

October 2022

Community Energy England response to the BEIS Net Zero Review: Call for evidence

Introduction to Community Energy England

1. This is a response by Community Energy England (CEE), which represents 300+ community energy 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 and social benefit.
5. We believe that these motivations should be shared by all working in the energy sector and on energy system transformation.

Introduction and general comments:

The world has reached a “pivotal moment” and must change course in the next two years or risk runaway climate change, [UN Secretary-General António Guterres told the General Assembly](#) in September. Yesterday new figures showed increased growth in greenhouse gas emissions. This reminds me of Kenneth Boulding’s famous phrase “Anyone who believes that exponential growth can go on forever in a finite world is either a madman or an economist.” The UK argues that it has decoupled growth from emissions but this doesn’t take into account consumption emissions of the 5th biggest economy.

Tackling climate change is an existential issue. If we fail and the world is plunged into runaway climate change it will be an unfolding catastrophe of which we have seen a tame teaser in the events of this year. Then any policy wins will look pretty sad. So many of the aims such as energy security

(which must include energy justice) go hand in hand with tackling climate change. Nothing must distract us from winning the climate change war over the next very few years.

Michael Gove, describing the UK Government's Levelling Up ambition, said, "This country won't achieve its full potential until every individual and community achieves everything of which they are capable. We need to fire up every resource we have." This is equally true for the net zero transition. The most cost-effective way to do this is to re-mobilise community energy.

People and communities (and community energy) must be at the heart of net zero and energy policy. Community energy is well placed, highly motivated and trusted. It is essential to help deliver the energy transition to a local, flexible, smart and participatory system which also uses much less energy. This is at least as important as technological solutions and should be similarly resourced and supported by the government.

Data shows that the sector grew rapidly when support was available, then stalled when this was removed. In areas where even modest support is still available such as from the London Community Energy Fund, the sector is able to progress. Given support from government, the sector is ready to grow exponentially again towards becoming self-sustaining, through revolving development funding (see. Lessons must be learnt from the premature ending of previous support schemes. You must not clip the wings just before the bird takes flight.

Community energy harnesses the passion, expertise, human and financial capital of the community to do local decarbonisation projects at scale that realise local opportunities and synergies, meet local needs, and deliver huge community benefit at the same time. It engages local people in the net zero project without which as the Climate Change Committee warns we will fail to achieve net zero.

The [Environmental Audit Committee letter](#) to the government from April 2021 headed "Removing the barriers to the development of community energy", recommended that "Due to the urgency of the climate crisis and the vital roles communities will have to play in reaching net zero, it is essential that a timely solution to support the long-term growth of community energy across the UK is found." It recommended that the government's Net Zero Strategy recognise the importance of community energy and that it put in place "practical support measures to harness the potential of community energy" including a National Community Energy Fund. (The excellent recommendations are listed in question 27.) None of this has been acted upon and in June the Secretary of State decided not to fund an extension or expansion of the Rural Community Energy Fund.

Questions:

Overarching questions

1. How does net zero enable us to meet our economic growth target of 2.5% a year?

- Reduced cost of energy from low marginal cost renewables. Fossil fuel will only go up as scarcity increases. North Sea gas is dwindling by 16% a year. Expansion and investment there will not reduce prices or greatly extend the yields.
- Early adoption helps us lead the market and be leading exporters of net zero technology and systems. This will help shore up the economy for the long term, creating good green jobs. This requires major investment in skills and supply chain.
- Energy efficiency - the essential flip side to the renewable supply coin - yields compounding and infinite returns on investment. Energy saved is saved ongoingly. We can also export this technology. Reducing waste and increasing efficiency has huge potential to reduce need for costly new energy infrastructure. Reduced bills leaves more money to be spent into the real economy.
- Net zero policy and government investment should target technologies that we know work to bring benefit as quickly as possible to people and to carbon reduction. Carbon capture and storage, which has been pledged £1bn, is unproven (or rather has a long track record of failure. <https://ieefa.org/resources/carbon-capture-has-long-history-failure>) and will likely not deliver in time if at all. Energy efficiency and retrofit technology is known, has known carbon savings, improves well-being and health, reducing social costs, saves bill payers money, creates local jobs.
- Community energy brings multiple benefits, environmental, social and economic. The social and environmental benefits also have economic dimensions, with for instance, health cost savings from improved energy efficiency of housing. The benefits include:

