

Energy Security and Net Zero Committee

Oral evidence:

[Unlocking community energy at scale](#), HC 394

Wednesday 22 October 2025

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[Watch the meeting](#)

Members present: Bill Esterson (Chair); Ms Polly Billington; Torcuil Crichton; Wera Hobhouse; Luke Murphy; Mike Reader; Claire Young.

Questions 121 - 224

Witnesses

I: Alex Lockton, CEO, Empowered; Dr Mairi Brookes, Smart Energy Systems Director, Low Carbon Hub; Dr Calum MacDonald, Development Manager, Point and Sandwick Trust.

II: Mark Askew, Head of Connections, Policy and Performance, SSEN Distribution; Finley Becks-Phelps, UK Head of Development, Nadara; Sarah Jeffery, Head of Community Energy, National Grid Electricity Distribution; Matt Magill, Director of Engineering & Customer Solutions Transformation, National Energy System Operator.

Written evidence from witnesses:

- [Low Carbon Hub](#)
- [Point and Sandwick Trust](#)
- [SSEN Distribution](#)
- [Nadara](#)
- [National Grid Electricity Distribution](#)
- [National Energy System Operator](#)

Examination of witnesses

Witnesses: Alex Lockton, Dr Mairi Brookes and Dr Calum MacDonald.

Q121 **Chair:** Welcome to this afternoon's Energy Security and Net Zero Select Committee hearing in our ongoing inquiry into unlocking community energy at scale. Welcome to our first panel. First, will you introduce yourselves, please?

Dr Brookes: Hello. I am Mairi Brookes. I am the smart energy systems director at Low Carbon Hub, an energy business run for the benefit of the community in Oxfordshire.

Alex Lockton: Good afternoon. I am Alex Lockton, CEO of Empowered Projects. We are a community energy development company and technical consultancy in renewable energy

Dr MacDonald: I am Calum MacDonald. I am the business manager for Point and Sandwick Trust. We have a 9 MW wind farm, and we are in the gate 2 process of a 25 MW battery. I am also chair of Community Energy Scotland.

Q122 **Chair:** You are all very welcome, and we look forward to hearing your evidence on how we unlock community energy at scale. A number of members of the Committee are very interested in this subject, and you will hear from them in the next few minutes. I am going to start with a question we have been debating. How do you define community energy? Who would like to go first?

Dr MacDonald: I can start, maybe, because Community Energy Scotland, Community Energy England and Community Energy Wales are working together with NESO to come up with a workable definition.

Q123 **Chair:** Remind us why that matters.

Dr MacDonald: That matters because we would like certain changes to regulations and policy that would support community energy, which might require designating community energy separately from other types of ownership, basically. We have been working on this definition.

From a Scottish point of view, most of the Scottish community energy projects are of a similar character. They involve a community-owned development trust. The board is selected by all the members of the community, basically. That is registered as a charity; then that sets up a special purpose vehicle to develop the commercial energy projects, and the profit from that goes up to the charity to be spent in the community. That is the model that is most used in Scotland, where the focus is really on income generation and using it in the community.

England is more diverse and there is more of a role for co-operatives, community interest companies and so on. We are trying to get a definition that covers all of these. It has taken a bit of a while, but I think we are almost at it now.



Q124 **Chair:** Mairi, what can we learn in England from what is happening in Scotland?

Dr Brookes: Maybe I could describe our model. We use a community benefit society model at Low Carbon Hub. The governing Act requires that our net surplus is spent benefiting a defined local community. We trade electricity from our portfolio, so that speaks to the SPV side of what Calum was describing. In our example, we have 55 solar rooftops on schools and businesses, run-of-the-river hydro and a 19 MW solar ground-mount farm. We spend that net surplus on our community benefit. I do not know whether we are able to share the visual that I sent through; it does not matter if not. That then is spent on the rest of our programme, which covers a number of different things. I am here representing Low Carbon Hub, but I am also a director at Westmill Solar Co-operative. That is a co-operative model for looking at this, which is slightly different.

I would add something to Calum's answer. I absolutely agree that you need, for regulatory purposes, to have a definition, and you need that definition to be fit for purpose for the purpose of the regulation, which might be varied in different examples. It is also important for understanding the different roles that community energy organisations can play.

One side of that is the development and ownership of assets, and then the distribution and spending of the funds that arise from those, but the other side of it is engagement. We have 50 community energy organisations that are shareholders in Low Carbon Hub; they are active in their own right in and around Oxfordshire and part of our network. Part of our community benefit is supporting them to do their own projects.

We did a quick analysis of where we would rank them, as it were, in terms of appetite for owning and developing generation or storage assets, or electric vehicle infrastructure, whatever it might be, and, perpendicular to that, what the appetite is for on-the-ground engagement. A significant number of them are already owning and developing projects, and a significant number have an appetite to do that even though they are not already. I forget the exact number, and I would want them to define it for themselves, but let's say it is up to 10 of those 50. The majority are far more interested in the engagement that they can do in their local community. They do not want to own and operate assets, and some of them have said explicitly that, if they find those opportunities, which they have done, they will ask us to take that on because of the level of operation that it requires to do it.

When we are thinking about how community energy organisations can bring benefit, it is worth recognising the difference. Some of that perhaps is speaking not to the purpose of regulation and why you need those definitions, but to the way in which those organisations are, if not uniquely, certainly very well placed to help with the transition.



Q125 **Chair:** There is a lot there from both of you, which we will explore further. Alex, we have heard a lot about the need for local people to feel that they are benefiting. Mairi, you were talking about community benefit. Alex, have you any thoughts on how people can see community energy projects as being very much for them, that they get a direct benefit and that they are supportive of them?

Alex Lockton: A really special thing that community energy does that is very different from other forms of renewable energy generation is that it keeps value local. It gives people pride and ownership in something that is being built near them that should benefit them. It can benefit them in a number of different ways, such as through ownership if they want to own a share of it, through some of the grants and things that can come from the surpluses that Mairi talked about, but also through local supply through a change in regulation there. It would be incredibly helpful to have P441 implemented right away, because then we can sell power more directly to people and they can benefit from those things near them. There are fundamental, real, tangible things that they can have that are theirs. In the current world, where everything is a little bit disparate and scary, it is quite nice to have a bit of control and feel that you own a part of this thing that is in your community.

Calum is right about the regulatory thing. There are some real benefits in having a really good definition. I will not go into the definition, but certainly not-for-profit is in there, and keeping value local is essential. They are essential ingredients. I bow to what these guys have said and Community Energy England's definition also, which it is working on for similar purposes.

The types of regulation we are discussing are about giving certain credentials to community energy to recognise the benefits it can have in the grid, to make the grid more efficient and responsive to demand. That is an awful lot better than just building loads and loads of substations everywhere. You would much rather have demand that is sensitive to the local people who are using it and that they are adapting their behaviour to it. Things such as that are really tangible.

The other one is shared ownership. If you want to hit 8 GW in the next few years, shared ownership is a tremendous opportunity. I am working on six projects like that at the moment. To be able to put that in place, mandate it and define what community energy is in there would have a really beneficial effect. There are other things we may come on to talking about in a little while as well.

There is planning as well. If you want to convince people to go ahead with shared ownership projects or to give great community projects a real chance at success, giving them a clear definition that planners can recognise and give weight to in planning decisions is the sort of thing we are talking about.

Q126 **Chair:** Community energy projects are considered to be needed for the



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Government's clean power 2030 plan, but it is really quite a small contribution. Are they really needed?

Dr MacDonald: The Government have a target of 8 GW, which is quite an ambitious target. I agree that currently they make a small contribution. I think that 1% of installed wind capacity is community-owned in Scotland and across the UK as well. If you look across at Denmark, 50% is community, municipal or co-operative owned, so the scope is large. The reason we have not done a Denmark in the UK up to now is just that the policy context has not been supportive and favourable. There has been a kind of failure to believe in the ability of community energy to scale up to that kind of size.

Q127 **Chair:** Denmark has been doing this for a very long time. Is it realistic to have that scale of ambition for community energy here?

