



February 2022

Community Energy England response to the Ofgem Call for Evidence on the Electricity Distribution Business Plans for RIIO-2.

Introduction to Community Energy England

1. This is a response by Community Energy England, which represents 270+ community energy groups and associated organisations across England involved in the delivery of community-based energy projects that range from the generation of renewable electricity and heat, to the energy efficiency retrofit of buildings, to helping households combat fuel poverty.
2. Our vision is of strong, well informed and capable communities, able to take advantage of their renewable energy resources and address their energy issues in a way that builds a more localised, democratic and sustainable energy system.
3. 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 partnerships with commercial or public sector partners.
4. The overwhelming motivation of people and groups involved in community energy is to make a contribution to averting climate catastrophe, followed by a desire to bring community benefit.
5. Community Energy England supports the increased emphasis each of the DNOs had on supporting community energy projects and we believe that some of the steps set out in each of the DNO Business Plans will go some way to positively affect the community energy sector and the development of community low carbon energy projects. However, we would like to see a unified approach to community low carbon development across all of the DNOs and would like Ofgem to issue special guidance on community energy and recognise this as a core area of work.

Summary of Response

We have chosen to divide our response into 6 sections that will impact the community energy sector and that we feel are represented in each of the DNO plans to a varying degree of success, namely: connection, financial support, officer support & advice, Local Area Energy Plan, data, and community energy strategy. We have also included a table ranking each of the DNO business plans against these criteria.

Connection

We appreciate the reference made within each business plan to address the challenges communities currently face with connections. We are particularly pleased to see Electricity North West stating they will remove the constraints for renewable generation connection and that this has been backed up with money set aside as a delayed payment scheme for connections of community-owned low carbon technology. We also appreciate Western Powergrid's pledge to connect a set number of community energy groups to the network each year. We would like to see these approaches taken across all of the regions.

Across the DNO business plans, we would like to see more clarity as to what the terminology regarding connections means in reality for the relevant communities on the ground e.g flat connection price (Northern Powergrid), flexibility first approach (Scottish and Southern Electricity Networks) and the development of innovative and lower-cost solutions to technical issues (UK Power Networks).

Financial Support

We appreciate that each of the business plans has included allocations of financial support, available to low carbon community projects. The financial support for community energy pledged in these business plans range in value from £1.95m total to £7.5m. The proposed funding opportunities also vary in their relevance to the community energy sector with some set up as social funds for a variety of community projects and some designated specifically to community low carbon projects. There is a need for a clearer approach to the financial support for community energy across the DNOs so that community energy groups can plan. We would like to see Ofgem recognise the importance of strategically funding community energy activities.

Strategically funding these activities will also aid the provision of more real-world data on the essential role of community energy and local energy economies on the networks to better inform the provision of further funding in future business plans.

We would like to see all DNOs providing proportionally the same level of support that SP Energy Networks has pledged; a ring-fenced 25% of a larger Net Zero fund surmounting to £7.5 million set aside specifically for low carbon community projects.

We welcome the approach taken by Electricity North West, increasing funding for community energy by increments each year of the business plan as we believe this will facilitate the growth of the sector. We note, however, that their fund is the lowest in total which we feel significantly underestimates the potential for growth in their area. We also appreciate UK Power Networks dedication to tackling fuel poverty and Western Power Distribution's specific reference to CE solar schools both showing their support with a small specifically allocated fund. However, we would like to see these proposals and approaches replicated across all of the DNOs.

Officer Support & Advice

We appreciate the commitment all DNOs made to providing advisory services and increasing access to information and guidance. Again the level of support varies across the DNO regions with the greatest increase in support by Northern Powergrid & Western Power Distribution who are both increasing their community energy team by 4. We particularly acknowledge those DNOs that have specified that they will assist communities with funding applications (Western Power Distribution & Electricity North West), connections (Electricity North West) and fuel poverty (Scottish and Southern Electricity Networks).

However, we have concerns about how quickly the teams will grow whilst ensuring the recruitment of people with the correct skillset and what the positive impact will be within the sector in comparison to utilising the money for increased funding opportunities. Although we appreciate the increase in support for the sector, we have noted that none of the DNOs has specified when these expanded teams would be up to capacity.