1. Energy and Climate Change

- Carbon Reduction** which otherwise would not have been achieved.
- Increased renewable energy generation** (at community level, often on buildings that would not be a commercial prospect, eg on social housing).
- Increasing resource efficiency**, harnessing unused roofs to generate energy, reducing transmission losses by local generation for local use.
- New routes to engaging people** in local action on climate change, fuel poverty, energy efficiency, innovation.
- Increased energy awareness/literacy**, carbon literacy resulting in:
- Behaviour change**. (essential for 60% of CCC's recommended interventions for reaching zero-carbon)
- Advocacy in the local community** for roll-out of future technology (eg heat pumps) and energy efficiency.

2. Innovation including innovation trials in the community pioneering such projects as:

- Reducing energy bills** for those living near renewable energy installations
- Local flexibility services**
- Local grid services**, capacity, balancing, frequency response, voltage
- Monitoring real-life usage** of technologies

3. Local societal and economic benefits

- Community Benefit Funds** (£1.35 distributed in 2021)
- New investment sources:**

- i. from local investors many of whom become actively engaged in the projects.
 - ii. Inward investment
- c. **Stimulates local economy** via:
 - i. Surpluses and money staying local, via investor dividends, reduced energy bills, local project spend, and:
 - ii. More local jobs in energy solutions.
 - iii. Upskilling, apprenticeships,
 - iv. New partnerships, cooperation locally.
- d. **Increased resilience.**
- e. **Solar panels on community buildings (and schools) reduce running costs, allowing them to spend more on services to the community and education.**

4. Alleviating Fuel Poverty

- a. **Doing low-cost, high-return energy saving measures.** (South East London Community Energy (SELCE) calculates a 6:1 return on investment in terms of money saving to the householder over 2 years. Add social cost saving and social return on investment is approaching 10:1.)
- b. **Reduced bills for vulnerable customers,**
- c. **Better health and wellbeing** resulting in:
- d. **Reduced social costs**
- e. **Better support networks and social infrastructure.**

2. What challenges and obstacles have you identified to decarbonisation?

- LACK OF ENGAGEMENT
- A main challenge we and the Climate Change Committee, have identified is people's lack of engagement with net zero. The CCC has warned repeatedly that, *"if the people of the UK are not engaged in this challenge - the UK will not deliver Net Zero by 2050... people need to be brought into the decision-making process and derive a sense of ownership of the Net Zero project."*
- They warn that the government still has no strategy for public engagement on net zero - as evidenced by the recent reluctance to inform people about energy saving for fear of accusations of 'nannying'.
- This lack of engagement will lead to people being unprepared to adopt the technologies, and adapt behaviours or make the interventions, often quite disruptive, that are required (such as retrofit, and installing heat pumps) to achieve net zero. Around 60% of measures to achieve net zero are dependent to some degree on behaviour change.
- This will not be aided by attempts to impose schemes from the top - when it is either rejected as paternalism or simply not engaged with or failed schemes like the Green Homes Grant.
- The government's attempts to 'deliver' net zero without anyone having to change or get involved. Growth will be facilitated by the '[winds that blew Drake](#)' turning ever more offshore wind turbines. Boris Johnson's [Ten Point Plan](#) was mainly big cheque, business focused, centralised, supply-side interventions (some of which will not deliver on time or at

all). They do not increase community wealth, resilience, engagement, localisation, energy saving or harness the genius, passion and human and financial capital of the community to the net zero task.