Dr MacDonald: I think so. The industry is not mature. Even where you have, if you like, mature, established, installed wind farms, they have to be repowered every 25 years. Every 25 years, there is an opportunity for policymakers to look across the UK and say, "Do we have the right balance between corporate ownership and community ownership?"

To give an example, just now we are working with the Scottish Government to look at the forest estate in Scotland, where there are 1.8 GW of wind farms established and installed. Not a single one is a community turbine, far less a wind farm. We are working with them so that, when they come up for repowering—they are just beginning to do that—communities will be given the first opportunity to put forward development plans for the next 25 years of those wind farms. There are opportunities to scale up in the future.

Q128 **Chair:** I am going to move on a bit, because I have my colleagues wanting to come in. On this point about being recognised, to what extent will that help with grid connections?

Alex Lockton: For example, where you have plans to do some form of local supply agreement, where you would like to create a local market, that would be incredibly helpful to create room in the regulatory landscape to allow that power to be sold locally from local energy markets. Shared ownership would be extremely helpful. I am currently in the process of negotiating two deals, looking at split sites where there are split grid connections. It is relatively new, in some senses, in the UK, but it has been done before. Allowing the DNOs and the networks to be able to understand this and look at it differently would be really helpful.

There is the cost of grid connection for community projects, bearing in mind they could be up to, say, 10 to 20 MW at the larger end. We are talking fewer at that end, unless you are into wind projects. A lot of them are somewhere between 1 and 10 MW. They are quite expensive costs. The milestone payments are expensive, and sometimes come quicker than a community can raise its money. Having flexibility to be allowed to



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have a little bit more time to put money in place and have a little bit more socialisation of some costs is important.

It might be easy for a big developer with £5 million to £10 million of grid money to put money out on deposits, but community energy companies do not have that readily. They can get it, but it takes time. If you create a definition, it allows the DNOs the room to be able to look at it slightly differently and go, "Yes, we can treat you slightly differently." At the moment they have to treat everybody the same and it is causing problems. Some projects are either getting delayed or shelved because of that.

Q129 **Chair:** Mairi, do you have anything to add?

Dr Brookes: I will add very specifically on the cost of connection. It adds a cost. It is disproportionate. The impact is disproportionate, or maybe not disproportionate but greater, on community energy organisations. It is a speculative burden, particularly because of the point at which it comes. That has a particular impact not just on the amount, but also on the cash flow side of things.

There is room for the Government. There is a need for the Government to provide the policy steer that enables, for example, the regulated network operators to take into account community energy, or anything else for that matter. That is where the definition comes in. It is about saying that there is a requirement for a Government steer in order to create or enable the scale that is there.

Does it have to be small? No, it does not have to be small. Coming to grid connections again, we have analysis that in Oxfordshire over 70% of the renewable projects needed to meet the forecast 2050 need have already met gate 2 criteria. They are already in that queue process. The biggest challenge for us, if we want to scale community energy, is having access to that queue, which comes back to shared ownership, which requires a definition.

Q130 **Torcuil Crichton:** Thank you all for coming in. Once we are beyond that existential question of defining what a community is, the biggest problem communities have is getting on to the grid. Calum, your and my area has lots of experience of problems with that, where we can simply define a community by geography, by community land ownership or by municipality. When it comes to getting a grid connection, you find that the transmission operator, the SSEN, is sympathetic; it likes community energy. Ofgem is sympathetic; it likes community energy. NESO likes community energy. Who knows? The Government like community energy as well, but there is no practical way of getting community energy schemes on to the grid first or giving them a derogation or a special category to do that. How could we do that, Calum?

Dr MacDonald: The way to do it is by designating community energy projects. Once we get that designation agreed with NESO, the



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Government is in a position to guide Ofgem. You are right: whenever we talk to Ofgem and NESO, they are very sympathetic, but they say that they need a policy steer from Government. If we have those designations, they can be steered towards giving a priority to community energy, where there is a shortage of space on the grid and a queue is forming, so that community energy can be moved up that queue because of its greater social and economic benefit. We would all, I believe, think that is the best way forward.

The other big issue on grid connections is not just getting into the queue. Once you are in the queue, as Alex and Mairi said, there are lots of regulations that put off community projects from advancing because they are just not suited to community projects. Mairi, and I think Alex as well, was talking about the need for securities.

As you know, we have a 25 MW battery consented at the moment going through gate 2. If we go through gate 2, it is to be connected in 2030. Next year, we have to start putting up £2.5 million in advance of that connection. A normal corporate developer does not have to do that. They can just point to their balance sheets. They can get a letter of credit. They can do a bond. They do not actually have to pony up cash, but communities cannot access that way of providing securities, so we have to try to find £2.5 million four years before we can switch it on and start earning. The regulations are also a very big problem.

Q131 Torcuil Crichton: Is part of that answer GB Energy?

Dr MacDonald: Part of the answer could be GB Energy, but then that ties up GB Energy's funds helping me with my £2.5 million. It is simpler and more straightforward for Ofgem to be guided by Government to say, "Securities for community energy is a nonsense." It puts them at a disadvantage for the reasons I have said, but also it is irrelevant.

The reason you have securities is that Ofgem does not trust normal companies to necessarily go ahead with their projects. They might end up with a stranded asset, as they say, because some company has changed its investment priorities. Communities do not pose that risk. We are not going anywhere. We do not have money that we can move round and invest elsewhere. We either have that project or nothing. Securities are a nonsense when applied to community energy.

Q132 Torcuil Crichton: Mairi, building on that, communities end up at the end of the queue. They end up with these active network managements. They can get on to the grid when the big guys are not on the grid, which means they cannot get any money to build their infrastructure. What one thing, two things or 10 things could a Government do to make sure that communities have a fair chance to get on to the grid?

Dr Brookes: We have named some of them, such as the shared ownership and prioritisation in the queue. You need to be careful about that, and it comes back to definitions. I have heard some talk about



whether you could somehow separate out the queue, but if you are talking about shared ownership, you do not want to be separating projects. You want to be looking at them together and then saying, "All things being equal, if this has greater shared ownership, maybe that is a way to prioritise." I do not want to assume that that is the answer. It is just an example of the consideration. I also think that separating them out, to my mind, would not work from a network management perspective, but that is for others to answer.

Shared ownership increases scale, which helps address the issue of cash flows if you then get into a position where you have greater scale of the whole sector and any of the individual organisations, so that is a compounding benefit.

Pre-development and construction funding in particular is a useful intervention, although, if there are other ways to solve problems, keep it free for wider purposes. If we are going to have that kind of funding, it needs to be available at the point of need and not at the point of six-monthly calls for competitions that take a while to go through. If an opportunity arises where there is access to a connection, and particularly if that is alongside a commercial developer, they need an answer really quickly. You need to be able to respond quite quickly, so it would be better to have a system where there is a principle of how that kind of funding can be allocated. If you meet the requirements, it can go ahead on that basis.

Q133 Torcuil Crichton: Alex, you mentioned shared ownership there as an option, which I find very exciting. I want you to expand on that. Personally, I think that there should be shared ownership of everything. If you have 10 pylons in front of your house, you feel that you should own two of them at least, so that you have that sense of belonging and control over that, and control over the profit as well. I wonder how you think that might come about. The Government talk about community benefit, which I think is not worth much and communities do not think it is worth much. We should be talking in terms of community share for that. Do you agree?

Alex Lockton: I totally agree.

Q134 Torcuil Crichton: How should we go about that?

Alex Lockton: Can I partly answer your last question, which is about the what you would do with the grid thing? You have a 5 MW headroom thing, which was brought in to free up the statement of works process. Previously it was like 1 MW and it was capturing lots of projects and stopping them from going ahead. One thing I would do is acknowledge that that was a really good idea, but make it slightly better and make it 12 or 13 MW. If you really want to get things moving with community energy, that is the scale they can go to. There are wind farms and solar farms that would really benefit from doing that. That is doable. You have



created a tool and a mechanism already, you can do it quickly and it would be really helpful, so that is one thing I would do.

