

June 2022

Community Energy England response to the Ofgem call for input: local energy institutions and governance

Introduction to Community Energy England

1. This is a response by Community Energy England, which represents 280+ 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 partnership 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. We believe that these motivations should be shared by all working in the energy sector and on energy system transformation.

Summary of Response

1. We welcome the perception that *“decisions on how to best meet evolving system needs will need to be increasingly led by local actors.”* We hope this includes people and communities who are barely mentioned in the document (once and not at all) other than as participants in the market (consumers 10, customers 2).
2. Since this call for input is focussing on the local, this seems a serious omission, when it is people, living locally, in communities (or not) who will be making the energy decisions that ultimately dictate whether we will have a successful transition or not. People and communities can be ‘supporting bodies’ if properly involved. Equally, as

Laura Sandys observed, “Citizens have a veto on net zero”. If we do not involve them in this transformation we will fail. If we do not use the opportunity of this transformation to put people and communities at the heart of the energy system, improve energy and social justice and the social benefit that good access to energy can deliver we will have wasted a big part of the point of working to have a future. Ofgem needs to routinely include people and communities as ‘actors’ and ‘beneficiaries’ in its thinking.

3. You state that delivery of net zero “*will require a transformation of the entire energy industry.*” More, it will require ‘societal change’, a transformation in how *people do just about everything*’.
4. The Committee on Climate Change is unequivocal: “*It will not be possible to get close to meeting a net-zero target without engaging with people or by pursuing an approach that focuses only on supply-side changes...Some of the difficult decisions that will be required (...) will only be possible if people are engaged in a societal effort to reach net-zero emissions and understand the choices and constraints...*” “*The recent Climate Assembly - which saw a representative sample of the UK’s population deliberate over how to achieve Net Zero - noted the importance of involving people in decision-making, not just persuading them to change,*” There needs to be “*a public engagement strategy that gives local people a say in how a transition to Net Zero will affect their area.*” “***people need to be brought into the decision-making process and derive a sense of ownership of the Net Zero project.***”
5. **Plans to do this democratisation, to involve people to consent and actively participate in the local energy transformation, must be included in Ofgems planning.** People and communities must be at the heart of the energy system, built into Local Area Energy Planning from the beginning - not just ‘consulted’ down the line. They have an intrinsic interest in the success of this project, have local knowledge and connections held nowhere else, can invent locally appropriate solutions, and advocate for and carry them out with an inventor’s passion.
6. On the demand side local actors have a huge amount to contribute. Community energy organisations, trusted and ‘not for profit’, are 4-5 times better at engaging people in energy efficiency than corporates¹, or even local government. They know local conditions and housing stock and can support and often deliver energy saving interventions.
7. You state “*The difference between local needs and opportunities across Great Britain means that investments suitable in one area will be less appropriate in another.*” Community energy knows the needs and opportunities of their local area better than almost anyone and eagerly awaits the opportunity of Local Area Energy Planning

¹ Government commissioned research:
<https://www.dropbox.com/s/u2wzf9ouw11wn1v/DECC%20community%20groups%20and%20energy%20efficiency%20report%20FINAL%20DRAFT%20as%20sent.docx?dl=0>

- work with DNO/DSOs and other key energy stakeholders to bring this knowledge to bear to speed up transformation and help solve local system constraints.
8. People live in communities, which can affect and influence them, and be influenced by them. People can amplify change through their communities. People getting together 'in community' can achieve things previously impossible. They become more than the sum of their parts. Community energy is an excellent and relevant case in point.
 9. Community energy organisations are key to driving change in communities, supporting early adopters, harnessing the passion, expertise and financial capital of the community to do visible, beneficial projects that people can get involved in, that bend the curve and speed up change. Without the initiative and drive of the community organisation most of these projects simply would not happen. So opportunities are realised and synergies created that are not within the scope of any other organisation.
 10. You speak of 'coordinating flexibility assets' and 'distributed low-carbon assets'. We welcome that you identify that it is necessary for these assets 'to have route to market' or they will simply not exist to contribute to decarbonising and localising the energy system. It is also important to recognise that local generation assets are key to local balancing of supply and demand. In the current market-place, large-scale renewable generation is viable but the intensely local, small scale generation, especially in urban areas, is often not unless co-located with significant day-time demand. This must change, which in the absence of a government willing to support and assist with development funding, must mean that markets to enable participants to reliably realise the value their assets provide must be developed in double-quick time.
 11. For community energy this is very much at this stage about enabling new local markets, in flexibility and system services, energy efficiency/demand reduction and more, to work for local suppliers so that they can "receive the full value of the benefit they bring to the energy system" - much greater than it is currently valued at both in terms of reducing the need for network investment (£6-10bn you quote - NEF identifies £8 billions savings from reduced demand from effective building retrofit). Nigel Cornwall has written a paper urging "more granular locational charges" that take account of the greater efficiency of using energy nearer to where it is generated
 12. Community energy groups can also be better than other local institutions at managing local systems long term, because they have a responsibility to local investors - who can also pitch in - and the revenue streams can help seed new community projects to snow-ball the benefit.