- People and communities must be front and centre of net zero planning and supported to scale up local climate action.
- LACK OF GOVERNMENT SUPPORT FOR DEMAND SIDE MEASURES.
- Another challenge is that the government, until recently, has not engaged with demand-side measures, because it is seen as difficult and doesn't contribute to 'growth'. You can't easily take a profit margin on people using less.
- The government has not 'done the math' on building retrofit - an absolute prerequisite for achieving net zero. It can deliver huge cost savings (returns on investment) in health, social care, educational achievement, wellbeing, as well as, now, energy cost support. It also generates hundreds of thousands of local skilled and semi-skilled jobs. It preserves the value of properties that otherwise, soon, will not be heatable and therefore habitable for 6 months of the year. It reduces energy demand by reducing waste, thereby reducing grid reinforcement cost (all houses to EPC C would reduce necessary grid reinforcement to electrify heat by £8bn). It reduces the generation capacity needed to supply the energy transition.
- LACK OF POLICY CONSISTENCY AND FUNDING FOR BEST VALUE NET ZERO PROJECTS.

3. What opportunities are there for new/amended measures to stimulate or facilitate the transition to net zero in a way that is pro-growth and/or pro-business?

- Supporting community energy as a financially efficient way to stimulate net zero projects. In the NW of England, the Rural Community Energy Fund (RCEF) demonstrated that development funding of £921,250 from RCEF could enable projects with a CapEx of more than £64 million. That is a nearly 70:1 ratio of finance to development money. Yet, without appropriate development finance, none of those projects would happen and all the compounding knock-on benefits would be lost. See proposals in question 27.
- Really significant funding for energy efficiency and retrofit
- Promoting localisation measures, in energy, food production, repair and reuse, transport, work, supply chains. "**Localisation** stands, at best, at the limits of practical possibility, but it has the decisive argument in its favour that there will be **no alternative**." David Fleming, economist <https://www.flemingpolicycentre.org.uk/>
- Localisation reduces the need for wasteful moving of stuff and people around. It can often outweigh the economies of scale that the current outsourced, just in time system boasts of. The fashion industry is pioneering onshoring - small trial batches made in Merthyr Tydfil, at the beginning of the season which can then be upscaled if they sell is more efficient than 300,000 units made cheaply in Bangladesh in the Autumn and shipped, which then have to be pulped if they don't sell.
- Locational pricing should reflect the greater efficiency of energy produced and consumed locally without the system losses and grid costs of high voltage power transported long distance.

- Local markets should be used to enable the localisation of energy for example, in supply, based on a mechanism such as proposed by the Local Electricity Bill, flexibility, energy efficiency/conservation and grid services.

See more proposals in question 27

4. What more could government do to support businesses, consumers and other actors to decarbonise?

- The tendency of government has been to think of people as simply consumers, market participants, subject to market forces and price signals. (see HMT's interim Net Zero Review) However, their actions have many more complex motivations including the desire to take climate action and benefit vulnerable people and communities. **These communitarian aims must be actively supported in policy.** For example the adoption of EVs is well ahead of government projections and is ramping up at a time when government incentives are ramping down. During the covid emergency, much of the most important resilience and community support work was done by communities delivering mutual aid. There were no market forces or even much in the way of government support to drive it.
- Support community energy and social businesses (currently largely absent from government net zero policy) which are in many ways more effective at generating the outputs we want of growth - not just GDP figures, but good employment, social benefit, local community wealth building... And what we want out of the net zero transition: increased social and community solidarity and resilience, reduced costs. Localisation.
- Support the development of skills and local supply chains.
- Business rates relief for businesses working with community energy and on net zero measures.
- Long term 0% VAT on energy saving products.

5. Where and in what areas of policy focus could net zero be achieved in a more economically efficient manner?

- Supporting community energy delivers multiple benefits beyond the kWhs generated or saved. Community wind projects in Scotland [deliver on average 34 times more community benefit](#) than commercial projects .
- Energy efficiency and retrofit. This needs urgent government investment. By our calculation between £1.4 and £2bn of the £9.2bn pledged for building retrofit in the Conservative manifesto in 2019 has not even been allocated. Authoritative reports by the New Economics Foundation estimate we need billions a year. The returns on investment will be high in terms of reduced health costs, reduced need for supporting households' high bills, increased money available to be spent into the real economy. At a time when the government will pay out around £60bn over the next six months, a significant amount of which will heat the atmosphere due to energy waste in leaky

buildings, it is beholden on the government to reduce that waste for reasons of prudent stewardship of public money.

- A significant part of this spend must be on supply chains and skills, (the Green Homes Grant exposed this) and public engagement. Community energy is a trusted intermediary, advocating for and delivering these measures and should be supported as such.

