

The Energy Bill and community-owned energy

Position Paper, January 2013

The Energy Bill, currently before Parliament, provides a vital opportunity to bring about greater community ownership of energy assets.

There is strong political and public support for community energy. Ed Davey, Secretary of State for Energy and Climate Change, recently said "I want nothing less than a community energy revolution", and Greg Barker, Minister of State for Climate Change, states that "community engagement in the energy sector will be vital to our vision of the development of energy in the UK in the coming decades." The May 2010 Coalition Agreement makes a commitment to "encourage community-owned renewable energy schemes where local people benefit from the power produced." Public opinion research for The Co-operative Group shows that support for renewable energy projects, including onshore wind, increases considerably if they are owned by local communities.¹

Yet the Energy Bill does not include provisions to ensure that community-owned energy above 5 MW will be able to compete with commercial generation. Work commissioned by Co-operatives UK and undertaken by Cornwall Energy² highlights significant problems:

- Participating in the system requires a high degree of technical knowledge, which acts as a barrier to entry for smaller generators;
- Smaller generators actually receive lower market prices for their power, and this is not compensated through the proposed Contracts for Difference system in the Energy Bill;
- With the end of the Renewables Obligation, suppliers will have no incentive to purchase renewable electricity from independent generators.
-

Proposed amendments

To overcome this, the Energy Bill should be amended as follows:

1) The Bill should place a duty on the Secretary of State to promote new generation capacity from community energy schemes.

2) The fixed Feed-in Tariff scheme should be extended. The current cap of 5MW should be increased to 20MW. This will provide a guaranteed income for smaller renewables developers, including community-owned schemes, to enable them to participate effectively in the energy market.

3) The Bill should establish a market for community energy schemes and independent renewables generators, through the creation of a 'green power auction market' or similar mechanism.³

¹ ICM poll for The Co-operative Group, October 2012 <http://www.co-operative.coop/join-the-revolution/our-blog/clean-energy-revolution/uk-public-prefers-wind-turbines-to-shale-gas-wells/>

² The Energy Bill and its Impact on Community Energy, Cornwall Energy for Co-operatives UK, October 2012 www.uk.coop/energybill-impact

³ This proposal is being developed by a coalition of independent renewables generators, and has the backing of the Renewable Energy Association, Co-operative Bank and other key players. For further details, please contact Greg Rosen of the Independent Renewable Energy Generators Group, gregrosen@bellenden.co.uk

Other measures to promote community-owned energy

There are other factors that need to be considered in order to promote community-owned energy. These include: more certainty in the planning and licensing process; better financing options; enabling joint ventures with local authorities and the commercial sector; and grid connection. These are discussed in detail in the *Manifesto for a Community Energy Revolution*⁴, published by the Co-operative Group and Co-operatives UK as part of the Community Energy Coalition⁵. DECC's proposed Community Energy Strategy, due to be published later in 2013, could address these issues.

For further information please contact:

- Rebecca Willis, Co-operatives UK becky@rebeccawillis.co.uk
- Colin Baines, The Co-operative Group Colin.Baines@co-operative.coop

Supported by:



⁴ For more information on the Manifesto for a community energy revolution see: <http://www.uk.coop/energymanifesto>

⁵ For more information on the Community Energy Coalition see: <http://www.forumforthefuture.org/cec>