Alternative forms of advice and support are also being offered which we expect to be valued by the community energy sector. These include the provision of an increased number of forums per year

(Northern Powergrid) and an increased number of open surgeries and themed guides (Western Power Distribution).

Local Area Energy Planning (LAEP)

We support the Energy Systems Catapult and several DNOs in thinking that Local Area Energy Planning (LAEP), with community energy involved from the outset, is key to strategically planning the energy transition.

We appreciate those DNOs that have chosen to allocate new staff assigned specifically, or with a focus, on Local Area Energy Plans (Electricity North West, Northern Powergrid & UK Power Networks). The greatest contribution to this is by UK Power Networks with 20 new staff members being added, stating that they will work specifically with community energy groups, amongst other stakeholders, to develop actionable decarbonisation plans. This connection between LAEP and community energy seems to be implied in the remit of the SP Energy Networks community energy team but should be made more explicit in DNO business plans. Northern Powergrid is also bringing in 6 new LAEP staff members, adding to their 6 support staff. Although Electricity North West is only recruiting 3 new energy planning engineers, fewer than some of the other DNOs, we appreciate their proposed process to ensure a whole system approach is embedded into the LAEPs.

We would like to see all of the DNOs contributing to and resourcing Local Area Energy Planning in a way that embeds a whole system approach with community energy at the core.

Data

We welcome the intentions set by a majority of the DNOs to be more open about sharing their data and note that several of the DNOs say that this will be available to be utilised by CE groups to enable a whole system approach (Electricity North West, Northern Powergrid, Scottish and Southern Electricity Networks). We particularly welcome the proposal to create an online data portal by both Northern Powergrid and Scottish and Southern Electricity Networks and the detail provided by Electricity North West that they will openly publish information on all network constraints.

Dedicated CE Strategy

Finally, we appreciate those DNOs that have created a dedicated CE strategy within their business plans (Electricity North West & SP Energy Networks). However, we would urge Ofgem to make the

provision of a Community Energy Strategy a DNO requirement within all business plans to ensure that the community energy sector is evenly represented and supported across the nation.

Questions for the DNOs

- Looking at the traffic light system in the analysis table below how could you (each DNO) improve upon those sections marked red/orange and how can you be more specific in your commitments to community energy?
- Will the DNOs that don't have a CE strategy consider drafting one? (Northern Powergrid, Scottish and Southern Electricity Networks, UK Power Networks & Western Power Distribution)
- What can those DNOs that have engaged less with community energy do to engage better with Community Energy England and community energy groups?

Analysis Table

Community Energy England has created a table (see below) that directly compares the business plans of each of the DNOs in regards to how they impact the community energy sector. The table contains information pulled directly from each of the business plans under the same headings used above. A traffic light system has been used to differentiate those proposals we deem to be **good for the sector (green)**, **maybe good (orange)** and **could be improved (red)**. An overall ranking and comments have also been included. We have created this with the intention that it would be passed directly to the DNOs so they are made aware of how they compare to other DNOs.