Going back to your point about shared ownership, I live near Chippenham at the moment. When we are talking about whether community energy is big enough, which was the question the Chair was asking earlier, you mentioned 50% in Denmark. We are talking about 20% share ownership of a 50 MW solar farm near us. There is another one that is going to go the same sort of direction. We could end up in Chippenham, in the next three years, having 20 MW of community ownership in one area. That would have previously been 100 MW of commercial ownership, where, although they are a really great developer, ultimately it is going to shareholders and not to local people.

The real great thing about this, as well as the immense pride that is going to come for our community, is they are going to be able to see the best part of maybe £70,000 to £80,000 from those projects alone come out of it annually. That adds up to several million pounds over the life of the system. That creates jobs and resilience for your community benefit societies. In that case it is Zero North Wiltshire and Bath & West Community Energy that are joining together to do that.

The local people, while they do not necessarily see those solar farms all the time, know that they are there. They have heard about them in the paper. The papers can get a bit hysterical about solar farms sometimes and people worry about it, but there is the fact that now, when we go out and broadcast that this is coming, they get the chance to own shares in it. They will be able to apply for grants to do things that are really important in the local area. Their electricity grid is going to transform in terms of green electrons going through it in their local area. If there were the ability to do further things further down the line and sell our power to local supply in the local area as well, that would be great. It would be another nice add-on further on, when the regulations allow.

It is a meaningful thing. I think of when we do community consultations for projects for clients. Our clients are Bath & West Community Energy, Bristol Energy Cooperative, the Isles of Scilly community interest company and numerous others. When we are talking to communities, they get the idea of the community ownership thing. They like it and go, "Thank you. We finally might get a bit of control back of this thing that is happening near us." Someone is talking to them, meaningfully, many times more than a commercial developer would. Someone is listening to their ideas about what they want to do with that money or that project, to design that project a little bit better, to make it more sympathetic to what they are used to and where they walk their dog round there. There are lots of really tangible, emotional things, as well as the actual financial ones.

Q135 Torcuil Crichton: That is as well as hard cash. A lot of that depends on goodwill, of course, and commercial companies agreeing and negotiating



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with communities. I wondered what you think about some kind of element of compulsion or guidance from the Government. There is a thing called the 2015 Infrastructure Act, which was designed for highways, but has a section in it allowing the Secretary of State to allow individuals or communities to take a share in offshore or onshore developments next time. What do you think about that?

Alex Lockton: Another hat I wear in my business is that I negotiate deals with large-scale commercial developers on behalf of landowners, so I have met a lot of them. A small handful are quite engaged with this idea of shared ownership, and I mean a small handful. Others are looking at it from a distance, thinking, "I hope it does not come to us." That is because their shareholders and funders are really driving the bus there.

You can look at what has happened in Denmark, but here is another parallel analogy. If you look at what happened with the grid reform recently, you told the market what we needed to do. Guess what? The market all did it. You can mandate it. They will do it. They will adapt. They already have models. I know other commercial developers have done it in Europe, in Denmark, Holland and Germany, where it is mandated. They cannot even apply for planning permission without sharing it.

Q136 **Torcuil Crichton:** It is community right to buy.

Alex Lockton: Correct. It needs to have some balance and there needs to be some incentives for both parties to make it work. There needs to be some transparency in the way it is negotiated, with open book. There needs to be some ways to make sure that, if you are going with the market value side of things, there needs to be a way of finding low-cost finance through GB Energy to help with it. There is a whole load of tools to make it work really well. I am working on them already and there is no legal or construction impediment in the way of it.

Q137 **Luke Murphy:** Alex, you already referred to the transmission impact assessment threshold and how that needs to be increased. Maybe the panel could say a bit more about how that threshold impacts the financial viability of projects. What difference has the recent increase made and what further difference would an additional increase up to 10, 12 or 13 make? In Scotland, it is 200 kilowatts on the mainland and 50 kilowatts in the isles. Calum, maybe you could expand a bit on how much of a barrier it is in Scotland and what needs to change there and what, perhaps, it could go up to. What should it change to in Scotland?

Alex Lockton: I have live examples of projects. We had a project where we had 2.1 MW of capacity that had to be sliced in half when we had our grid offer come through. When we went through the statement of works process we had to pay five grand to find out whether we might have a place in the queue. There were unexpected six-month delays back to back. A community energy company that is trying really hard to resource itself and focus expert energy on things needs a more user-friendly



timeframe. It really helps if it does not have to go down the speculative security payments and the really long queue process side of things, it is easier for it to manage its projects and fund them.

The other thing is that it comes down to connectivity. If you have a really good wind farm that might be able to produce 12 MW of power and at the moment you are stuck waiting for gate 2 to come through, you might be hoping that, because you have your option in place and everything else, with a fair wind with the planning, you might be able to negotiate bringing that forward. If we made that window a little bit bigger and captured that project, you could build that before 2030.

Part of our whole being here is about trying to solve climate change quickly. That is one of the things that it can do. It brings that forward. We cannot wait until 2035 or 2037, which is what the possible option is for that wind farm. A community energy company is not funded well enough, or it could be, but it is going to be quite a patient and difficult journey to keep that project going over that. I will let these guys expand on it as well, because they probably have other examples. I am talking too much.

Dr Brookes: I would not add much on the numbers side of things. I come back to the point that it adds a cost. If you are a smaller organisation and/or your project is smaller, that is going to have a bigger impact than for larger organisations or bigger projects. It is good, where it has been possible, to move the threshold. I would not want community energy just to be seen as that smaller scale, though. That is one thing to keep in mind while we are talking about it, but not to negate any of the other things that we have just said.

The other thing for me is that it all relates back to the question at the beginning of why we need this and being clear about that mandate and the benefits that you are getting from community energy. There are reasons why the threshold is there and why it is different in different places. We know that there is a colossal challenge coming with upgrading the low-voltage network. Community energy organisations can play a really strong part in that. That, to me, comes back to not just the development of project sites, but the engagement and the co-ordination side as well. That is where I see that as being important. I do not think we would ever want to be seen, or I would not want us to be seen, as a sector that says, "We do not care about the reason that that is there or the importance of being able to manage and look at the constraints in the network and have the right assessments in place."

Q138 Luke Murphy: On that point, because I was going to ask anyway—I will bring Calum in in a second—if I am sat in Government, either in Scotland or in Westminster, what do you think the resistance is to maybe increasing it from five to 10 or 12? What is the barrier you are coming up against in terms of increasing it further? What do you think they are considering that might make it a challenge for them? I am interested in



your perspective on how they see it.

Alex Lockton: I do not know what process they got through to get to five, but I know that people were talking to them about trying to get some headroom there, because it made sense. I think that the DNOs were aware that there was definitely capacity in the networks.

The big challenge around the time when that was coming out, or before it, was the fact that you had a lot of transmission, very large battery projects and enormous projects that were clogging up the national National Grid network, which was causing downstream effects on everything else. They were not able to then consent projects quicker, which they knew they had headroom for. The wires and the primary substations could take it. It was about trying to free it up and I think a figure was landed on around five. It probably sounded like a good round number. I am not quite sure how. I was not party to that negotiation.

In a submission I made earlier in the year or at the end of last year, I asked for 10. I would probably modify that to about 12 or 13 now, knowing the size of wind turbines, how planners view them and things like that.

Dr Brookes: I would assume that it is assumptions on the network side. It speaks to that context, as I say, particularly at the distribution level, that, at primary substation level, you have pretty good planning processes in place. That is probably reasonable to say. When you get below that, there is less visibility of what is going on in the network and so I guess there is more nervousness and caution, for very good reasons, about what can be done within those parts of the network.

We have been working very closely with SSEN on that particular challenge. In fact, we have just put in a bid for funding to work with it on its development of a much more dynamic and AI-driven process for doing low-voltage investment planning and giving greater visibility of what is going on and its ability to dynamically update what it is going to be doing and when it thinks it is going to have to do upgrades in different places. I cannot promise that that speaks particularly to the question of transmission impact assessments and all the rest of it, but, as the general picture, it is looking at what its needs are to do that investment into the network and to do it in a way that addresses these kinds of problems, or enables it to make what would be seen now as risky decisions but actually are not once you have the right kind of visibility and digital infrastructure in place.