6. How should we balance our priorities to maintaining energy security with our commitments to delivering net zero by 2050?

- Energy security will best be achieved by enabling local renewable generation, supplied in a localised energy system. It will be more affordable than current generation. Energy security must also be about energy justice and affordability - people's ability to enjoy the right to a sufficient level of energy.
- There should be no conflict between energy security and net zero. It must be realised that power-cuts in the 70s educated people about energy. Net zero is an existential goal and must not be allowed to be compromised for smaller policy aims.

7. What export opportunities does the transition to net zero present for the UK economy or UK businesses?

Questions for businesses

8. What growth benefits/opportunities have you had, or do you envisage having, from the net zero transition?

9. What barriers do you face in decarbonising your business and its operations?

10. Looking at the international market in your sector, what green opportunities seem to be nascent or growing?

11. What challenges has the net zero transition presented to your business?

12. What impacts have changing consumer choices/demand had on your business?

13. What impacts have decarbonisation/net zero measures had on your business?

14. What more could be done to support your business and/or sector to decarbonise?

- See our responses to question 27 for the community energy sector. See also question 16 on 'barriers to entry'.

15. Do you foresee a role for your business within an expanded UK supply of heat pumps, energy efficiency, electric vehicles, hydrogen economy or clean power?

- Community energy has a vital role to play in all those sectors. The diversity of community energy projects across the country can be viewed on our [national map](#). Increasingly community energy organisations are combining technologies and business models in innovative ways.
- As a trusted intermediary, they are much better than commercial players at advocating for new tech,, supporting consumers through the change, creating visible projects which involve the community, that normalise these radical changes.

- Community energy is already delivering in all these areas except hydrogen. We are evaluating co-locating hydrogen hydrolysis with our larger clean power generation to smooth variable generation and potentially to supply low-carbon transport. However it is unlikely that hydrogen has a big part to play in net zero other than for energy intensive industries.
- HEAT PUMPS. Brighton and Hove Energy Services Cooperative has pioneered community [ground](#) and [air source](#) heat pump projects, a [heat network](#) for a rural villages to replace oil heating. [Maid Energy](#) raised £196k to install a ground source heat pump on the Thames Valley Athletics Centre
- ENERGY EFFICIENCY. Community energy is 4-5 times better than commercial players at engaging people on energy efficiency, according to government commissioned research¹. Community energy energy efficiency and fuel poverty work [delivers £10 of social return](#) for every £1 of project cost, including up to £6 of financial savings to bill payers over just 2 years. Community energy is excellent at creating the relationship that often delivers action when a sales-person or mere market forces fail. Community energy will also hand-hold clients through the work and provide support afterwards - when the supplier often does not want to engage.
- Community energy is already delivering mould-breaking building retrofit such as [People Powered Retrofit](#) by the Carbon Coop in Manchester and the work of our member [RetrofitWorks](#) building a local independent trader coop model for retrofit.
- Community energy organisations such as the [C.H.E.E.S.E. project](#) has pioneered a franchise model of thermal imaging surveys and ‘first retrofit’ or ‘draught busting’, low tech, low cost, high impact measures to reduce energy waste in homes. They calculate that £100 of energy efficiency measures, applied DIY, following a £250 thermal imaging survey can reduce energy bills by up to 30%. That means that the return on investment may be in excess of 100% in the first year. This is an area that has never received adequate government support, despite its huge effectiveness, to enable community and other businesses to deliver it consistently. Energy efficiency is difficult, potentially disruptive, and has historically been seasonal.
- ELECTRIC VEHICLES: Community energy work on transport has greatly increased as generation projects have become more difficult. Several organisations have set up community car clubs such as Nadder Community Energy’s [Tisbury Car Club](#). They are offering a franchise model.
- Car clubs are proving to be a ‘gateway’ to getting people interested in the energy transition. A club in Cumbria is looking at building a community hydro scheme due to grid connection barriers to the car charging point. Car charging points in doctors’ surgery car parks for instance are often enabling the installation of rooftop solar.
- CLEAN POWER. Installing community owned renewable energy generation is what the sector has historically done brilliantly, There are now 331 MW of community renewable energy in England. Had the government followed the Community Energy Strategy 2015 there would now have been around 10 times more. Community energy can raise local community investment to build out decarbonisation projects that are usually of no interest to commercial player due to their very local circumstances, on difficult roofs, owned by parties who may be difficult to deal with for commercial businesses,

