



COMMUNITY ENERGY STATE OF THE SECTOR

A study of community energy in England,
Wales and Northern Ireland

Executive Summary





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This report presents the findings from a study undertaken on behalf of Community Energy England (CEE). The study represents the most in-depth survey undertaken to date of community energy activities in England, Wales and Northern Ireland. The self-reported nature of the exercise means that the study is not exhaustive, though it includes three times as many community energy organisations than CEE's last commissioned study of the sector¹.

Key Messages

- **Community energy is widespread:** 222 community energy organisations throughout England, Wales and Northern Ireland involved in 269 distinct energy activities.
- **Community energy is significant:** organisations own 121 MW of energy capacity, which has generated 265 GWh of energy since 2002. A further 74 organisations are actively providing energy efficiency interventions in their communities.
- **Community energy organisations are economically effective:** organisations have leveraged over £190m in project finance from £1.9m of project development funding.
- **Community energy projects are beneficial:** £680,000 income for community benefit funds has been generated in the last 12 months for local economic, social and environmental benefit.
- **The sector is at risk:** unprecedented reductions and early retractions of subsidies and tax incentives are negatively impacting on the viability, and subsequent success, of projects throughout the community energy sector.

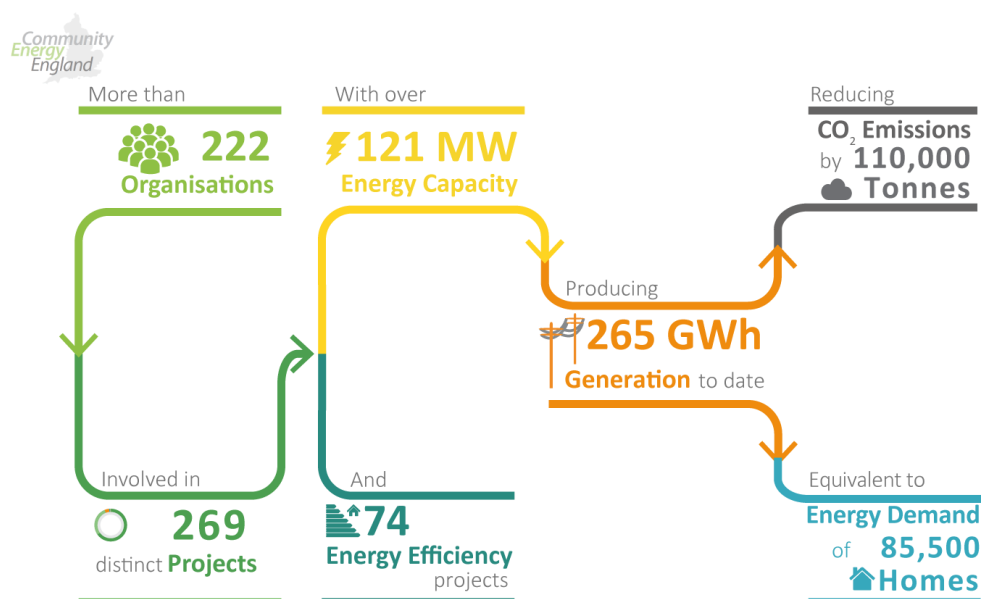


Figure 1 - State of the Community Energy Sector 2017

¹ Community Energy England (2015) Community Energy: Generating more than renewable energy