Dr MacDonald: I would echo what has been said. Where there is a technical reason for having a particular rule—a cap in this case—that is fine, but a lot of the technical rationale is a hangover from the pre-green energy days, from the old system. It is always worthwhile, when you are talking to somebody from SSEN or National Grid, to ask why and for them to explain that. They will say, “It is a technical thing,” but then, if you keep on asking, you will find that it is some kind of regulatory thing.



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If I was going to say something to policymakers, it would be to keep pressing to try to release this extra space. I know that in our wind farm, the 9 MW, we were told by SSE first of all that the grid was full: "It is impossible. You will have to wait for a big new interconnector," which still has not arrived. We went down to see Ofgem here. Ofgem then sent a message up to it and said, "Find a way of fitting it in." Hey presto, it found a way of fitting us in. It is always worthwhile investigating by policymakers when these kinds of rules emerge, just to find out, "Let us go back to square one and see why it is there. Can we look at it a different way?"

Q139 **Luke Murphy:** Do you, like Alex, have a suggested increase for Scotland?

Dr MacDonald: It would be very similar. That would certainly help a lot if we could do that.

Q140 **Ms Billington:** Can I just follow up on this? Your point is very well made, Dr MacDonald, about the technical issues being about designing a system for a previous kind of energy system. Bearing in mind that we are going to need a different kind of grid that is more dynamic, flexible and about demand response and so forth, what role do you think the scale of your energy projects—the scale is probably at this point more important than the ownership or the financial structure—could play in increasing that flexibility and so forth, and therefore reducing the demand for example and strengthening the grid? Are there ways that we can actually start making the case for your scale of community energy in order to be able to increase the resilience of the grid in a new kind of energy system?

Dr MacDonald: Do you mean the smaller scale?

Q141 **Ms Billington:** Yes, up to 12 to 13 MW. Like Alex said, if you are going to say that up to 12 to 13 MW is the size, what is the grid offer, or the offer to the grid in terms of resilience, that you can make in community energy?

Dr MacDonald: We are constantly exploring how to make our generation and supply and local demand match up. We work with our off-takers to do that as well as possible. In fact, we have a few local businesses signed up and we match their consumption with our generation. That is one thing we try to do. These are kind of handmade solutions that we are trying. There is nothing in the system that really helps us on that.

Q142 **Ms Billington:** That is what I want to get to. Do we have a set of technical rules designed for a time of Didcot and Drax, when actually we need a set of technical rules that are going, "Have you thought about your off-takers? Who are your users? Are you going to be able to contribute to flexibility and increasing the resilience of the grid? If that is the case, Bob's your uncle, up the priority list in the queue?"

Dr MacDonald: I would agree, but I am still not clear on how to achieve it technically. Sorry, we have been exploring.



Alex Lockton: At the very outset of this session, I alluded to P441. It is a change to the regulation that was consulted on earlier this year. The working committee voted unanimously to take it forward and there is supposedly a consultation going to happen with Ofgem at some point in the very near future, I hope, that allows 11,000 V connections to be included in local supply schemes. That is in the realms of that up to 10 MW scale of connection. With a 10 MW connection, you could supply between 5,000 and 15,000 homes worth of electricity—I am just trying to work out the rough numbers in my head—depending on whether it is wind or solar.

Dr MacDonald: That is right, yes.

Alex Lockton: You are able to reach out and do something where you can influence behaviour of 15,000 householders, for example, when they start thinking, “I will turn things on when that wind is blowing or when the sun is out and it actually saves me money.” It can be pretty cool if you have the right technologies and the right mix of technologies in the right place. You can really shift demand around.

That means you do not need such big substations. It might mean that you do not need such big cables everywhere or bigger upgrades. It might mean you do not trigger transmission upgrades further down, because you are managing a grid far more efficiently. Energy Local is an example of the type of scheme. It has advocated for it over a long period of time and demonstrated how it is working at a kind of demonstration scale. It needs proper regulation to be put in place to allow the market to grow and establish some more longer-term bank security for it and things like that. It could have, and does have, a really tangible effect. It is already working.

Dr Brookes: I would like to come in on that, if that is okay. We do not have a particular horse in the race with the P441 mechanism, and we have submitted written evidence on that. We have some concerns, and it comes to purpose and what you are trying to achieve. I do not disagree that those schemes will create benefits for the people involved in them. That is fine and we do not need to repeat that, I do not think.

If your purpose is to look at peak management though, there is already a very clear policy steer, and there is the development from the NIC’s report and the ED3 preparation around the level of consumer-led flex that is needed. My understanding is that perhaps a lot of the work behind that comes from looking at the need for that flex to serve into national constraint management, but it can, of course, deliver into local low-voltage peak management. Given that that is the direction of travel, you do not want to do one thing to the exclusion of the other.

You can ask, “How is it that community energy plays a role in the development and deployment of that flex at the low-voltage level?” That is one of the places where we come back to why community energy is so advantageous. You are local and, if not wholly trusted, at least more



trusted and closer to people in terms of the ability to give advice or to show those examples of, "If you can go about it this way..." and to handhold. There is a lot of handholding needed.

Once we get through clean power in 2030 and are looking beyond that into the electrification of heat and transport, those are all things that happen at the edge of the grid in households and businesses. There is a really big role to play there. From our perspective, we would still say that our priority would be to mandate the shared ownership so we can increase our scale. That then allows us to fund the community benefit activities that support the deployment of that flex. Then you put in place the mechanisms that allow that to work, both at the low-voltage level and for more national network management reasons.

- Q143 **Ms Billington:** I want to follow up on one point on this. It feels a little bit like what you are saying is, if you have it locally managed or locally owned and it is at that scale, you are going to be able to encourage people to make those behavioural changes when there is demand on the system and so forth. We have taken a lot of evidence on this. I am somewhat sceptical of the idea of people putting their washing machines on in the middle of the night, not to put too fine a point on it. Therefore, I would probably want to come back to you on whether you think in fact we need to be using or incorporating smart battery storage technology at local level, in order to maintain some local grid balancing to increase the resilience, rather than relying on me or any other individual who has better things to do than worry about when they put their washing machine on.

Alex Lockton: Yes, you can. Of course you can. You can include batteries.

- Q144 **Ms Billington:** Could we require those, or would that be too much of a burden on you?

Dr Brookes: We have experienced in Project LEO something that was one of the prospering from the energy revolution projects and was led by SSEN. Certainly in the first two trial periods, our assets were the bulk of the assets that were doing the trials and looking into those flex markets. From our perspective, going into it, we had hoped that that would then provide you with the additional revenue into a business model that might make, for example, solar rooftops viable where they were not and so on and so forth. It really did not.

With the way that that is priced at the moment, it is just too risky. It is an upside on something that you can invest in anyway. That might be changing with the greater role of aggregators in the market. That is more recent and I do not have specific evidence on that. We need to look at it again. You need to look at the pricing.

It comes back to what the purpose was, what you are trying to achieve and then working it backwards. There is a tendency sometimes, because



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we have bought into what the benefit of this is, to make it happen. That is not necessarily going to do harm. If you are thinking about that in the wider scheme of things, and you have a Government that are being asked to do 100 things on the energy system and this is one of them, that would be the place to start. Start with goals, work it backwards and say, "What can community energy offer?"

Q145 Chair: Just so I have understood it, batteries are a very expensive option and it is quite challenging to do what Polly has just been suggesting.

Dr Brookes: It depends on the exact situation.

Alex Lockton: Battery pricing has come down in the last year, so we are seeing noticeable changes in battery pricing, which is definitely helpful. There is the point about, "Will everybody want to switch the washing machine on in the middle of the night?" Not everybody will. You are absolutely right, but you can create price signals through having mixtures of technology.

You might have a battery involved in a mixture of technology as part of a mixed generation portfolio of maybe solar, wind and battery, for example, where you could move power around to the evening, when everyone is having their tea in the evening, and give a price for that. Bear in mind that that has to use a battery to do that. Your solar might be generating in the day and it is cheaper to generate and use it in the day, so you might give a different price signal there.