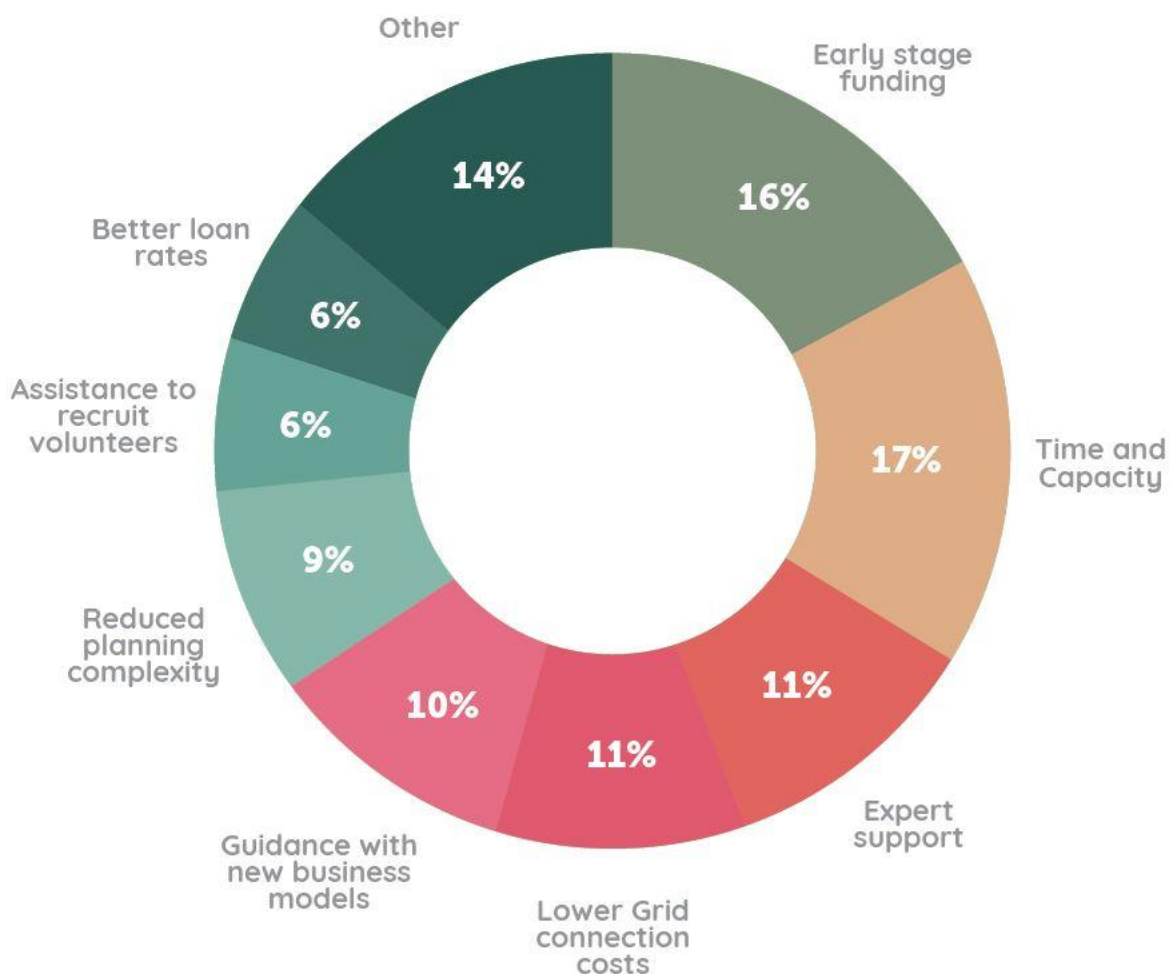
¹ Forum for the Future report commissioned by DECC

- These opportunities would usually not be realised were it not for community energy. The investment raised in many cases would not have gone towards the net zero transition had not community energy provided a local, impact investment opportunity. Most investors are ordinary people investing small amounts to do the right thing. But current share offers are in the high hundreds of thousands and often over a million. They are very often over-subscribed.