Questions

1. **Are the three energy system functions we outline (energy system planning, market facilitation of flexible resources and real time operation of local energy networks) the ones we should be focusing on to address the energy system changes we outline?**
 - 1.1. Energy system transformation and localisation cannot happen without involving people and communities, more than just as customers or via their local authorities. Most energy is used locally, most energy decisions are made by people locally, and many of the changes necessary to put in place essential demand side response, (including, vitally, insulating homes) is disruptive, needs support and people to *want* to do it. We know from research on measures as simple as switching that market pressures and price signals are not adequate to stimulate significant change. It needs to be normalised, part of what people see is happening around them. It needs to be visible, obviously beneficial, and normal as well as easy and financially attractive.
 - 1.2. **Energy system planning** must happen locally - with coordinating input from the DNOs and other bodies with a more national oversight. You say that “the electricity distribution system is a key starting point”. From a system perspective it is logical to design the localisation of a system from the bottom up especially as you observe local distinctiveness must be taken into account. However you miss out a key level which is the whole point of having an energy system and that is the people who use it. To repeat Community Energy England’s mission it needs to “Put people at the heart of the energy system.” The success of the whole enterprise will depend on how well it meets customers needs and if they are not involved in its design this becomes more unlikely.
 - 1.3. Community energy organisations are embedded in and trusted by their communities but also have a level of interest, expertise and commitment that will not be found by taking random or even elected representatives.
 - 1.4. Community Energy England has been working for a long time with the Energy Systems Catapult to get the vital importance of community energy groups involved in Local Area Energy Planning, from the outset, recognised and built into the models and methodologies. The ‘LAEP done well’ methodology created for Ofgem by the Centre for Sustainable Energy by contrast has community energy as a consultee rather than a stakeholder who should be involved from the outset, not least in the process of identifying the key stakeholders. This needs to be updated in the Guidelines which are soon to be published.

- 1.5. At an event with the Energy Systems Catapult we identified, with the participation of 50 community energy practitioners, the benefits and opportunities (as well as the barriers and how to overcome them) of community energy being at the core of Local Area Energy Planning. The conclusions from the discussion are [here](#) and many are applicable to community energy involvement in the energy transition generally. Briefly they include:
 - 1.5.1. Access deep and long local knowledge of local needs, opportunities, assets, realities and networks,
 - 1.5.1.1. To get key people in the room to create strong and broad local partnership
 - 1.5.1.2. To create synergies, identify opportunities and focus the plan around do-able projects
 - 1.5.1.3. To help with local delivery, local supply chain, to ensure community wealth building in the process
 - 1.5.1.4. To engage public locally, to get consent, support and participation in change. Community energy is 4-5 times better than commercial players at engaging people on energy efficiency, according to [government commissioned research](#)
 - 1.5.2. Do 'good process': facilitation and convening of meetings and events.
 - 1.5.3. Can access the local 'hive mind', bring many intelligences and expertises to bear to crowd-source solutions.
 - 1.5.4. Ability to community test-bed innovative local energy solutions eg 2 of the 4 Ofgem sandbox projects were community energy projects. Project LEO led by the Low Carbon Hub is pioneering on many fronts. And many more
- 1.6. We support designing across all energy vectors. It should also include all energy end uses. It is vital to treat the energy system holistically as [Prof Goran Strbac](#) of Imperial College's work shows. Especially as we electrify heat and transport, an energy efficient building stock will enable flexibility in the system that would not be possible if heat demand had to be supplied by electricity at peak times. So these wider considerations must be factored and costed into designing the future energy system. The New Economics Foundation calculated that sufficient investment in building energy retrofit could avoid around £8bn of re-inforcement to enable electrification, aside from all the cost of generating all that extra energy.
- 1.7. FES and DFES - made it easier, more local, more visionary. We liked the Community Energy FES category in 2020. Signalled a vital direction of travel that is missing in 2021...
- 1.8. **Market facilitation of flexible resources.**

