

Community Energy England response to the Consultation on proposed amendments for Allocation Round 7 and future rounds

Introduction to Community Energy England

1. This is a response by Community Energy England (CEE), which represents over 290 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.

General comments:

6. Preparing for Contracts for Difference Allocation Round 7 offers the government the opportunity to consider a broader range of reforms than those outlined in this consultation.
7. In particular, the government ought to be considering ways to facilitate the work of a broader range of actors in the energy system than just large commercial businesses. If it is to be successful, the energy transformation must have community involvement at its heart.
8. Since the scrapping of feed-in tariffs, community energy organisations have had no genuine opportunity to access a fair, long-term settlement for the electricity they produce, since they are usually not large enough to engage with the Contracts for Difference scheme as it is currently constituted.
9. The Smart Export Guarantee, which nominally addresses this issue, does not provide any useful long term guarantee on which an investment case can be built.

10. This gap is harming the UK's efforts to reach net zero. A scheme designed to encourage smaller scale community led energy generation by offering a fair settlement for electricity produced would not only enable more types of organisation to contribute to the energy transformation but could also be crucial in delivering electricity generation near to where communities use it, offering opportunities for flexibility, balancing local demand and supply, which is crucial to achieving the energy transition. Local community-led projects can be designed with the local community's needs in mind.
11. The government commissioned Net Zero Review urges the government to 'turbocharge community energy' and local climate action. It is clear that:

"there must be more place-based, locally led action on net zero. Our local areas and communities want to act on net zero, but too often government gets in the way. The Government must provide central leadership on net zero, but it must also empower people and places to deliver. Place-based action on net zero will not only lead to more local support but will deliver better economic outcomes as well."
12. The government should consider how it can use policy programmes such as Contracts for Difference to enable these community-led projects which harness the passion, expertise and the money of local people to deliver locally appropriate decarbonisation projects that also deliver many times the community benefit of commercial projects.

We propose

13. That **the Contracts for Difference scheme is reformed to include designated support for community energy projects.** This could be done by a '**Community CfD**' pot or 'carve-out' within Pot 1 open to <5 MW onshore renewables energy generation.
14. This has been demonstrated in Ireland. The Irish Renewable Electricity Support Scheme (RESS) contains a 'community preference category'.¹
15. The second round of the Irish RESS scheme set aside approximately 1% of the pot for community projects. The precise details including the capacity cap (set in GWh rather than MW of installed capacity) and the administrative strike price should be worked out in participation with the community energy sector having a view to the current and likely pipeline across the UK and the real costs of installing community energy. It should be noted that this has the potential to greatly increase with the right government support. The Labour Party Local Power Plan pledges £3.5m over 5 years to supporting community and local authority energy projects mostly with early stage funding. Investor certainty offered by a CfD would transform the ability to raise capital for these projects.

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<https://www.gov.ie/en/press-release/7f8e5-major-acceleration-of-renewables-wind-solar-and-community-energy-as-provisional-results-of-second-renewable-electricity-support-scheme-ress-auction-announced/> "In terms of Communities, all projects looking for support under the new RESS will need to meet pre-qualification criteria including offering the community an opportunity to invest in and take ownership of a portion of renewable projects in their local area. A national register of community benefit payments will also be established."

16. Ownership qualifications must be designed to prevent commercial developers taking advantage. **A required minimum level of 'offer' of community ownership** of 15% should be a prequalification for participation of all projects in the CfD auction process.
17. **Community benefit provisions should be mandatory**, a precondition of access to the CfD scheme, with a minimum level of £5,000 per annum per MW capacity going into a community benefit fund, as is the case in Scotland.
18. As a matter of urgency, **the government should expand the scope of its proposed amendments for future Allocation Rounds**. The policies currently in place to support the development of clean energy assets and the proposals set out in this consultation do not deliver for smaller scale and community led projects. This oversight limits the potential for a swift and meaningful energy transformation and slows progress towards net zero.

Signed by:

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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 290 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