16. For clean power industry: what barriers to entry have you found in deploying new plant and technologies?

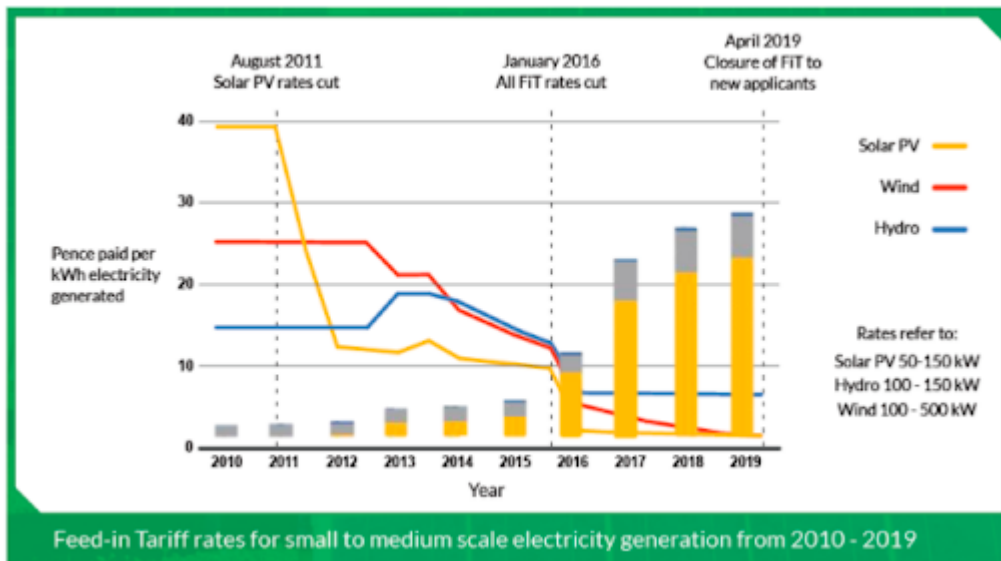
- The [State of the Sector 20-22 report](#) shows that lack of early stage funding, grid connection problems and costs, and planning were key external barriers to delivering projects.

The support that organisations need:



- Community energy grew exponentially between 2014 and 2017. This graph shows that growth continued during early years of reductions in Feed-in Tariff but as it was further

reduced and tax relief withdrawn it became increasingly difficult to make a business case to do projects.



The lines show cuts in Feed-in Tariff. The bars show the growth of the community energy sector from 25MW installed in 2014 to 160 installed by 2017. The sector more than doubled every year.

- Since the withdrawal of the Feed-in Tariff and the ending of the Rural Community Energy Fund (RCEF) in March 2022 the sector has been limited in the renewable capacity it can install. In 2021 only 8MW of new capacity was installed and the growth rate was 2.4%. However the sector, hugely tenacious and determined, has diversified, developing new areas of activity in transport, energy efficiency, retrofit, and fuel poverty work and increasingly heat.
- The main barriers for established and new community energy organisations to deploying new plant and technologies has been up front feasibility and development funding and occasionally access to bridging finance to get projects built.
- The Rural Community Energy Fund provided early stage funding very effectively. It is a great investment of government grant funding to mobilise private investment for net zero and growth. In the NW of England, the RCEF pipeline has been mobilising community investment of £69 for every £1 of government grant seed funding, This sort of conversion factor is rarely seen anywhere in government funding circles. By contrast the Levelling Up and Shared Prosperity Funds to which we are now referred, develop only £1 of project for every £1 of funding because they are capital funds rather than development funds.
- Community energy, as not-for-profit social businesses that can only pay the minimum dividends required to secure the capital, do not have access to venture capital.
- The State of the Sector 2022 report identified 80 stalled projects totalling 68MW stalled capacity, 53 of which were electricity generation projects and 19 energy efficiency. This shows the ambition and entrepreneurialism of the sector but the severe barrier to the successful deployment.
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- See proposals and recommendations in question 27