	Connection	Financial Support	Officer Support & Advice	LAEP	Data	Dedicated CE Strategy	CEE Ranking	CEE Comments
<u>Electricity North West</u>	Removal of the constraints for renewable generation connection.	Powering our Communities fund' to the value of £1.95m across the ED2 timeframe. The proposed increments to increase the value of the fund per annum are as follows: to increase the fund from £75,000 to £150k in 2023, double to £300k in 2024, double again to £600k in 2026. They state specifically that this fund will only continue to increase in value provided there continues to be an oversubscription to meet the growing demand.	Provision of free, dedicated support service to help guide community groups in the development of their projects, applications for funding and the connection of their projects to the network		Publishing of information on all network constraints to encourage potential solutions from all parties including community energy groups.	Expanded upon their 'Community and local energy strategy 2020-2023'	6/10	We believe ENW recognise the value of CE and have consulted well with the sector with good CE engagement. The value of the fund and the financial contribution to CE is lower than other DNOs which we would like to see increased to match the potential for CE development in the region but we appreciate the structure of the funds and the clarity of the business plan offers to CE groups.
		Creation of a new £1m delayed payment scheme for connections of community-owned low carbon technology.	Recruitment of 3 new energy planning engineers to share knowledge, experience and data in network planning for the benefit of local communities, particularly ensuring a whole system approach is embedded into the LAEPs.					
<u>Northern Powergrid</u>	To deliver an efficient and cost-effective connections service that aims to keep the price of a connection flat.	The value of the communities propositions within their business plan will be £1.6m per year, which is a £1.0m increase in spending during the current price control period. This will include the delivery of tailored social impact programmes for 50% of all major investment schemes which can support bespoke communities needs, enabling them to gain from benefits above and beyond the investment programmes.	Community-based energy advisors will grow from 2 to 6 employees, who, amongst other things, will help to bring forward more community energy schemes. They will have the technical expertise to support groups looking to develop and deliver community energy schemes and the advisors will also be able to deliver important public safety messaging related to new low carbon technologies.	Investment of £2.4m to recruit 6 local area energy plan advisors who will work in collaboration with local authorities and the wider energy sector to provide useful input and feedback to local authorities on their plans, including investing in upskilling external partners and collaborate with community groups to deliver a decarbonised future.	Creation of Open Insights, a self-service analytics toolkit which, amongst other things, will allow local authorities to use network data to plan for decarbonisation and identify the most cost-effective routes to deliver their plans, which may include localised community energy schemes.	A chapter called 'Our Communities' which sets out support for communities in general	6/10	We believe NPG is generally supportive of CE in principle. The funds allocated appear among the more generous. However, we are unclear if or how the social impact programme will impact community energy. Overall there is a general need for more clarity for the CE sector throughout the business plan. For example, explaining what the 'value of communities propositions' means to community organisations; more detail about how the alteration to connection services will impact community organisations. We would recommend the creation of a specific CE strategy in addition to the 'our communities' chapter to add clarity and an opportunity to specify funding for CE.
			Expansion of the 'community energy engagement offering' including tailored support for community groups.					
				Hosting of four local energy planning forums per year.				
<u>Scottish and Southern Electricity Networks</u>	Proposals to take a flexibility first approach to connections and to offer a self-service process for minor connections.	Doubling of their 'Powering Communities to Net Zero' fund to £2.5m, £500,000 per year. This fund will support low-carbon technology-accessibility initiatives for those in vulnerable situations, and community-led environmental and resilience schemes. The scheme will work with charities and local community groups to ensure inclusivity, collaborate to ensure those who need it most are reached and will focus on community infrastructure rather than on individuals.	Help to 50,000 households, equivalent to 114,000 customers, with fuel poverty including leveraging community partnerships to connect with hard-to-reach customers.	Provision of dedicated support to develop Local Area Energy Plans for local authorities and key groups, and set up an Information, Advisory and Whole Systems Liaison Service to support local authorities achieve their net zero ambitions. Provision of support to 200 community groups and 72 local authorities.	Creation of an open data portal that can be used by local authorities, community groups to enable whole systems collaboration. The system will include tailored local information packages and guidance and interpretation of the data, scenario and output modelling, advisory support to assist groups to identify, scope and improve the design of Whole Systems opportunities, support with applications for funding for projects, and ongoing technical support.	A chapter called 'Our Communities' but this is just an introduction to the region not a set of relevant proposals	5/10	The remit of the community fund is clear but at the lower end compared with other DNOs. We would like to see more clarity in how the flexibility first approach to connections will work in practice for community organisations. Regarding support, there is no mention of additional staff so we would query how they intend to offer the additional dedicated support that is pledged. We would like to see SEN value the importance of CE organisations in their region through the creation of a CE strategy.
		Provision of incentives and support, partnering with local partners, suppliers and consultancies to provide financial incentives for the installation of low carbon technologies that could participate in flexibility markets.						
