

Community Energy

What is Community Energy?

Community energy is about citizens coming together to own, control and benefit from their energy. It encompasses a broad range of activities and can include renewable energy and heat generation, energy efficiency, demand reduction, behavior change and energy storage. The overarching objective is to tackle climate change but there are many other benefits too, such as lifting people out of fuel poverty and improving the local environment.

People and communities are central to community energy. [Community Energy England](#) say that community energy projects should be characterized by:

- Democratic control by the community
- Active participation of the community
- Sharing of the benefits among the community.

Public Support for Community Energy Projects

Research by Cooperative Energy (2016) showed that 78% of the public think the government should do more to help communities generate their own energy. Furthermore, community energy is beginning to gain the support of MPs. For example, the Conservative MP for St Ives, Derek Thomas, says that

“allowing communities to make decisions that affect them is at the heart of what it means to be a Conservative”
(Conservative Home, 2018).

Meanwhile, the Labour Party has said that they want to devolve *“power to local communities, by giving community energy practical support and encouragement”* (Labour Party, 2018).

What are the benefits of Community Energy?

A report by [Good Energy](#) (2016) highlights the benefits that community energy can have in tackling some of the main challenges to the energy industry, including energy security, affordability and sustainability:

Energy security: The UK’s current energy supply is insecure because it is over reliant on fossil fuels. Not only are fossil fuels finite, but they are also imported from abroad, meaning the UK is reliant on getting its supply from often volatile parts of the world. Community Energy projects address these problems because they use renewable sources of energy, such as wind or solar; they are generated in the UK, thus increasing our energy self-sufficiency; and they diversify our energy supply, meaning that we are not reliant on one type of energy.

Affordability: Affordability is a huge problem in the UK with approximately 2.5 million people being affected by fuel poverty. Community energy can help to reduce the cost of people’s energy bills.

One of the major benefits of community energy is that the profits generated are reinvested into the community. This money can be used to benefit the community in a range of ways but, in particular, a lot of projects have focused on helping people out of fuel poverty by funding energy

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efficiency improvements in homes. For example, [Plymouth Energy Community](#) offer free home energy improvement, such as loft insulation or replacement boilers, to residents most effected by fuel poverty.

Sustainability: Energy supply is the second largest contributor to UK carbon emissions, producing 29% of the UK's emissions (HM Government, 2018). Community Energy projects can contribute to decarbonising the UK's energy supply. Research by [Community Energy England](#) (2017) shows that UK community energy projects have to date reduced emissions by over 110 000 tonnes. This is the equivalent of the annual emissions of 200 000 households.

Case Study – Plymouth Energy Community

“We set out to create a community of like-minded people who are committed to helping transform all things energy-related for the benefit of the local community and we are doing just that” – Dave Garland, Chairman of Plymouth Energy Community

- 13.4% of Plymouth households live in fuel poverty and the city has very energy inefficient housing.
- In July 2013, Plymouth Energy Community was setup with help from Plymouth City Council. Members of the public were able to buy shares for £50 meaning the local community had a stake in the organisation.
- In a particularly successful project, Plymouth Energy Community worked with an economic development trust to build a 4.1MW solar project that was enough to meet the annual needs of 1000 homes.
- They have used their profits and funding from charities to provide free energy saving measures to homes. In particular, they have a project that helps disabled people to keep their homes warm, preventing fuel poverty from worsening their mental or physical health.

Source: [Plymouth Energy Community](#)

Gower Regeneration is Wales' first community owned solar farm, and is another example of a successful small-scale renewable project, with many benefits for the community. Read a report on the project from Community Energy England [here](#).

Other Local Community Benefits:

- Community resilience and sustainability
- Local wealth and job creation
- Improved local environment
- Reduced energy prices
- Education and awareness of climate change
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The policy environment in the UK

In May 2014 the Government granted approval for the Green Investment Bank (GIB) to expand its investment to include community renewable energy schemes. There is also support for Community Energy from a variety of schemes, including the Renewable Heat Initiative and Rural Community Energy Fund. However, the Government has made a number of policy reforms which threaten Community Energy. The Government reduced feed in tariffs, made regulations

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more complex and ended tax relief. These changes made it far harder to setup community energy projects.

Feed in Tariff (FIT)

The Feed in Tariff was introduced in 2010 and provides payment to individuals or groups who generate their own renewable energy in small-scale projects. It is a payment made for every kilowatt hour generated by a renewable energy system. This can be paid to almost any property owner, including homeowners, businesses or schools. The FIT has been gradually cut to control costs:

- In 2010, when the FIT was first introduced it paid 43.3p per kWh
- In 2012 it was cut to 12.92p per kWh.
- In 2016 the FIT was reduced by a further 65% to just 4.39p per kWh (Mongoose Energy, 2016).

