

# Supporting community energy is essential to achieving net-zero.

*“Community energy is a key cornerstone of the government’s transition to a low-carbon, smart energy system.”*

Rt. Hon. Claire Perry, former minister for Energy and Clean Growth

**Community energy is people** getting together in their communities to



engage with energy use and generation - installing renewables, increasing energy efficiency and reducing energy use, educating communities about energy and climate change, and helping to alleviate fuel poverty. Community energy projects are owned by (and/or accountable to) the community, sometimes with commercial or public sector partners.

**Community energy harnesses local people’s passion**, expertise, knowledge and capital to make a direct contribution to the UK’s energy system and response to climate change, while also increasing community cohesion and resilience, and delivering a wide variety of community benefits.

**In a Climate Emergency the future of energy is local**, renewable, zero-carbon, flexible and smart. The net-zero transition will require local innovation in energy demand and supply. Community energy organisations are trusted, knowledgeable, well-placed and highly motivated to advocate for and deliver the change and innovation necessary to achieve net zero.

**Community energy has a long track record** of installing community-owned renewable energy (often on uncommercial sites), energy efficiency and fuel poverty work and, increasingly, community embedded innovation projects such as supplying cheaper local energy, district heat pumps and flexible energy with battery storage. Community energy is ready to scale, with appropriate government support.

**Supporting community energy is popular.** A poll by Co-op Energy found that 82% of respondents, a record high, think the Government should do more to help local communities generate their own energy.

**Community energy can engage the local community in being active participants** in the energy transition, as investors, innovators,

Putting people at the heart of the energy system.

consumers and producers. The Committee on Climate Change Net Zero report<sup>1</sup> is clear that it will fail without the buy-in and participation of people, not least because behaviour change is essential for 62% of their recommended interventions for reaching zero-carbon.

## Community energy projects deliver 12-13 times the community



**benefit** of commercial energy installations<sup>2</sup>. Benefits include additional renewable energy funded by non-commercial capital; money staying local with multiplier effect benefits; new future-appropriate jobs; greater community cohesion and resilience; locally specific demand reduction, energy efficiency and fuel poverty work which brings carbon, well-being, health and cost saving benefits.

## Community energy generated £4.6m in local economic benefit

in England and Wales in 2019 – one of our most difficult years ever. These funds flowing back to communities could increase exponentially, hand in hand with new renewable energy, increased energy efficiency and energy system innovation. During COVID-19 more than £300k was mobilised, as well as practical support.

**One million homes powered by community energy** by 2020 was envisioned by the government's Community Energy Strategy in 2015. Since then, virtually every policy change<sup>3</sup> has made it more difficult for the sector to achieve its potential and facilitate local benefits as our **State of the Sector 2020 report**<sup>4</sup> shows. But our **2030 Vision**<sup>5</sup> envisages 12-20x growth, powering 2.2m homes, supporting 8,700 jobs, saving 2.5m t of carbon and adding £1.8bn to the economy – a sector ready to scale!

**An opportunity is being lost** to harness local human and financial capital, to drive forward the urgent energy transition to net-zero and access many millions of pounds of community benefit funding.

<sup>1</sup> pp 12,33,193, Fig 5.6 <https://www.theccc.org.uk/publication/net-zero-the-uks-contribution-to-stopping-global-warming/>

<sup>2</sup> <https://www.gov.uk/government/publications/community-renewable-electricity-generation-potential-sector-growth-to-2020>

<sup>3</sup> This includes the removal of ROCs, the Feed-in Tariff, Export Tariff, the Urban Community Energy Fund and Tax Relief, punitive business rates on roof-top solar, planning constraints on on-shore wind and increasing VAT on solar panels, batteries and 'energy saving measures' from 5% to 20%.

<sup>4</sup> <https://communityenergyengland.org/pages/state-of-the-sector>

<sup>5</sup> <https://communityenergyengland.org/pages/2030-vision> see also <http://wpieconomics.com/publications/future-community-energy>

## Activating the huge community energy powerhouse requires government support.

**Strategic measures** should include:

- **People and community energy at the heart** of the Energy White Paper, the Net-Zero Plan, and the Green Recovery
- Community energy supported by a **new Community Energy Strategy**, a **community energy team at BEIS** and a **good cross-departmental working group** receiving input from the sector itself. This will put people at the heart of the energy system and help ensure a just transition in which no-one is left behind. **Support knowledge sharing** eg via the Community Energy Hub
- Government, together with Ofgem, the networks and community energy should **identify and fully resource an approach to "Local Area Energy Planning"** that sets out a core role for community energy groups and informs national policy. The Energy Systems Catapult is working on this.
- **Community energy central to the new Fuel Poverty Strategy.** Community energy has a strong desire to help fuel poor communities.



The Rt Hon Kwasi Kwarteng, Minister for Business, Energy and Clean Growth and Anneliese Dodds MP with Duncan Law, Afsheen Rashid (Community Energy England) and Ollie Pendered (Community Energy South) in Feb 2020.

## Specific policies

### Fiscal policy and financial support.

- Reinstate **Social Investment Tax Relief (SITR)** for community energy and extend its life to 2023
- Create new **Urban Community Energy Fund** to complement the Rural Community Energy Fund, (which along with the Renewable Heat Incentive should be extended beyond 2021.)
- Create a **Community Energy CfD** pot available to sub 5MW projects

Putting people at the heart of the energy system.

- **Create a new programme to encourage collaboration between Local Authorities and the community on energy projects** as part of Public Sector Decarbonisation Roadmap.

### Planning and regulation

- Ofgem to have **decarbonisation and social benefit** in their official mandate.
- **Reforming the planning system to facilitate achieving net-zero** (not just sustainable development) as quickly as possible **and to enable community-led renewable energy.**

### Other

- **Remove planning blocks to onshore wind in England and ensure a strong element of community ownership and/or control.**

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## Actions to take

### Parliamentarians

- Please sign the open letter here: [communityenergyengland.org/pages/open-letter-to-the-pm](https://communityenergyengland.org/pages/open-letter-to-the-pm) (short link [bit.ly/ceepmletter](https://bit.ly/ceepmletter))
- Please write to the Secretaries of State and Ministers in BEIS, MHCLG, the Chancellor and Treasury Ministers, the Cabinet Office and Ofgem to urge support for community energy as an urgent strategic priority and essential to achieving net-zero.
- Please connect with Community Energy England to offer support on any of the above policies and the development and tabling of a Community Energy Bill.
- Please connect with your local community energy group (see map<sup>6</sup>) and ask how you can support their vital work.

## Contact

Duncan Law, Policy and Advocacy Manager Community Energy England,  
[d.law@communityenergyengland.org](mailto:d.law@communityenergyengland.org)  
07958 635181

[www.communityenergyengland.org](https://www.communityenergyengland.org)

We are very happy to meet to brief you further and scope out how you can champion community energy in your parliamentary work.

Thanks for reading. We look forward to your support and to working with you.

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<sup>6</sup> <https://communityenergyengland.org/current-members>