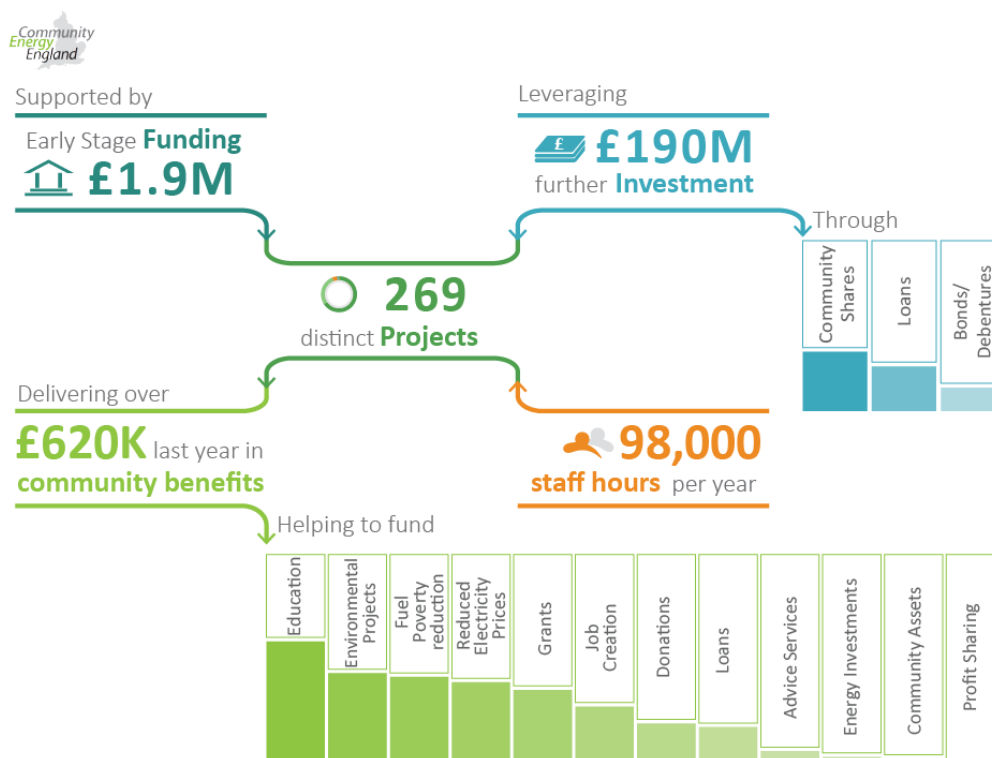


Figure 2 - Outcomes and Benefits of the Community Energy Sector 2017

Understanding a Diverse Sector

The community energy sector in England, Wales and Northern Ireland has faced challenge and change over the past year. In late 2015, the UK government announced that there would be early withdrawal of, and significant changes made to, many of the support incentives and mechanisms that had helped the sector to grow in previous years. Retractions of key tax incentive schemes and early stage funding for communities have further disadvantaged the sector and put its future at risk.

Given the rapidly changing policy landscape within the renewables sector it is critical to understand the factors which shape the community energy sector and the benefits that are derived from it. Providing this understanding will help to influence and improve support for community-led low carbon energy initiatives into the future.

In the full report, the following five aspects of the community energy sector are analysed:

- Community energy organisations;
- Community energy activities;
- Community energy financing;
- Community energy outcomes and impacts, and;
- The policy context, barriers to implementation and future outlook for the sector.



A Self-Reported Perspective

The State of the Sector study was conducted in early 2017, using a combination of online surveying and desk-based research to investigate community organisations throughout England, Wales and Northern Ireland.

Community energy organisations were identified from a number of existing resources, primarily membership and research databases, and invited to take part in the survey. The research focuses on constituted community bodies with active, or soon to be active, low carbon energy activities - including energy generation and storage, energy efficiency, demand reduction and low carbon transport.

In total 144 groups participated in the survey, supported by 78 further organisations identified through desk based research. Analysis of the data was conducted in line with the five previously mentioned thematic topics. The result is a holistic overview of a sector that has often been hard to define and quantify.

Findings and Implications

The research identified 222 community energy organisations with active projects, primarily in relation to energy generation. 121 MW of energy capacity has delivered over 265 GWh over the last 15 years. When combined with the Scottish sector, total community generation capacity in the UK is 188 MW.

74 communities are offering means to reduce energy consumption and carbon emissions through energy efficiency, demand reduction, low carbon transport and energy storage activities.

Critical to the success of community renewables over preceding years has been governmental support through early stage funding. It was found that the projects included in this study utilised £1.9m in development funding, stimulating investment of over £190m towards project financing. Much of this early stage funding is no longer available in England (e.g. the Urban Community Energy Fund (UCEF)), limiting opportunities for new projects, future growth and investment in the sector.

The removal of support mechanisms, including generation subsidies and tax incentives for investors, has had a strong impact on project viability. 31% of respondents reported limitations to their community aims and ambitions, as projects have stalled or failed due to a lack of viability.

In the face of reduced support, deriving the value of community energy at the local level was an important finding within the research. Through successful community energy activities, communities were shown to be reinvesting in the social, economic and environmental development of their local areas as well as looking to further their low carbon goals through a variety of innovative methods and projects.

Throughout the survey respondents anticipated a poor future outlook for the sector. Despite this, many organisations exhibited resilience and innovation in their ongoing plans. Opportunities within the sector were found to centre around: linking local energy use and





consumption, using and reducing energy use ‘behind-the-meter’, finding new avenues for shared ownership and investigating and deploying innovative technological solutions.

Looking Ahead

The impacts of subsidy reductions, changes and removals have had a dramatic, negative impact on the community energy sector. The changes are contributing to an ongoing slowdown in the sector, seen through both the decreased number of new community energy organisations and the widespread lack of project viability. High risks and increasingly limited rewards are restricting the deployment of community energy projects, and will influence changes in the sector over the coming years.

However, the community energy sector is showing impressive resilience to these changes. The strong skills base, organisation capacity and appetite for innovation is seeing community energy groups repositioning themselves within the wider energy sector. From untested technologies and system innovation to novel partnership approaches, communities are pioneering new routes to low-carbon development, in the context of an increasingly unsupportive political and economic climate.

Creating the conditions for the continued prosperity of the community energy sector will require more than just the skills, creativity and passion of those within the sector. As the UK energy system moves away from more traditional models of energy generation and use, community energy must be supported in its role in trialling and deploying new opportunities and ideas. This is where government support is crucial - in supporting community energy projects, innovation and, ultimately, development throughout the UK.





The voice of the sector

Community Energy England (CEE) was established in 2014 as a not for profit organisation to provide a voice for the community energy sector and to help to create the conditions within which community energy can flourish. We do this by coordinating the grassroots of the sector and by advocating for supportive policies at national and local levels.

CEE represents and supports those committed to the community energy sector. Our primary objectives centre around creating a voice for the sector, supporting sector development and building cross sector partnerships. We work to support the growth of the sector by helping communities and companies raise their profile whilst encouraging new entrants with a range of tools to help get them started.

Membership is open to any organisation which shares CEE's objectives for the development of the community energy sector.

Join CEE

www.communityenergyengland.org

CEE manages the Community Energy Hub, a free to use, single point of access for information on community energy. It is designed at its core to be a platform where community energy groups can share information and resources amongst themselves and with other organisations, including potential funders or project partners.

hub.communityenergyengland.org