- 1.9. We agree that Ofgem should encourage the development of new markets that facilitate a local, flexible, smart and democratised energy system. These will include improving current flexibility markets to better value the benefits flexibility delivers but also other grid services as well as Demand Side Management (DSM) including energy efficiency/saving markets where interventions to save energy can be capitalised based on long term energy and carbon savings but also system benefits delivered. Ofgem and “DNOs can better facilitate peer-to-peer markets run between local parties”, including creative solutions such as sleeved PPAs, synthetic PPAs, virtual power plants, extending complex site regulations (Issue 88)
- 1.10. But it must be recognised that people (and even businesses) do not only respond to market and price signals as evidenced by switching behaviours and Carbon Trust evidence on energy investment by companies. There are many reasons why people do or do not adopt change. Some may be naturally early adopters, keen to do the right thing, invest in what they believe in. For others it may be too disruptive, too risky, too unknown. Community energy is a key way of harnessing positive energy and disarming resistance.
- 1.11. You note that “there is a significant amount of investment across the energy system needed at a local level to deliver the changes needed to meet net zero. Some of this investment will be directed through markets.”
- 1.12. We need ‘flexibility resources’ and assets to be in place for the markets to use to amplify and increase flexibility in the local system. Community energy is very keen to build these assets especially as part of carrying out a strategic Local Area Energy Plan which it has helped make.
- 1.13. Community energy has the ability to raise **community capital** through share issues to do the early adopter projects which are more likely to be integrated into other local projects by virtue of the fact that they are create by and owned by the community.
- 1.14. Significant amount of investment to front-load this transformation could be raised from community and impact investors, which increases those investors’ commitment to the change represented by the investment they are making. During the pandemic it was estimated that well more than £100bn was accumulated by a section of the UK population who were spending less. Investors are increasingly looking for their investments to have an impact. Community energy is one of the few ways investors can guarantee their investment will have both a positive impact and benefit their local community. Community energy is the single most prominent investment category on social impact crowdfunding websites and, as such, is one of the most important opportunities for the democratisation of social impact investing.

- 1.15. Ofgem should urge the government to facilitate this vital flow of capital by re-instating Social Investment Tax Relief for community energy, as well as creating a National Community Energy Fund to succeed the successful Rural Community Energy Fund to provide development funding to get projects 'investment ready'. £1m invested in this fund could mobilise £69m of finance for low-carbon community projects to drive the transformation forward. Closing off these supports has been very short-sighted. Ofgem should look to support the development of these projects in any way it can.
- 1.16. Flexibility and other markets**
- 1.17. The current flexibility markets run by the DNOs do not offer sufficient returns to enable local players to build a business case to invest in flexibility assets. Community energy has the potential to aggregate local assets including down to household level to participate in these markets. CE groups have a trust advantage over the Big Six when it comes to automating flexibility assets in the home. Currently big players such as Centrica seem likely to develop these aggregated systems and so monopolise the benefits. If community energy could be enabled to participate more and earlier then more of the benefits would be distributed to communities including to support vulnerable consumers who would otherwise not benefit. We have made a proposal to BEIS to install at scale in unable to pay households, cheap technologies such as the Mixergy flexible immersion water heater. This would potentially provide GWs of flexibility as well as cheap or free hotwater for vulnerable households. The revenue is not remotely enough to pay for the measures without complicated financial instruments behind the scenes.
- 1.18. Community energy is already doing this, testing innovations in the community often with the participation of large commercial players who fund the innovation. (2 of the 4 Ofgem sandbox projects were community energy projects, such as Repowering London's local supply and peer to peer trading projects offering cheaper electricity to social housing tenants living beneath community owned solar panels. They are also conducting domestic solar + batteries flexibility experiments with Moixa. Other organisations are combining solar, batteries and storage heat, solar and community EV charging points.)
- 1.19. Local supply must be facilitated by Ofgem. Local supply is a fundamental enabler of a democratic energy system, and communities are locked out of the supply market. It is a key way of local players deriving value from their generation projects to enable them to do more.
- 1.20. This should be recognised and enabled by Ofgem.
- 1.21. **Real time operation of local energy networks.**

- 1.22. Local organisations need to be enabled to operate local flexibility assets to enable them to have an active stake in the energy transition and keep as much of any revenues that may be derived from opening up new markets as local as possible.
- 1.23. **A cross-cutting enabling function, digitalisation.**
- 1.24. It is vital to make the data accessible to and usable by local actors so that they can participate in managing local flexibility. Progress has already been made in mapping areas of constraint but this needs to happen down to all substation levels to enable strategic planning.