Q146 Chair: Perhaps a different question is whether there is an example where we are getting enough consumers changing their behaviour and doing the sorts of things that will help, which are similar to what you are suggesting, that we can draw on and learn from?

Alex Lockton: I am working on schemes that are early stage. I would defer to Dr Mairi and all her work.

Q147 Chair: It might not be community energy. It might be something else, or somewhere else in the world.

Dr Brookes: It is worth looking at the work that the Centre for Sustainable Energy is doing. It runs regular updates and webinars on the research it is doing into the smart products and offers in the market, so it has analysis. It had a webinar yesterday where it had representatives from OVO and Octopus who were sharing some of the insights, albeit they come with their agenda. They were sharing insights into what they have seen in terms of behaviour change and whether the people that are taking up different offers have low-carbon technologies that can be automated or responded to, or if in fact they do not have those technologies. There is evidence out there and you could build on that.

The last thing I would add is that, from a battery perspective—I am hesitant to say this because I am not the expert—I am not sure that there is a business model for doing that solely for local balancing



purposes. Maybe you guys have different data from me, but that is something that has to be considered. If it is reliant on that national market, you are not necessarily getting that much, or it might be a very limited period of the year that the distribution network actually needs your flex.

Q148 Wera Hobhouse: I have a very quick question. I now have solar panels and a battery, so my battery can actually store something. I could run my washing machine in the middle of the night, because I have five kilowatts in my battery. Could consumers not simply buy a battery and get the electricity during the day and then run their washing machine from the storage that they have in their house? Is that not technically possible?

Alex Lockton: Yes, it is technically possible. That is the choice that some people can make if they can afford it, but not everybody can afford it and not everybody necessarily has a house where they are allowed to have certain technology. There are different situations for different people. Sometimes people might prioritise other things they might want to buy for their house, such as fixing the roof or doing other things as well. Realistically, we would like them to insulate their houses first, before they do all this stuff, so those are quite important priorities as well.

Dr Brookes: Also, it is that question of fairness and access. Does everybody have the ability to do that? I think it has been said that the desire is that everybody who wants to have that technology and use it can access it. There is a challenge with the affordability at the moment and the up-front costs involved.

Q149 Wera Hobhouse: So far, I can only buy a battery with solar panels, but I am wondering whether technically I could just have the battery because I do not have a roof. I could, but you say it is a cost—

Dr Brookes: Yes, you absolutely can. I think that there are tariffs out there that speak to that. I am not 100% sure of that.

Q150 Chair: The other source of batteries is electric vehicles. Do you see that playing a role in helping in what you have just been talking about?

Dr Brookes: Technically, it certainly could. I am going to come back to the thing I was saying about that wider role for community energy organisations in facilitating, co-ordinating and supporting the transition. I have an electric vehicle. I have had it for about six months. I was on a webinar where people were talking about electric vehicle charging tariffs. I looked up, as I was listening to them talking, what the add-on was. I still have not worked out how to add it. I know all about it and I worked at Oxford City Council delivering electric vehicle charging infrastructure for the best part of four years.

It is really not easy to access at the moment and it needs handholding. For me, getting into this, I would really like to flag that side of community energy up. It comes back to the fact that, if you mandate the shared



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ownership, you increase the scale and you have more of that happening. That is the thing that nobody wants to pay for, and we will pay for it.

- Q151 **Mike Reader:** I am going to talk about prioritisation in the transmission queue. Before I do, I would like to come back to something briefly that you talked with Torcuil about, which was securities. You said that the community projects, Calum, do not need that £2.5 million up front: "You can trust us. We are a community project."

Alex, I wanted to draw on your experience on that. We have had previous evidence from other consultants who said, "I have a laptop full of aborted projects." We have heard that community projects rely on a couple of enthusiastic community leaders who drive that project forward. We are talking over a large number of years. Is there a higher level of aborted projects within community energy that means that we should be seeing securities be provided, i.e. counter to what Calum is saying?

Alex Lockton: Do you mean whether there are more community energy projects aborted compared to commercial projects, for example?

- Q152 **Mike Reader:** Yes, the project actually getting to spades in the ground. The risk is higher that it will not get there.

Alex Lockton: I get offered projects from commercial developers all the time that they do not want to do because they are too small and do not work for their model. I would call that aborted as well, but an opportunity. That is an opportunity either for someone else to aggregate those or for a community to grasp the nettle and run with it.

When you are looking at identifying projects at a very early stage, one thing that the GBECF funding at the moment does not do is fund that little bit where it tries to identify a really good project early. In the past we have had some projects that have come through where a community has got excited about an idea, they have run with it and it has gone a little way down the track, like that sort of thing. With a little bit of seed funding early to be able to look and see what is really possible and scope out what is in the area, that can really help improve the quality.

- Q153 **Mike Reader:** I will come on to prioritisation. Mairi, I will start with you. We have had it suggested that larger community projects should be prioritised in the transmission queue by designating them as needed for 2030. Would you support that? What do you think are the key challenges in creating a community-energy-specific designation process?

Dr Brookes: I like the idea of that in principle. Inevitably, it would need to be consulted on. As I think I said earlier, there is a whole load of network considerations that we are not the experts on. I would not want to be seen as the sector that says, "We must do that at all costs," but yes, there should be a clear steer that says, "Look into that."

- Q154 **Mike Reader:** Do you see any challenges with having a community-energy-specific designation process needed in the grid system?



Dr Brookes: That comes down to the detail. I do not think that you should be separate. By definition, if you are looking at shared ownership, a given project and a given connection is not necessarily just community energy. You would need to be deciding what gets into that and what does not. You need to do that in such a way that it is not massively gamed in a way that does not actually achieve what you want it to achieve for community energy. From my perspective, if it is on a spectrum of completely separating it out or just giving prioritisation to projects or connections offered for projects where there is a demonstrable shared ownership or whatever it is, that would be the way to do it.

Q155 **Mike Reader:** Alex, NESO told DESNZ that all the projects needed to meet clean power 2030 are in the queue. They have designated project status. Do we need a community-energy-specific designation to ensure that community energy projects can get on to the grid system or the queue?

Alex Lockton: Yes, because there is still headroom at distribution level. There are opportunities in shared ownership, which would be really beneficial. Those two things are two super tools to help hit 8 GW.

Q156 **Mike Reader:** What challenges would you see if that was brought forward, apart from perhaps the big developers saying, "We do not need this," and using their lobbying power to say, "We do not need a community-energy-specific designation process because we have got it covered, guys, because we are the big boys. We are going to get it done."?

Alex Lockton: What are the challenges? If you mandate it, you reduce some of those challenges. It is doable. Like I said in my example earlier, you can tell the market to do something and it will do it. It is for good reason. There are a lot of local benefits that are really good. There are developers out there, if they have to do it, they will do it because they have done it before. They can afford to pay people to work out how to do it and all those sorts of things. We spend hours and hours of our private and working life working out how to do this. They can afford to pay for lawyers to figure it out, and we will tell them how to do it as well. We want to work with them.

Dr Brookes: You can put models out there. I do not think that that is a particularly big challenge. I agree that, if you do not mandate it, it will happen in some instances, but it is not going to happen to the same extent and you do not get the same benefits from it.

Q157 **Mike Reader:** Calum, what do you think could be the eligibility criteria for a community energy project to be given designated status if we had a specific scheme for community energy?

Dr MacDonald: It has to be democratically run by the membership in a specific community. It is up to a community to decide what is that geographic boundary. In ours, we work in what you might call about half a dozen villages, but we spend our money across the whole island chain.



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We are controlled by a bunch of villages. Everybody in our village can join the trust and they have a vote. They elect the board and determine the policy.

That kind of democratic, open and inclusive approach to me is fundamental to the community energy approach. It can be scaled up as well. I am working with a whole bunch of other development trusts in the district of Cowal, close to Glasgow, which is a much bigger geographic area, and they are planning on much bigger wind farms, so you can scale it up.

Q158 Mike Reader: We have also had evidence that has warned us that, if we have a case-by-case assessment of all these community energy projects, it is a lot more cumbersome for regulatory authorities and community energy companies to implement. Would you agree with that assessment?