17. How many green jobs do you estimate will be created in your sector by 2030?

- In the most difficult year ever for the community energy sector 183 new FTE jobs were created taking the total to 644 FTE jobs in the sector, not including all the employment generated in the supply chain.
- The [2030 Vision](#), developed with the sector in 2020 and supported by [independent research](#), envisaged a 12-20 fold growth by 2030 delivering 5,270 MW, powering 2.2million homes, creating 8,700 jobs, saving 2.5million tonnes of carbon and £1.8billion for the economy. This was contingent upon the right support from government. The right support has not been forthcoming.
- The sector growth rate in 2021 was 2.4% but the growth in jobs was more than 40%.
- If the sector can begin to grow exponentially again that 8,700 jobs target is achievable.

Questions for the public

18. Have you or are you planning to take personal action to reduce your carbon emissions (for example through how you travel, what you buy, how you heat your home)? If so, how?

19. Do you face any barriers to doing this? What are they?

20. What would help you to make greener choices?

21. What is working well about the measures being put in place to reach net zero?

22. What is not working well about the measures being put in place to reach net zero?

23. Do you have any further comments on how efforts to tackle climate change are affecting you?

Questions for local government, communities and other organisations delivering net zero locally

24. What are the biggest barriers you face in decarbonising / enabling your communities and areas to decarbonise?

- Lack of policy consistency and financial support especially for early state funding for projects.
- Lack funding for local energy advice, first retrofit/draught busting and for building retrofit.
- Lack of access to the grid. In many areas there is no prospect of connection for more than 1 MW until 2030 and there are long queues, squatted by developers.
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- See the responses at questions 2 and 9.

25. What has worked well? Please share examples of any successful place-based net zero projects.

- Early support for community energy with FiTs, SEIS, the Community Energy Strategy and DECC team in 2015.
- There are hundreds of successful community energy projects across a wide range of technologies. See our [national map](#). You can see case studies via our website <https://communityenergyengland.org/pages/case-studies/page:3> Also community energy case studies prepared for COP26 on the [Carbon Copy website](#)
- Bristol Energy Network, Community Energy South, Community Energy London connecting and enabling local organisations and projects.
- The London Community Energy Fund has provided £1.5m seed funding for London projects. 8 London boroughs either have or are setting up Community Energy Funds.

26. How does the planning system affect your efforts to decarbonise?

- Complexities and cost of planning were cited by many community energy organisations as reasons that projects stalled.
- We welcome the promise on onshore wind in England to 'bring consenting in line with other infrastructure.' This must survive the change of leadership and ministers especially given the legal challenge to the adequacy of the Net Zero Strategy. Without onshore wind, the cheapest form of renewable energy, we do not stand a chance of achieving net zero.
- Issues around conservation areas and heritage buildings often block projects.

27. How can the design of net zero policies, programmes, and funding schemes be improved to make it easier to deliver in your area?

- RECOMMENDATIONS.
- Follow the [Environmental Audit Committee recommendations](#) from April 2021 which are:
- "We recommend
 - that the forthcoming Net Zero Strategy emphasises the importance of community energy, and

- that BEIS develops, with the support of the devolved administrations, a complementary UK-wide community energy strategy,
 - to include practical support measures to harness the potential of community energy.
- We recommend
 - that BEIS swiftly introduces a minimum Smart Export Guarantee floor price above zero, and extends the guarantee on the energy export price.
 - the reinstatement of the Urban Community Energy Fund, or a combined fund with the Rural Community Energy Fund when it ends in 2022;
 - reinstating Social Investment Tax Relief for investments in community energy; and
 - a replacement non-domestic Renewable Heat Incentive, designed to support community projects.
- The Government should
 - remove the regulatory barriers to allow community energy projects to sell their energy to their local communities.
 - We recommend taking guidance from countries with widespread community energy development, including the Netherlands, on how to successfully harness the potential of community energy.
- Ofgem should
 - improve its support of community-led renewable energy projects. It should acknowledge the vital benefits beyond energy decarbonisation, not provided by commercial projects, that community energy brings, for example by
 - minimising connection charges for community projects that address grid and/or climate problems.
 - We recommend Ofgem provides guidance to Distribution Network Operators on how to incorporate community energy into the energy network.
- The Government (DLUHC) should
 - support local authorities to develop local area energy plans which harness the potential of community energy.
 - To enable increased participation from local authorities, we recommend considering adjustments to the National Planning Policy to allow prioritisation of community owned energy developments,
 - producing guidance on how to deal with procurement and
 - investigating what impact mandatory participation between local authorities and community energy groups would have.”
- Create a ramping National Community Energy fund of £30m over 3 years. Community energy is committed to moving away from grant funding. The government should work with the sector to provide the initial capital with at least an equivalent amount for a long term revolving Development Loan Fund to be run by or in partnership with the sector. If a project is genuinely unfeasible or cannot be brought to fruition the loan should revert to being a grant. Otherwise it will be repaid with interest at financial closure or after the project has successfully negotiated the first few years of operation to maintain the funds to be available to develop later projects. Once the concept is proved we will aim to get patient capital funding from Pension Funds and the like to grow the fund.
- Reinstatement Social Investment Tax Relief for community energy projects.