2. Do you agree with the criteria we have set out for assessing the effectiveness of institutional and governance arrangements?

- 2.1. Yes.

3. Do you agree with our assessment of how far the current institutional arrangements are, or are not, well suited to deliver the three key energy system functions?

3.1. Energy Planning:

- 3.2. We agree that local conditions are variable and that consistency - but not uniformity - should be assured. Variation allows the evolution of good practice which can then inform subsequent iterations. We agree that local authorities are widely varied in their skill levels and commitment to this work as well as their competence. Community energy is not (yet) present in every area that needs planning so some will have to proceed without it (although it could be a catalyst to gather together community expert and set up a community energy organisation to play its key roles in the transition, as Plymouth City Council kickstarted Plymouth Energy Community in order to have a community partner for the energy work it wanted to do).
- 3.3. We are heartened to see real commitment to Local Area Energy Planning in most DNOs ED2 business planning and resources being offered to enable collaborations with communities and community energy organisations.
- 3.4. We are wary of a “one actor” holding all of the Local Area Energy Planning - even the Energy Systems Catapult or the Centre for Sustainable Energy² -

² Community energy is still largely missing from their methodologies though in recent iterations of LAEP by the ESC community energy has been a hugely appreciated early stage player, key to identifying key local stakeholders in N Yorkshire, Oxfordshire and London. In the Greater Manchester second stage pilot, feedback from community energy partners was that they were still an afterthought. They have pioneered Community-led Energy Planning see [Oldham Energy Futures](#) and Carbon Coops response to this call for input.

unless they have truly built community energy into their model and methodologies and put in place flexibility to make the most of what community energy organisations can contribute in each area. They should operate as a support and resource organisation rather than parachute in to ‘hold’ the local LAEP. They should guide on best practice but allow the process to evolve by local variation and collect the improvements to feed into future process.

- 3.5. Community energy organisations can plan an **important convening role** as the Low Carbon Hub is doing in Eynesham LAEP pilot. They often have people well versed in good process and facilitation. They are both deeply committed to and knowledgeable about the energy transition to net zero and also connected to (if not ‘representative of’) the grass-roots community. As such they can be an important bridge between DNO and local authority and help reconcile their varying “ways and ends”. In many cases they have longer, deeper knowledge of the local area than even the specialists in a local authority, given the staff turn-over and often inadequate hand-over among council officers. Community energy organisations are very delivery focussed - on the zero-carbon transition and on benefit for local people so they can keep it practical and relevant and people, rather than just technology focussed.
- 3.6. Local authorities have a “democratic mandate” but are often mistrusted and out of touch. Community energy has community trust as a non-political and non-commercial locally embedded body. It can act as a local intermediary and advocate, moderator of the interest of the parties, and bring considerable energy expertise and technical skills.
- 3.7. Market facilitation**
- 3.8. DNO flexibility markets are a start but offer rates so low that they are unlikely to stimulate flexibility projects other than by big players like Centrica intent on cornering the market and with the resources to get in very early to design it to their needs. They will concentrate and syphon the profits away from local communities and probably skew the development to the market to suit their business model (as Cadent have done in the Greater Manchester area to get hydrogen for heat built into the model).
- 3.9. Community energy and other really local players must be involved in the development of real-time local flex markets to keep the benefits local and provide the intensely local assets that can deliver the flexibility. The liquidity will be provided ‘in very localised markets’ by local generation assets and many consumers being brought into the market. Community energy’s local

trusted advocacy and engagement is key to the latter. Community energy is brilliant at realising intensely local opportunities which in most cases are of no interest to larger commercial players.

