers value for money and this value will increase as the sector matures. The proposed changes to FITs will seriously damage the community energy sector. This document sets out the impact that these changes will have, the potential real-life benefits and cost savings that could be made. I thank everyone who took time to input and add their story. I hope that after reading this report you will be as convinced as I am of the need for continued support of this vibrant and growing sector that contributes so much to local communities and national priorities.

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

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COMMUNITY ENERGY: THE BENEFITS SO FAR



£23
MILLION
TO COMMUNITY
BENEFIT FUNDS

£28
MILLION
RAISED IN
COMMUNITY
SHARE ISSUES

£50
MILLION
LEVERAGED IN
PRIVATE INVESTMENT

45%
OF SPEND
GOES TO
LOCAL CONTRACTORS

83%
OF SCHEMES MENTOR
OTHER COMMUNITY
ENERGY ORGANISATIONS

88%
OF COMMUNITY
ENERGY GROUPS ARE
ACTIVELY INVOLVED IN
WIDER COMMUNITY
INITIATIVES

**155,000 VOLUNTEER
HOURS VALUED AT** **£5M**

SOURCE: BASED ON FEEDBACK FROM 80 ORGANISATIONS WITH ALMOST 11,000 MEMBERS IN 2015 CREDIT: GRAPHIC COURTESY OF POWER TO CHANGE

HOW COMMUNITIES BENEFIT FROM COMMUNITY ENERGY SCHEMES:

REDUCED ENERGY BILLS



FOR LOCAL ORGANISATIONS
(SCHOOLS, CHURCHES, SPORTS CENTRES ETC)

INCREASED AWARENESS OF RENEWABLE ENERGY



IN THE COMMUNITY

CREDIT: GRAPHIC COURTESY OF POWER TO CHANGE

ENERGY ADVICE

TO THOSE IN FUEL POVERTY



DRAWS ON SKILLS AND EXPERTISE



OF LOCAL PEOPLE

IMPROVEMENTS TO ENERGY EFFICIENCY



OF COMMUNITY BUILDINGS

KEEPS ENERGY GENERATED IN THE AREA



Executive Summary

Community Energy is a vibrant young sector, based around a growing number of committed and knowledgeable individuals donating their considerable skills and time to build up an impressive range of valuable assets for their communities. Although focussing on the delivery of renewable energy schemes supported by government backed incentives, community energy organisations punch above their weight in delivering value for money in terms of additional economic, social and environmental benefits. This survey of 80 community energy organisations considers the impact of the severe reductions in government support for renewable energy, as laid out in the recent consultation on the reduction of the Feed in Tariffs (FITs), combined with other policy announcements affecting the sector.

These 80 organisations have almost 11,000 members and have collectively:

- Delivered 30MW of renewable energy capacity in 175 separate schemes
- Planned to deliver 143MW of capacity in 448 new schemes.

Since the Feed in Tariff was introduced in 2010, 38 respondents to the survey have received £7.4 million of FITs. Looking at this as an 'investment' of public funding, and what has been achieved, community energy projects provide very good value for money for the results they achieve. Perhaps this is not surprising as they have so far leveraged £5 million worth of voluntary professional skills and 88 person-years of voluntary time.

This **public spending investment of £7.4m** has:

- Leveraged over £50 million private investment including:
 - £28.6 million in community shares
 - £2 million social and private loans
 - £2.8 million commercial loans
 - £16 million other investment.
- Generated revenue to the economies local to the projects of:
 - £2.4 million annually from member returns
 - £1.9 million annually from ongoing contracts
 - £2 million annually from community benefit funds
 - £39.1 million from local installation contracts.

Compared with other publicly funded energy efficiency, CO2 reduction and business investment schemes, these are very competitive figures.

However, this does not fully reflect the value provided by community energy organisations, whose members are driven to use their renewable energy asset to provide a wealth of other community services:

- Generating community benefit funds which are used to support a range of local initiatives such as:
 - Energy advice for people in fuel poverty
 - Improvements to community buildings
 - Providing computers for low income schools
 - Improving wildlife areas
 - Providing local healthcare services.

- Reducing energy bills for host organisations: 20 schemes provide **annual energy savings totalling £172,500** to schools, parish halls, churches, sports centres and other community buildings, farms and homes
- Providing educational materials and activities for host schools and communities
- Raising the level of activity on sustainability, climate change and renewable energy in their localities
- Increasing active participation in the voluntary sector in their local communities.

