

Community Energy England response to Ofgem Consultation [Supporting Innovation in the Electricity Retail Market](#)

Introduction to Community Energy England

1. This is a response by Community Energy England (CEE), which represents more than 340 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 a thriving community energy sector integrated into and truly powering a fair, zero-carbon 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.

Consultation questions

Q1. Do you agree with our proposal to exempt suppliers with fewer than 50,000 domestic customers from the USO?

Community Energy England fully endorses the proposal. The UK-wide Universal Service Obligation has been a huge barrier to organisations wanting to set up a supplier to a local community.

The vast majority of community energy organisations work within a specific local area, developing projects that provide benefits to local communities. The sector is highly innovative, delivering bespoke local solutions to meet local energy needs. The government has a stated aim to oversee the biggest expansion of community energy in British history.

Opening up this business model to community energy organisations would enable projects that support flexibility at a local level, thereby reducing pressure on the grid. There would

also be opportunities to integrate the approach into Smart Local Energy Systems (SLES), encouraging innovative solutions to effectively manage local electricity supply and demand.

The P441 modification to the Balancing and Settlement Codes, which is still scheduled to come into force in October will enable locally generated electricity to be supplied to local customers connected behind the same primary substation. This is a scale that community energy commonly operates at and being able to set up a local supply company could be a preferable solution to having to supply via a larger supplier with all the loss of transparency and profit margins taken that that entails. We are aware of the low margins of most electricity supply in this country and of the high responsibility and administrative burdens. But the genuine benefits to the system that local balancing and flexibility offer merit the saving on Transmission levies that local supply under P441 allow. This would make local supply companies more viable - which in turn could further reduce cost of grid reinforcement upstream.

Q2. Do you agree with our assessment of risks, and proposed mitigations?

We believe 50,000 customers is a fair threshold for organisations wishing to supply electricity at a local level. We would support changes to prevent gaming of this threshold.

Contact and Further Evidence

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Community Energy England

Community Energy England (CEE) was established in 2014 to provide a voice and network for the community energy sector, primarily in England. Membership totals more than 340 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