

The Rt Hon Grant Shapps MP
Secretary of State for Energy Security and Net Zero
1 Victoria Street
London
SW1H 0ET

8 March 2023

Dear Mr Shapps,

Congratulations on your appointment as Secretary of State for Energy Security and Net Zero, probably the most existentially important brief in government.

Community energy harnesses the passion, expertise and capital of local people to do decarbonisation projects that otherwise would not happen and engage people in, and give them *“ownership of the net zero project”*, without which the Climate Change Committee warns *“the UK will not deliver Net Zero”*¹. I attach Community Energy England’s very brief Parliamentary Briefing which is also at bit.ly/CEEbriefing

The [Net Zero Review](#) identified that community energy had been *“neglected by government”* and recommended that the government *“turbocharge community energy”* and local climate action. As this implies community energy entrepreneurs just need a booster from government and they can deliver amazing projects, huge community and social benefit, and grow and spread the sector to be the government’s key grass-roots ally to bring everyone into the “net zero project”.

The Environmental Audit Committee in April 2021 [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.”* The Committee recommended that the *“Net Zero Strategy emphasises the importance of community energy”* and *“practical support measures to harness the potential of community energy.”*

The Secretary of State responded in June 2021 that the Net Zero Strategy would *“include our future plans for community energy”*. It included neither plan nor practical measures.

We urge that the refreshed Net Zero Strategy due at the end of March contain both. Community energy is essential to achieving net zero and the Strategy will remain unfit for purpose without it. Urgently required is early stage feasibility and development funding (as was provided by the Rural Community Energy Fund) to get projects investment-ready - at which point they mobilise many times more capital investment from the community. The RCEF pipeline in the North West was on track to mobilise £69 of capital for every £1 of development grant funding. Current ‘UK-wide growth funding’ via local authorities is not fit for purpose as identified by the Net Zero Review. As ‘capital funding’ it does not mobilise new investment or local entrepreneurialism.

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<https://www.theccc.org.uk/wp-content/uploads/2020/12/The-Sixth-Carbon-Budget-The-UKs-path-to-Net-Zero.pdf> and elsewhere.

Both the Select Committee and the Net Zero Review recommended a Community Energy Strategy. We had an excellent one in 2014 but it did nothing but prove that such things take time and rarely survive regime or ministerial changes. We would like therefore to prioritise the “practical measures” that will “turbocharge community energy” and local climate action.

The Environmental Audit Committee made a number of [recommendations](#), many for delivery in the Net Zero Strategy, not one of which has been actioned. All are still valid and needed. We urge you to include them in the refreshed Strategy. They include:

1. **Setting up a ‘national community energy fund’** of at least £28m over 3 years to enable feasibility assessments and the development of rural and urban projects.
2. **Reinstating Social Investment Tax Relief for investments in community energy; SISR must also be extended beyond April 2023.**
3. **Removing the regulatory barriers to allow community energy projects to sell their energy to their local communities.**
4. **Introducing a minimum Smart Export Guarantee floor price above zero, and extending the guarantee on the energy export price** to provide investor certainty. (A Community Contract for Difference would fulfill this function).
5. **Create a community Renewable Heat Incentive or similar for non domestic community renewable heat schemes.**
6. **The Government 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.**

The recommendations are annotated with current context and important detail [here](#).

Connection to the grid has become a major blocker to community and commercial renewable projects alike. Our members report networks saying they are unable to connect projects bigger than 1MW until 2028, 30 or even 2035 and even then they are unable to put a price on the connection. This will prevent the achievement of legally binding targets let alone government ambitions for a net grid by 2035.

Ofgem and the Future Systems Operator must coordinate a plan to upgrade the grid that must enable proactive investment ahead of need at the grid edge, based on Local Area Energy Plans. It must also support and incentivise local flexibility projects that reduce the need for expensive reinforcement.


The overdue revision of Ofgem’s Strategy and Policy Statement should include both achieving net zero and supporting community energy as part of its official remit.

As the Net Zero Review points out the planning system must be reformed urgently to support net zero. The current DLUHC consultation will fail to open up onshore wind which is vital to achieving legal climate targets. The Environmental Audit Committee also recommended that the government considers **adjustments to the National Planning Policy to allow prioritisation of community owned energy developments**. Please urge DLUHC to include this in the current reform of the NPPF to enable community onshore wind.

Again we request you to ensure that the importance of community energy to achieving net zero is clearly emphasised in the refreshed Net Zero Strategy and that it includes **practical support measures to turbocharge community energy**.

I believe the Prime Minister has requested you organise a meeting with us and the Coop Group, Tesco, Morrisons and M&S to discuss [our recent letter](#). We hope that can happen soon, before the Net Zero Strategy is finalised. Please don't hesitate to contact us to arrange a meeting or to request more information.

Yours sincerely

A handwritten signature in black ink that reads "Emma Bridge." The signature is written in a cursive, flowing style.

Emma Bridge
Chief Executive, Community Energy England