Following the positive messages from the Community Energy Strategy¹ and the Shared Ownership Taskforce², community energy groups were forging ahead with plans to install renewable energy projects that would deliver these multiple and often un-quantifiable benefits in their local areas.

- 34 of the groups had ambitions to deliver a significantly larger programme of schemes in the next few years, worth an estimated **£266 million**.

However, there is now a massive sense of disappointment across the sector. This is the second time that community energy has been badly hit by FITs policy changes: the sector had begun to gather momentum and regain confidence after the serious knock-back of the 2011 fast track review of FITs which also caused the abandonment of a large number of projects. The majority of respondents have said that they are now putting their projects on hold, or cancelling them, as a result of the recent government policy announcements, consultations and generally negative attitude to renewable energy.

- 90% of respondents said their developing projects are completely (67%) or partially (23%) at risk due to the FITs review
- This represents a capital investment of £127 million that is now not likely to happen
- 91% stated that their future ambitions are at risk from the FITs review
- This is a further £242 million capital investment that will not now happen
- 98% thought their community activities would now be wholly (80%) or partially (18%) at risk as well.

Several key themes have emerged on the impacts of the policy changes:

- The proposed new FITs rates for PV make new schemes unviable, particularly at the scale of system that most community energy organisations install (10-500kW), even for those organisations which group more than one project together to spread the overhead
- Removal of pre-registration and pre-accreditation has badly hit projects that take a long time to develop: all hydro and wind schemes, plus the more complex PV schemes or those that involve a range of partners or multiple sites such as social housing or groups of schools
- Many community energy organisations were starting to look at larger scale schemes, either on their own or as shared ownership projects, driven by a desire to provide long term income to support their growing social objectives: these are all now at risk
- Reversal of the previously supportive policy environment for renewable energy is already seriously affecting the ability of community energy to raise equity finance, either from individual members or the commercial or social providers: the public is confused about

¹ <https://www.gov.uk/government/publications/community-energy-strategy>

² <https://www.gov.uk/government/groups/shared-ownership-taskforce>

whether government support is being withdrawn altogether, including from existing schemes

- Messages in the press about removing support for renewable energy are making it hard to engage with potential partners or host organisations, who feel that there may be little point in talking to a community energy organisation when the project is unlikely to go ahead
- The policy changes and uncertainty are making many individuals and groups reconsider the amount of effort they are prepared to put in to develop projects that may be killed off by further changes before they can reach fruition.

These proposed changes have seriously de-motivated the sector to the point at which many are considering whether further active participation in the 'Big Society' is a waste of their time. The community groups responding to the survey have put in over 155,000 voluntary hours to develop and deliver their projects. The overall impression is that there is a failure to recognise the good that is being delivered by people who give up their time voluntarily to make things happen in their local areas and the sector feels it has been "kicked in the teeth" by the government when it has still so much potential to deliver.

- 92% thought these changes would adversely affect their volunteers' motivation to continue to work in community energy
- 43% thought it would affect the motivation of their volunteers to volunteer in other community activities.

To summarise: community energy groups provide value for money. They draw in a wide range of professional expertise, generally on a voluntary basis, and share expertise with other groups and their local community. This community involvement is far more cost-effective than any national campaign to promote sustainable living or carbon reduction, and coming from a trusted and known source it is far more likely to produce results.

Community energy organisations across the country could continue to deliver all these benefits if the vital support mechanisms (FITs and pre-registration/pre-accreditation) remain or are re-instated, at least until all project costs fall sufficiently for the size of schemes that community organisations typically develop. It is hugely important that public and investor confidence in this valuable sector is not damaged now to the extent that no future community energy projects are delivered.

The full report is available on:

<http://communityenergyengland.org/wp-content/uploads/2015/10/CEE-Survey-2015.pdf>

This research was developed and produced by Quantum Strategy & Technology on behalf of Community Energy England. The research team would like to thank wholeheartedly the 82 organisations that completed the survey and provided such detailed information in their responses. We would also like to thank Power to Change for support in gathering the evidence and providing the accompanying infographics on community benefit, and Greenpeace for support in developing case studies and publicising this work.

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