Dr MacDonald: I agree. You have to have one definition that you write into secondary legislation, basically. That then allows Ofgem and all the other people to say, "This fits that definition. We can give it priority. We can drop the securities requirement." All these kinds of things can then become possible. Yes, you need to do that. Make it simpler and it makes it easier for the private sector as well, as you were saying.

Alex Lockton: Community energy is one of GB Energy's top two priorities, so it should be talked about every time somebody talks about energy of any kind. That in itself is the essence of this. It is a top priority.

Dr Brookes: The thing I would add to this is that I think it is helpful in general, and in this context, to also look at the onus on local authorities to partner with community energy organisations. I was on a call this morning with some of my local authority colleagues and we were getting into exactly this topic. We are looking at what it will take in order to scale up community energy in Oxfordshire.

We were getting into what the principles of the governance are of, when a scheme comes forward, who gets to have a say. Who gets to say what the area is? There is an understanding, an argument, that what is arising out of that scheme is about easing the energy transition in general, therefore is broad and not just about the immediate locality of the project. On the other hand, there is clearly something that is different about the immediate locality of the project. There is an onus on local authorities to work alongside, because they will want to have a say.

It is perhaps different in Scotland, because you already have ways of doing this and you have the land development trusts. Where you are dealing with lots of parish councils, that is a very large number of organisations, most of which, I think it is fair to say, are not geared up to deal with this, that suddenly are overwhelmed by decisions.

Q159 Torcuil Crichton: This is just a quick question on how to mandate community powers. Is it the 2015 Act? Is it something else, Alex? What



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do we need to tell Ministers to do?

Alex Lockton: We have touched on a couple of them already. I am not an expert on the 2015 Act. I defer to others who are more expert than I, but there is precedent there. It is something you could possibly build on.

We are talking about planning and grid. Those are two areas where planning would benefit from more community involvement and community feeling more part of projects that are happening to them. There is a sense that that makes sense. There is some planning consultation going on and regulation and reform of that at the moment. It makes sense to include something in there. That would also benefit the shared ownership schemes and incentivise commercial and community developers to come together, because that would de-risk planning to some extent for some of their projects. You can create a sort of virtuous circle with it through that.

Wera Hobhouse: We have already heard quite a lot about designation and the question whether there should be grid space designated for community energy. My first question is whether community energy projects all need the big transmission network, or whether they can stay local. That is for me also somewhat the essence of community energy: that it actually stays local and the electrons that it generates do not get around the big grid. I understand that this is all about the definition of what the community energy is, whether it is the scale, whether it is an ownership model and all the rest of it. It would be quite interesting to understand how many of the current community energy projects actually need a connection and transmission grid, rather than just staying in the localised grids.

Dr Brookes: On the whole, they will not need the transmission network because of the scale of projects that are currently under way and the opportunities that are being found. Also, there is a scale of risk around the size of project that would connect in the transmission. When you are looking at shared ownership, suddenly that changes that game.

Q160 **Wera Hobhouse:** That is interesting to clarify: so the shared ownership model then suddenly changes the game, but most community energy projects are the small things that are ultimately just serving the local area and therefore do not need the big transmission grids.

Dr MacDonald: Most are currently, but that is because of the disincentive to do a larger project because of things such as securities, which are just showstoppers for communities. A lot of projects think, "Yes, we could do 30 or 40 MW," and then they see this and say, "There is no way we are going to raise that amount of money four years ahead of any income earning potential," so they get dropped early. If we are able to change that through designation, a lot more big projects will come forward.

In Mr Crichton's constituency, there is a 46 MW community project going through the gate 2 process at the moment. In Cowal, where I was



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working, as I mentioned earlier, they are working on two wind farms. One is 30 MW and the other will be bigger than that. Once communities are enabled, they can grow bigger, so I would certainly encourage people to try to aim to scale up community projects, because the benefits are huge. They are tremendous.

Q161 Wera Hobhouse: I do not want to have another discussion about the definitions of what community energy is. I was just trying to understand what is needed. If we are talking about grid allocation, it is a different thing depending on whether it is on the transmission network or on the local grid network. Is that correct?

Dr MacDonald: It depends on how much capacity is left in the particular area of the grid that you point at. In my case, we have a 25 MW battery project. That is not terribly big, but I have to get connected to the transmission grid. I have to have a transmission application, and I have to find £2.5 million next year for that reason. It depends on the local circumstances.

Q162 Wera Hobhouse: That is fair enough. Can you quickly explain how grid allocation would work technically? How would that be done?

Dr MacDonald: If you had designation of community energy projects that was accepted and confirmed in regulation, that would enable NESO, for example, when doing a gate 2 process in the future, to add into their criteria for giving projects priority the fact that community energy projects are important for providing additional socioeconomic benefits to the locality and nationwide.

The Government have moved to a system where it is no longer laissez-faire, first come, first served, and you get a clogged system. They are now sorting out the system by having a set of priorities that they want to see move forward. One of these relates to economic growth. If we can enable community energy to be designated, so that you can point at a project and say, "That is a community energy project," you can move it up the grid queue.

Q163 Wera Hobhouse: It would, therefore, avoid the delays that we have been talking about.

Dr MacDonald: Yes.

Q164 Wera Hobhouse: I have just one more question about GB Energy. Could GB Energy assist community projects in this way? Another question that I have is connected to that. I talked to the Energy Saving Trust this morning, which said that, under GB Energy, there should be something such as a community energy support scheme or service. GB Energy would not do that directly, because it has a much more strategic role, but they could set up a service that would then help community energy projects. Do you think that that is a good idea?



Dr MacDonald: It is an essential idea. That is absolutely so. Part of the problem in funding community energy projects is that you do not want to bring an equity funder in, because they will swallow up your project, basically, but you need equity in order to lever in commercial lenders, who you do want to bring in.

The role that has been played in Scotland previously by the Scottish National Investment Bank was to provide that role of the equity equivalent. It is junior debt, not really equity, but it allows the commercial lenders then to lend. A role for GB Energy to play is in providing that junior debt element and enabling big amounts of commercial debt. Our lender is Santander Bank, so high street banks are willing to lend large amounts of money to community projects, but somebody needs to provide that initial amount.

Q165 **Claire Young:** Mairi, you made it clear in earlier answers that you think that shared ownership should be mandated, but can you elaborate a bit on how the current voluntary approach is working for community energy projects?

Dr Brookes: We have one example, which is not exactly shared ownership, where we have one of the community energy organisations in our network that explicitly do not want to develop their own projects, but they do like to find them for us, if they can. It had a commercial developer coming forward with a solar farm in their area. They did all of the work to get in touch, build the relationships and say, "We would really like to have some funding. We would also really be interested in whether there could be ownership," and for that to come to us at Low Carbon Hub as a bit of an umbrella for Oxfordshire organisations in that respect. There were a number of reasons why that particular project did not quite work, but we got the option of picking up what is now our 19 MW solar ground-mount farm. That is ours entirely. We just picked it up on the EPC. That is our experience of that.

In general, my understanding is that, without the mandate, you are reliant on having the access and the relationships, and getting the door open to have the conversation in the first place. There might be local circumstances or particular individuals that allow that to happen. In our case, it was having this group that had the headway, found the developer and were able to open that door for us. We were then able to step in, and it was very productive, but you do not always have that. We would see an enormous amount more of it, but the point is that the potential for it is huge, but it is not yet happening at that scale. That is why we would be in favour of it being mandated.

Alex Lockton: I come at this from a couple of directions. As I mentioned earlier, I look after landowners and come across a lot of commercial developers. Being a community developer, I love to drop the "community" word into every single conversation. Over time, that has definitely helped and has converted people to taking an interest, having



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the odd meeting and things like that. That is starting to bear a bit of fruit, but it is taking time.