- 3.10. DNO's as part of their ongoing substation digitalisation should be encouraged to develop these markets. The ENA potentially has a useful role to play as it has a clear vision of [national energy system mapping](#) that would facilitate the development of these markets.
- 3.11. You rightly say that trust and lack of conflict is key to the development of any market. Especially in a local market, community energy's trusted status and ability to mediate conflict would be invaluable.
- 3.12. You say, "If there is not enough participation to secure the level of flexibility to meet the needs of the network, the DNO would have to meet the need through traditional network solutions when it is less efficient to do so." Community energy can stimulate participation of residents, businesses and investors, aggregate flexibility assets around a constraint and come up with the locally appropriate, bespoke, investable solutions that commercial organisations are unlikely to provide. But the conditions and rewards need to be in place. As a start, DNOs need to be encouraged (or required) to **require 'flexibility first' solutions** to constraints.
- 3.13. The easy option is to reinforce with more copper and more kilowatts. In one case we know of, a developer was keen to get a new substation built to overcome a constraint. The local community energy organisation proposed various creative solutions that would have removed the need for the substation. The developer's response was 'time is money' and, as they will not have to pay for the kilowatts that good design could have removed the need for, at no greater cost, the new substation was built. The DNO did not care to get involved and probably would have had no particular ability to influence if they had.
- 3.14. Community energy cannot currently participate in flexibility as it would like due to the low returns. Aggregation and stacking revenues from performing multi-functions is essential to making sufficient returns. This involves careful coordination, as you say, as well as data accessibility and easy, secure, sharing protocols and technologies to enable distributed local response. This must be central to market design.
- 3.15. **Real-time management**

- 3.16. As we say earlier, the evolution of the energy system must be done holistically. And as you say “coordination between vectors in real time may become more significant.” As those vectors normally converge at point of use, by people, in a building, the interaction between the use of one or the other is the product of a decision: to choose a heat-pump, to insulate or reduce draughts so that heat load can be shifted or agree to a smart meter. Encouraging local people to agree to adopt flexible technologies or demand side control systems will be key. Equally encouraging safe operation and adequate maintenance of these distributed systems requires good engagement with people so that they want to do it. Community energy is 4-5 times better than commercial players and even local government at engaging people on these sorts of issues and can build long-term facilitatory and supportive relationships that will allow many measures to be installed, when a householder could not cope with multiple engagements with multiple companies. Following the smart meter roll-out which has created much mistrust, this is even more important.
- 3.17. We agree with your points in 3.21 about the future of distributed flexibility assets being controlled by many players, community energy among them, and that it will require “significant investment in skills and resources.”
- 3.18. Coordination**
- 3.19. You rightly observe that “Operational coordination will be critical.” if consumers are not to end up paying more than necessary due to inefficiencies. Community energy needs to be central to organising local markets, not least because they can be the consumers’ champion. They will always be looking out for the best, fairest arrangement for the local community whilst also being aware of the needs and costs of the system. Already they have been setting up local supply models from local generation which are supplying electricity to social housing residents from community owned solar on their roofs at 19p per kWh in contrast to the 30+p large suppliers are charging.
- 3.20. Cross vector coordination will be essential. Community energy’s ability to connect with consumers in their homes, that sharp end of where most of these trade-offs will happen, will be key. It is also best placed to facilitate the improvements in the home that will make these cross-vector economies viable.
- 4. Overall, what do you consider the biggest blocker to the realisation of effective energy system planning and operation at sub-national level?**

- 4.1. Failure to involve people and communities (via community energy organisations where they exist)
- 4.2. Lack of urgency, local knowledge and creativity in devising solution in DNOs
- 4.3. Lack of local authority engagement in LAEP.
- 4.4. Challenge of coordinating and operating local markets and real-time operation and of getting the smart technology in place at the local level.

5. Do you agree with the opportunities of change we outline and the potential benefits they may create?

- 5.1. Community energy is brilliant at identifying local opportunities and creating local synergies. As illustrated in the example above they more easily devise flexible solutions because they are on the ground, able to assess needs and opportunities as they arise.
- 5.2. This local knowledge will be key in the energy planning process identifying possibilities for flexibility to solve system issues enabling Synergy 1.
- 5.3. **Synergy 2:** If the energy planning is genuinely to be bottom up, starting with identifying the needs and opportunities at the local level where the energy is used then centralising the coordination of planning functions seems counterproductive (though it is extremely unclear in your example what you envisage.) We would hope that the local actors or representatives from the various organisations that have planning responsibilities would have strong guidelines of how to coordinate their planning and then be allowed to get on with it locally.
- 5.4. It will be important to find a way to bring in “Planning” in the sense of the ‘local planning authority’ and the ‘Local Plan’ to ensure that they are onside with the agenda and minded to facilitate it wherever possible, and build sufficient net zero ambition and regulation into their Local Plan to require high standards of building, retrofit, onsite generation, energy storage, which will enable net zero. This may need engagement with DLUHC as well as local planning authorities. UK building standards are woefully inadequate for achieving net zero even by 2050 and retrofit is often made difficult by planning. Wheels turn slowly and it is vital that provisions are made as soon as possible in Local Plans.