- Boost demand reduction and behaviour change by enabling community energy leadership in retrofit, energy efficiency advice/fuel poverty alleviation for the energy crisis, demand management systems and driving behaviour change.
 - Fund Community Energy England's 'Energy efficiency/advice working group' £14.2m [proposal to BEIS](#) in May 2022 to upskill and upscale community energy advice across the country.
 - Fund our £25m [proposal for a pilot revolving fund to support building retrofit](#) in unable to pay households.
 - Create a National Retrofit Programme to get all homes to EPC C. This should support community and local models for retrofit at scale, especially for the owner occupiers and the private rented sector. Support the unable to pay to participate. (see our revolving loan proposal above)
- To complement clean energy build-out we need demand reduction. There is still huge potential for this by reducing energy wastage.
- Most energy demand is controlled intensely locally - by choices people make in the home and their travel and consumption choices, - as well as by the types of building (eg solid walled hard to treat) and the kind of community, (rural with little transport infrastructure and local amenities).
- Most change is engendered by interaction between people, preferably friends or trusted community members. The changes needed for net zero need to be normalised by being visible, happening in the community so early adopters, preferably doing community projects people can join, rather than just individualist ego projects.
- Localisation is the direction of travel of the energy system. Energy that is generated, and used locally is more efficient than energy that is transported long distances.
- People and communities are key agents and stakeholders who are often disregarded, notably by Ofgem's recent local energy institutions and governance consultation. See our response [here](#).
- Government must enable local supply as proposed by the Local Electricity Bill. This will enable communities to supply electricity they generate locally and cheaply making money to fund other decarbonisation projects. The Citizen Energy and Renewable Energy Communities concept is enshrined in the EU Energy Package giving communities the right to generate, own and trade their own energy. As a result countries, regions and councils have been looking at how they can facilitate local, community energy - a positive process that the UK has omitted and should catch up with.
- The government should work with Ofgem, DNOs and communities to develop functional local markets in flexibility, demand reduction/energy saving and grid management to drive forward the localisation of the energy system, stimulating projects to generate, save and balance energy at the local
- DNOs are beginning to understand the importance and power of communities. They had some good plans to support communities and do Local Area Energy Planning in their ED2 business plans. However Ofgem has dampened ambition, by standardising business plan to the Future Energy Scenario 'System Transformation' which is no longer fit for achieving net zero by target dates and is not 'Leading the Way', nor 'Consumer Transformation' both things we need those managing the energy system to be doing to achieve net zero. Ofgem has also

cut DNOs budgets by up to 20% especially in the area of supporting communities. This will compromise delivery on net zero, mostly with no positive effect on costs to consumers. This must be reversed. See our consultation response [here](#)

28. Are there any other implications of net zero or specific decarbonisation projects for your area that the Review should consider?

Questions for academia and innovators

29. How can we ensure that we seize the benefits from future innovation and technologies?

30. Is there a policy idea that will help us reach net zero you think we should consider as part of the review?

Contacts:

Duncan Law, Acting co-Chief Executive and Policy & Advocacy Manager,
Community Energy England

Email: d.law@communityenergyengland.org

Phone: 07958 635181

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