There are one or two, such as Eden Renewables, that wanted to show that they were a leader. They decided that that is going to be one of their things that they are going to be really good at, and that is why they are pushing ahead with Forest Gate. They approached Zero Chippenham, a grassroots organisation, really early in pre-planning. They ran with Zero Chippenham and Bath & West all the way through, appeared at the planning committee alongside them, and spoke at the planning committee at Wiltshire Council. A relationship developed there, because you had a hero person who wanted to make it happen, and they wanted to be the leader of it. There are others looking at that and going, "I can sense that the Government are thinking about this at the moment," and they are starting to reach out and talk to us about it.

That says to me that that is quite a good buying signal, for want of a better word. They think that they need to take an interest and do something about this. There are some there that are going, "There are a lot of planning applications out there at the moment." Particularly after gate 2, everyone has a lot of planning applications in the process. There are a lot of busy planning authorities, and they are noticing that there is more competition, so they want to try to de-risk that. If you are spending £500,000 on a solar farm planning application, it would be quite nice to know that you are going to get that back and not just lose it.

Having a way of engaging the community to be a part of that and have a share of that de-risks that. There is more serious interest, but it will only be to a level. To hit 8 GW, you need to mandate it. They can and will change. Having spoken to the other 95% or 97% of developers out there who have vaguely taken an interest, or not been interested at all, some of them are just never going to move unless you tell them to.

Q166 Ms Billington: I was just going to follow up on this interesting aspect about the security that you want that is causing a bit of an issue, and in relation to what Alex has said about the commercial interest and so forth. Would those people who are commercially interested not be able to pony up the money that you are talking about in order to be able to keep the community energy project in the grid?

Dr MacDonald: If it is a shared ownership project, that is a possibility, because the developer will be able to provide a bond or show the balance sheet that would satisfy NESO or Ofgem for the whole project. For 100% community-owned projects, that is where the security issue really becomes a problem.

Q167 Ms Billington: I want to go to the point about the risk profile. If the security is there—if you put £2.5 million down—in order to be able to mitigate the risk for the overall system that these guys might just pull out, hopefully these commercial operators are not going to go away. If you have a 100% community-owned one, what is the risk that it is going



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to collapse? I know you say that the community is not going to go away, but individuals do. Capacity sometimes changes.

I have been involved in voluntary organisations for a very long time. It does depend on who rocks up. The social capital strength of a community needs to have a risk assessment. How do you establish that for the likes of people who are not necessarily good at assessing social capital strength or otherwise? There is not necessarily a particularly good metric for it.

Mike Reader: Did you just point at me when you said that?

Ms Billington: I did not mean to. It was just generally over there.

Dr MacDonald: The point of securities is to prevent people from, if you like, exercising their free will to go off and do something else somewhere else because it is a more attractive investment. It is not there to stop a project collapsing beyond people's will, as it were. Some projects may fail just because of structural reasons or whatever, but that is not the point of securities. It is to stop people just putting down an application, getting a connection and then, three years later, saying, "Sorry, I am off. I can use my money more fruitfully elsewhere." That is the role of securities.

In terms of the kind of scenario that you and Mr Reader painted, whereby the community may have run out of steam, that may be the case, but securities are not intended to prevent that from happening.

Q168 **Ms Billington:** Financial security is not, but is there another way of establishing some kind of formal commitment? If there are two or three people who really are the engines of it and something happens to them and the project collapses, there are some serious implications for NESO and so forth. They would say, "Don't worry. That is an absolute nail-on one."

Dr MacDonald: I have no experience of communities running out of steam, other than where they have been blocked by the very prospect of securities or some other technical grid reason that stopped them going forward. It is worth saying that the record of community energy in planning applications is about 100%, certainly the last time I looked at it. There might have been failures in the last five years. When there was lots of stuff happening onshore in terms of wind farm development, the planning failure rate was 60% for corporate projects, so community projects have a record of going through. The guys working in Mr Crichton's constituency and waiting for the interconnector have been waiting since 2005. They are still at it. There is a determination. The baton gets passed on. The rewards are huge.

This may be a point that has not been made yet. When you talk about scale, you must not think that, because community projects currently are small and just a nice-to-have, they can produce huge amounts of revenue for the community. Our project, which is 9 MW, has delivered £10 million in cash back to the community in the last 10 years. Compare that with a corporate project that might be familiar to you—the Whitelee



project, which is a 539 MW wind farm, the biggest in the UK and the third-biggest in Europe. In the last 10 years, it has returned £9 million to the community. We returned £1 million more than the biggest wind farm in the UK. Scale depends on which end of the telescope you are looking through. I make that point simply to emphasise that, when communities know that they are going to get that kind of money, they will go for it. They are not just going to give up.

Dr Brookes: Low Carbon Hub will happily offer to step in in that situation, with a view that, in the longer term, as what might be a nascent community energy organisation in the locality develops, we would hand it over.

Chair: Thank you, all. That ends our first panel session. Thank you for your evidence.

Examination of witnesses

Witnesses: Mark Askew, Finley Becks-Phelps, Sarah Jeffery and Matt Magill.

Chair: Welcome back to this afternoon's Energy Security and Net Zero Select Committee hearing in the inquiry on unlocking community energy at scale, which we are in the middle of. Thank you to our second panel. As with the first panel, I will ask you to introduce yourselves, please.

Mark Askew: I am Mark Askew. I am head of connections policy at SSEN Distribution. We look after the local networks in the south of England and north of Scotland. If you think of transmission networks as being like motorways, we look after the A roads and B roads down to customers' houses and to consumers.

Finley Becks-Phelps: Good afternoon, all. I am Finley Becks-Phelps. I am the UK head of development for a company called Nadara. We have 45 operational wind farms throughout the UK. Community and shared ownership are a big focus of what we are doing as well.

Sarah Jeffery: I am Sarah Jeffery. I am the head of community energy at National Grid Electricity Distribution, the sister arm of National Grid Electricity Transmission. Like Mark said, I work on the A and the B roads, which is ultimately connecting the community energy groups.

Matt Magill: I am Matthew Magill, director of engineering and customer solutions transformation at the National Energy System Operator, or NESO. My accountability is, effectively, for connections and connections reform across the transmission networks.

Q169 **Chair:** Thank you all very much. You are all very welcome indeed. I am going to start with you, Matt, and refer back to the report that we published in the summer, *Gridlock or growth? Avoiding energy planning chaos*, which was our response to the updated national policy statement.



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We recommended that the draft strategic spatial energy plan should be published for consultation by the end of February 2026 to allow time for people to be involved in such significant changes to their communities. When do you expect to publish it?

Matt Magill: Thank you for the question. The spatial strategic energy plan is a transformational piece of work that we have been building over this year, doing a lot of engagement with communities and stakeholders. Our current timelines are to provide a set of pathways to the Secretary of State by the end of the year, but I can follow up in writing if you would prefer.

Q170 **Chair:** That would be great, and then it is very conveniently up to him to finalise. What would you say the lessons are from the clean power 2030 plan and connection reforms and how they feed into the work you are doing on coming up with the SSEP?

Matt Magill: There is a considerable amount of learning from the clean power plan in terms of not only the modelling, but also the engagement and the requirement to build stakeholder understanding in order to develop the plans, which I know we have been doing through the SSEP.

In terms of how it feeds into connections reform, we are swapping out the clean power 2030 for SSEP as we run the new, reformed queue process, which will allow us to really get strategically aligned and ready projects to be able to deliver, shortening those queues and making sure that only the people who are needed to provide for the system are able to do so.

Q171 **Chair:** Do you think that the witnesses in our first panel would draw-0 hope from what you have just said?

Matt Magill: I would hope so. There are challenges that we faced this summer and that we have worked through. The key part in terms of looking at connections reform is the huge volume of the queue before we started this process, the uncertainty and the lack of clarity for investors. It just was not an exciting and investable place. Coming out of connections reform, we will have that clear steer for those projects that are ready and are strategically aligned to move forward. It will also give opportunity and show spaces where there are opportunities for any project, including community energy projects, to come through and fulfil some of those capacities to make that strategic alignment. It is a positive step forward for industry.

Q172 **Chair:** How are you ensuring that all stakeholders are involved in coming up with the SSEP and that they have enough time to really contribute to what is such a sizable change?