- 5.5. **Synergy 3:** Community energy has been pushing the boundaries of what is possible and can share best practice to be adapted by other local communities.
 - 5.6. **Synergy 4:** The local management and operation of local flexible resources must be prioritised in this transition, in order to keep benefit local and local commitment to involvement and maintenance of the system. We have many examples of renewable energy systems installed by centralised procurement that are ill maintained or even forgotten about. Community energy is committed to flexibility as the most efficient way of running a (localised) energy system. It is keen to get involved as soon as we can make the business model financially viable. We are working on this - witness the proposal made recently to BEIS to support a scheme that would install hundreds of smart water heaters providing GWs of flexibility - to help fund other energy efficiency interventions in the same homes.
 - 5.7. NB it would have been useful if a single practical example of how these abstract 'synergies' might operate had been provided!
- 6. Are there additional opportunities for change and benefits that we have not set out?**
- 6.1. Yes. Get community energy involved from the start and at every level. This will help ensure that the benefits and economies are shared locally with vulnerable residents rather than by the shareholders of the big players who seek to corner the flexibility market.
- 7. We set out a number of risks associated with change. Do you agree with these risks and the potential costs they create? Are there additional risks of change and costs that have not been set out?**
- 7.1. We are glad to see that you are adopting a risk/opportunity approach to this policy. A recent report, [The New Economics of Innovation and Transition: Evaluating Opportunities and Risks](#), sponsored by the Cabinet Office shows that none of the transformational policies such as CfDs would have been adopted using a purely cost/benefit analysis.
 - 7.2. The chief risk for Ofgem and all of us of not pursuing the localisation, and increased efficiency, decarbonisation and smart flexibility of the energy system is that we simply do not transition in time to have a future. If it costs a bit more than predicted but we succeed in having a viable future we stand a chance of correcting the financial irregularity. If we fail but stay within budget then everything is vitiated.

- 7.3. The opportunities, especially of engaging the genius of the community, through community energy organisation is that there will be knock on benefits that you cannot even predict, so that the transformation of the energy system yields increased social benefit. Having a future is an opportunity that is worth committing as much time and resources to as is available.
 - 7.4. If separation of system and network function is necessary at distribution level it will take time and money in new systems and codes. It is vital that it is inclusive of local actors, not just technocratic industry players. Code modification panels are often packed by organisations that can afford dedicated staff and as such modifications are usually protective of the big players' interests. This cannot happen in this transformation. Separation and codes would have to be open, transparent and accessible to communities and other local players to input. Language must be simple, active, accessible (unlike this Ofgem call for input for example) and panels must be efficient, carefully convened to ensure representation of relevant (including local) stakeholders and non industry people reimbursed for their time to attend.
 - 7.5. This process cannot be allowed to be a distraction from achieving net zero. This must be evaluated and addressed at every stage.
 - 7.6. Community energy organisations will not welcome having to deal with 2 district organisations when dealing with one is often difficult and time-consuming. DNOs existing public engagement processes can often be clumsy and time-consuming which means organisations often find it difficult to stay engaged.
- 8. For each model, we have set out the key assumptions which need to be true for the model to offer the right solution. Which of these assumptions do you agree with?**
- 8.1. We are dubious that any change that necessitates primary legislation is 'timely'. It should begin now and 'start from where we are' which is that regional planning and operations are already carried out by GDNs and DNOs which are actively engaged in their regions. They will have to become more divergent, adaptable, fleet-footed, collaborative, cross-vector, creative, solutionist, locally focussed, inclusive, accessible to do this transformation - which will be no bad thing anyway and which will enable them to liaise with other organisations whilst also leading on the DSO role. Unless the future systems Operator can quickly hire knowledgeable, regional specialists to oversee the local and regional system transformation this is probably best

held by the DNO. Whoever holds it must move away from a supply-side model to one that genuinely can prioritise Demand Side Management.