<u>SP Energy Networks</u>	Investing to enable faster connection, improved management of constraints and increased levels of flexibility and reliability.	£30 million Distribution Net Zero Fund to support low-carbon projects, aligned to national, regional and local ambitions. 25% of this will be ring-fenced and allocated to kick-start community-led schemes.	Creating a community energy team that will deliver on the commitments within the community energy strategy and ensure that community organisations and community energy strategies are embedded into planning and delivery activities.		Complementing the technical advice and support commitment by proactively communicating information including information on technology opportunities, local energy schemes and network flexibility.	Whole chapter and accompanying Annex dedicated to their community energy strategy	7/10	We believe that SPEN appears the most committed 'in principle' to supporting the growth of CE through its business plan and community energy strategy. Through the ring-fenced fund, SPEN are allocating the largest amount of money to the CE sector of all the DNOs which we appreciate and feel is appropriate to the level of development we expect.
<u>UK Power Networks</u>	Proposed development of innovative and lower-cost solutions to technical issues arising from greater levels of distributed generation and other low carbon technologies connected to the network.	A social fund, 'The UK Power Networks Foundation', with contributions by both the shareholder and employees of up to £4m for the duration of RII0-ED2.	Commitment to working with trusted parties to engage with local communities to spread the understanding of the need to transition to decarbonised heat and transport.	Establishment of a £9.3m dedicated local area planning team, 20 full-time employees, that will work with all regional planning authorities, plus community energy groups and other local stakeholders, to assess their energy plans and develop actionable decarbonisation plans.	Additionally, provide fuel poverty information to 800,000 customers each year, working with trusted partners.	A chapter dedicated to 'Decarbonising Our Communities'	4/10	We recognise the amount of funding pledged within this business plan that CE may be eligible for but we feel the proposals lack clarity regarding exactly how this will be allocated. For example, the 'social fund' will be worth around £800,000 a year which compares favourably to other DNO's but community energy will be competing for this money with a broad range of commitments (from supporting customers during power cuts, to helping communities decarbonise). We would like to see UKPN readdress this and we would encourage them to consult with CEE and CE organisations in their region and use this to create a complete CE strategy.
		UK Power Networks will ensure there is the capacity for 242,000 off-gas grid homes to transition both transport and heat away from fossil fuels by the end of RII0-ED2.	Provision of targeted support to a total of 500,000 fuel poor customers over RII0-ED2, invest £18m to support over 200,000 directly and 300,000 through partnership programmes, delivering £67m of benefits by 2028.		Provide core planning datasets via an online self-service energy planning tool to support the planning process for our local authorities, helping them make the best choices for their communities.			
<u>Western Power Distribution</u>	Proposal to use innovation and digitalisation to ensure that network capacity is not a barrier to connection, including a pledge to ensure that the infrastructure is in place to accommodate at least an additional 1.5 million electric vehicles and 600,000 extra heat pumps, with adaptive plans that can flex to meet greater demand if needed.	A social initiative annual £1 million 'Community Matters' support fund, to support and add significant value to local communities and to achieve positive community outcomes in relation to vulnerability, environment and education.	Employment of 4 new Community Energy Engineers who will support community energy groups to realise their great ideas for innovation approaches to benefit communities, including by facilitating their access to available funding streams.	Provision of digital workshops to empower communities to maximise the value from data to deliver net zero. Highly granular and relevant data will be presented effectively to support local area planning processes.		No strategy or chapter dedicated to communities	5/10	We appreciate the value of the social fund WPD have committed (£1 million a year) but it is unclear about how much of this fund will be allocated to CE organisations as it has many other commitments. We would like a better understanding of exactly what innovation and digitalisation will be used to ensure that network capacity is not a barrier to the connection of community energy projects. We would like to see these addressed by WPD within a specific CE strategy.
	Pledge to connect at least 30 community energy groups to the network each year for the duration of ED2. This will build on the more than 100 community energy schemes connected to the network during RII0-ED1.	A further £540,000 of funding has been set aside to help to establish, particularly community energy schemes, that install solar PV on 45 schools every year in areas of high economic deprivation to reduce their carbon impact and lower their energy bills, enabling the redistribution of savings to spent elsewhere on education resources.	Continued development of a wide range of accessible community energy themed guides including the 'Connecting Community Energy' guide. These will be supported by 60 community energy open surgeries per year and a dedicated WPD community energy representative to assist with connection and flexibility offers.					
			Establishment of a volunteering scheme encouraging staff to volunteer at local community projects and the allocation of 1,000 staff volunteering days every year during RII0-ED2					

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Further Information:

Community Energy England (CEE) was established in 2014 to provide a voice for the community energy sector, primarily in England. Membership totals over 270 organisations. Many of the member organisations are community energy groups, but membership extends across a wide range of organisations that work with and support the community energy sector.

www.communityenergyengland.org