These drastic cuts make it harder to setup community energy projects and some will simply not be financially viable. At the end of 2017, the Government announced that FIT will end in 2019 and there is uncertainty as to what will replace it. A consultation report is soon to be released regarding the future of the FIT scheme.

Removal of tax relief

In November 2015, the Treasury announced that Community Energy projects would be excluded from the Enterprise Investment Scheme (EIS), which has been vital to the success of many community energy projects. They are also excluded from the Seed Enterprise Investment Scheme and Social Investment Tax Relief. Unfortunately, Community Energy projects were only given 5 weeks notice, as opposed to the 6 months they were previously promised.

Planning

In 2015, the Government introduced stricter rules on onshore wind energy. This change to the national planning guidelines includes a ban on new onshore wind projects. Furthermore, while the planning guidelines say that community ownership should be taken into account as a “material consideration” in planning decisions, in practice councils often fail to do this.

Regulations

While this isn't a recent change made by the government, the centralised nature of the UK energy system is a big problem for community energy projects. At the moment, regulations require community energy projects to sell the energy they generate to the grid, before buying it back at the market price. This means it is difficult for communities to use the energy that they generate locally.

What can I ask my MP to do?

Below are a number of examples of issues relating to community that you could raise with your MP. Hope for the Future can help you work with your individual MP on community energy. If you would like further support, contact us [here](#).

- If your MP has shown concern around fuel poverty, then community energy is a great place to start a conversation with your MP about reducing fuel costs and tackling energy security.
- Ask your MP to show their support for an existing community energy project near you.

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Sheffield Renewables say that having MPs on their side gives credibility to the project and in turn can increase local Council support.

- Community Energy has the ability to deliver the Clean Growth Strategy vision as set out by the Government in October 2017. You can talk to your MP about the benefits it provides, and encourage your MP to raise a question in Parliament about the lack of financial support and incentives for such projects.
- Ask your MP to write to the Secretary of State for Housing, Communities and Local Government about the national planning guidelines. In particular, ask them to look at proposals to make small scale onshore wind projects – those under 1.5MW – exempt from the 2015 ban on onshore wind.
- A survey by [Community Energy England](#) (2017) found that 88% of community energy projects use FITs. However, FITs are due to end in 2019. You can speak to your MP about the need to provide an alternative financial mechanism in the short term, so that community energy projects can continue to exist and benefit the local community.
- While FITs are really important for the small-scale projects, tax relief is more relevant for large scale projects. You can speak with your MP about the importance of tax relief in the survival of community energy projects. In particular you could focus on how community energy projects are excluded from the Seed Enterprise Investment Scheme, Social Investment Tax Relief and the Enterprise Investment Scheme.
- As the UK's energy market rules are designed by the 'Big Six,' community energy groups miss out on the financial value of the energy they produce, because they must sell their energy to the grid before buying it back. You can talk to your MP about updating market rules, so that community energy communities are rewarded through lower bills. As the changes required are complex, Community Energy England suggests the creation of a dedicated local energy innovation fund, accessible to community groups for such projects.
- If there is a project in your local community, you can use it as an example for your MP on how well renewables are being implemented in your local community. Why not invite your MP to visit the site with you? Or if you're meeting your MP at their surgery you could invite someone from the project to come with you to tell your MP about the fantastic work they're doing, as well as some of the challenges they are facing. Find a project near you [here](#).

Working with your councillor on community energy

Local councils have a really important role to play in community energy projects. For example, Camden Council have initiated the [Camden Climate Fund](#) which provides grants of up to 50% of costs to install renewable energy systems. If you would like to work with your councillor on this topic, contact us [here](#).

If you are interested in setting up a community energy project, you can view a step by step guide provided by Community Energy England [here](#).

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Useful links

- [Community Energy England](#), [Community Energy Wales](#) and [Community Energy Scotland](#) are organisations that support community energy projects. Their websites have lots of good research and case studies.
- Cooperatives UK also provide support to community energy groups and have lots of useful information on their website. You can read it [here](#).
- This [blog](#) from Mongoose Energy provides a good explanation of the Feed in Tariff.
- This report from Good Energy provides an overview of the state of community energy in the UK and why it can be so beneficial. You can read it [here](#).
- This lobbying pack by the Community Energy Coalition gives some good suggestions for what you could ask your MP to do to help community energy. You can read it [here](#).

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