8.2. In Model 3 you say “There is a case for integrating planning across energy vectors at a sub-national level.” We think this applies absolutely whichever model you adopt and practical measure to ensure that happens must be built into all of them regardless. It, along with the engagement of all the local players that are mostly missing from this call for input, will require new order of collaboration and facilitation. It will entail engaging sector bodies such as the Heat Pump Association, Association of Decentralised Energy, Sustainable Energy Association, with Community Energy England, Scotland and Wales and the other regional networks such as Community Energy South as well as the immediately local organisations for a Local Area Energy Plan. This looks more like Model 4 ‘interacting organisations.’

8.3. Model 1:

8.3.1. market development is not necessarily a strength of DNOs (as you have pointed out) but as it will have to be working with many partners in planning, cross-vector working, and operation, it should cope with working with market development specialists.

8.3.2. ‘potential conflicts should be able to be mitigated by internal governance’ but this must be open and transparent.

8.3.3. ‘Coordination takes place between institutions’. This is absolutely fundamental to the successful realisation of this transformation.

8.4. Model 4.

8.4.1. Roles... should be “assigned to the institution(s) with the competencies to deliver them.” This is self-evident but all organisations will have to extend themselves to a new order of competency, in collaboration, facilitation etc as described above for this to be a success.

9. Out of the framework models we have developed which, if any, offer the most advantages compared to the status quo? If you believe there is another, better model please propose it.

9.1. Of the 4 models proposed we think 1 and 4 or probably a combination of those, perhaps held by DNOs, is the most feasible and easiest to implement in a timely way.

- 9.2. There needs to be flexibility about who holds what in different areas. In most cases local authorities will not be the right body to do the system planning or even convene the stakeholders, whilst community energy groups may have the power, motivation and connections to do the convening role. We are disturbed, in model 1 that the DNOs and GDNs are not talking to each other!
- 9.3. Model 3 to 'ensure integrated network development plans' and realise system planning and operation synergies is attractive but creating another organisation will take time and may add coordination problems.
- 9.4. A planning specialism within the DNOs should be created - and indeed is contained in many ED2 plans to foster the creativity and solutionism that is in many communities and make the DNO more open and lateral-thinking in its working. And a strategic arm to coordinate those 'integrated network development plans' will be vital whichever model is adopted. This would end up nearest Model 4, without needing to create a new organisation, which might be preferable for speed although may lack the benefit of statutory status and independence.

10. 10. What do you consider to be the biggest implementation challenges we should focus on mitigating?

- 10.1. Engaging all stakeholders, including people and communities and getting local governments in all areas sufficiently invested and engaged.
- 10.2. Coordinating across all the stakeholders, across energy networks, vectors, local actors, the communities.
- 10.3. Integrating local plans across operational partners to 'ensure integrated network development plans'.
- 10.4. Market development that is genuinely open to local players and not taken over by big energy companies.
- 10.5. Delivery

11. Taking into account the varying degrees of separation of DSO roles from DNOs under framework model 1, do you consider there are additional measures we should consider implementing, in particular in the short term (e.g. changes in accountability etc)?

- 11.1. DNOs should be prepared to be the 'holder' of Local Area Energy Planning where local authorities are not willing or able. They must be prepared to cede parts of this role to local organisations that have specific competencies eg

convening and facilitation, stakeholder engagement and management, local surveying/mapping.

12. Are there other key changes taking place in the energy sector which we have not identified and should take account of?

12.1. Democratisation - key to engaging all citizens in consenting to and participating in the energy transformation. Local ownership and control must be facilitated. Ofgem should be regulating the transformation to deliver maximum social benefit to all as opposed to increase profits for big players. This will reduce vulnerable customers and the need to protect them.

13. What do you consider to be the most important interactions which should drive our project timelines?

13.1. Getting people and communities (and community energy) at the heart of the energy transformation.

13.2. This must put community energy at the heart of Local Area Energy Planning.

13.3. Local supply is key to giving people a stake in the energy system

13.4. Demand side management which genuinely engages with local people and communities will be key and must be actively facilitated

13.5. DNOs must get better at collaboration and become more open to non-traditional solutions.

Contacts:

Duncan Law, Acting co-Chief Executive and Policy & Advocacy Manager,
Community Energy England Email: d.law@communityenergyengland.org

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 280 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