Matt Magill: Within NESO, there is the strategic spatial energy plan, and also the regional energy strategic plan. These are two plans that form our effective strategic energy planning alongside the centralised strategic network plan. We are working across all of those plans and throughout



the wider NESO on making sure that we do the engagement. Especially relevant to this group is that communities are at the heart of what we are trying to do in this energy transition. NESO is here to serve those communities.

A lot of the local community engagement has been led through those regional energy strategic planning sessions. We have societal forums that do that engagement, and the learning and information that comes from local government, local communities and coastal communities feeds into the wider picture across NESO and helps shape that strategic energy plan. We are also doing incredible amounts of liaison and consultation with industry stakeholders across the piece to make sure that we deliver a plan that is executable and that people believe in. Doing that engagement is critical to making sure that we can deliver.

Q173 **Chair:** Just to confirm, you consider community energy projects a significant part of the plan.

Matt Magill: Communities are an essential part of bringing forward the transition. Seeing community energy as a way to engage those communities is a really good step.

Q174 **Mike Reader:** Matt, I am going to carry on with you, if that is okay. I will come to the other panellists on engagement with community energy after my question. On 1 October, NESO published revised timelines on grid connection offers, which means that you now have significant delays. The gate 2 notifications may now not be coming until the end of the year, and we will see the pre-2030 projects being as late as June next year.

That means that projects that should have been delivered in 2026 and 2027 are now unviable, including those that have no impact on the transmission network, as well as those that should be under the protected designation. What are you doing to prioritise protected projects? Have you considered fast tracking to make sure that those 2026 and 2027 projects can be delivered?

Matt Magill: The timeline that we announced on 1 October stated some no-later-than dates. The 2026-27 protected projects are the soonest to connect and the ones that are most ready and most strategically aligned. We have committed to making sure that they have their offers out no later than the end of January, which is a priority for us. We are hoping to beat that target, but we wanted to make sure that we set ourselves a credible target.

In terms of the projects in the following years—2028, 2029 and 2030—offers will be out. Physical, signed, contracted offers that allow people to move forward with financial decisions will be issued no later than the end of June, so the end of Q2 2026. We intend to do it sooner than that, but, until we have done that queue formation and can hand over to our network colleagues to do the assessment, we want to make sure that we are giving a credible plan forward.



Q175 **Mike Reader:** Is the Department aware of the delivery risk on clean power 2030 because of this significant delay, particularly with projects unable to achieve FID now impacting on the potential investability of projects?

Matt Magill: A huge number of activities need to occur across the entire industry to meet CP30. Connections reform is one of those. I do not think that the months' delays that we have introduced through this year's events will have a significant impact on CP30.

Q176 **Mike Reader:** Given that all of the tier 1 major developers have written to me and asked me to pass on to the Chair and to the Minister their big concern about this, do they have confidence, or does NESO need to do more to listen to them?

Matt Magill: We are actively listening. We are planning a set of activities that around what we call the 2028 offers to really understand and work with the network companies to see where we can prioritise this. As I said, it is no later than June 2026. What we want to do is prioritise those projects to get them out as soon as possible. We need to listen and understand what we can do and by when to support those and bring in our network colleagues, both the distribution network operators and transmission owners, to enable that.

Q177 **Mike Reader:** Thank you, Matt. I will come on to colleagues on engagement. We have heard that community energy is needed. You probably heard the first panel and even some of our previous sessions, and you have seen the passion in the sector. One of the challenges that groups have mentioned is that their voices are not always heard. Why is engagement with communities important to your businesses? What more are you doing to make sure that community energy projects are heard alongside the big developments?

Mark Askew: Thanks for the question. Community energy has a really pivotal role to play in the net zero transition. It is really important that communities see the benefits of that transition. One of the things that we are really focused on is trying to engage with them, because we recognise that they are not big commercial players. They need their hands holding through the process. We have two bespoke business relationship managers in our business—one based in the north and one in the south. Their role is to go out through local authorities and through some of the net zero hubs to talk to and engage with the communities, and to understand what projects they have in the pipeline and how we can support, et cetera.

Through that, we are trying to understand those projects, link in with the local authority, and then get those in our planning models so that we can forecast the needs going forward and start building the network out to make sure that the capacity is there for them as they go forward.

Finley Becks-Phelps: We are predominantly an onshore wind developer. We look at other technologies as well. I often get asked, "Why



is the communication element so important?" One thing that we quite often forget is that, particularly for wind, the turbine are quite tall and it goes round, and there is nothing quite like that as well. When you introduce a concept of a development in a proposed area, it is a huge element of change. As developers, you have a responsibility to explain what that looks like, to genuinely listen, to make that project a genuine relationship with that area and to understand what they want to get out of it.

We do more shared ownership than anyone else, but only to a total of eight. That is driven by what the communities want to get from a project. If that is a focus, we will absolutely look into doing so, and similarly around the community benefit. It is also about other drivers within those individual areas: tourism around mountain bikes, for example, or fuel poverty, or access to nature. It is about understanding what the community wants to get out of it. Once you get that right, you develop much more invested interest with them as well.

One of the reasons why you are hearing that reservation is that this is a very busy, very competitive space at the moment, particularly around development activities. Within the legislation, there are requirements to do a very bare minimum standard. What we all have a responsibility to try to do is encourage each other to not just tick a box in terms of, "I have held an exhibition in a local hall," but to take a step further, be invested in that community and find out what they want to get from us.

Q178 Mike Reader: Sarah, one of the areas that we heard frustration about is the complexity of engaging with DNOs. What is your organisation doing to help community organisations and community energy projects through that engagement process?

Sarah Jeffery: It is very difficult. As a DNO, we offer various avenues⁸, as I imagine other DNOs do. We hold engagement events that are specifically for community energy groups to attend and network with other community energy groups, but also to hear from subject matter experts in this particular space. We also hold one-to-one surgeries for groups that want to understand more about the engineering and what is needed to be able to connect to the grid.

The challenge that we have is that our licence and our codes, which are effectively the rule book under which we operate, mean that we have to treat every sector fairly. We cannot treat community energy groups any differently to how we would treat any other sector. That is the challenge that we have. In the first panel, you discussed the definition at quite some length, but we would really like to see a definition come into play and for there to be a community energy register, so that we can effectively point at the register to and say, "These are the bona fide community energy groups," and then work with Ofgem to be able to get the licence and the codes changed, so that we can treat them slightly differently.



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Q179 **Mike Reader:** If we had a definition of what a community energy project was, there could be a change to your licensing requirement to enable you to deal with them in a different way and one that is perhaps more appropriate to the scale of the organisation. Sarah and Mark, do you see community energy as a benefit or hindrance to delivering your overall business goals?

Sarah Jeffery: It is a benefit. It has to be a benefit. These community energy groups are incredible. Frankly, I am in awe of them. They are a benefit to us as an industry, because ultimately they are bringing their community with them. We all have a desire to meet clean power 2030 and net zero. In getting those communities behind a community energy project, they then understand the benefits of that green generation, so they absolutely have to be a benefit.

Q180 **Mike Reader:** Matt, do you see community energy as a benefit or a hindrance?

Matt Magill: We have a large amount of work to do to move this transition, and dropping in communities and anything that we can do to bring those communities along is of course going to be of benefit.

Q181 **Chair:** In the first panel, Calum MacDonald told us that, because of his background, his experience, and potentially his credibility, he found it easier to make progress with the networks than perhaps some others might do when it comes to getting grid connections. Surely, you should not need someone with Calum's background to achieve those results. Sarah, as you are nodding, I will ask you to answer first.

Sarah Jeffery: I agree. It is very challenging. The difficulty that we have today is that community energy groups are primarily volunteer led. That is a fact. Unfortunately, when you look at the state of the sector reports that are written by Community Energy England, Community Energy Wales and Community Energy Scotland, it comes out loud and clear that this sector is volunteer led.

As a consequence of that, it is difficult to navigate where to go and what to do. When you look at commercial developers, it is probably easier. You either employ a consultant or have people in-house who are able to navigate. It is trickier.

Q182 **Chair:** Before the others answer, should there be something set up to give the kind of support that Calum can give but other groups do not have available?

Sarah Jeffery: As a DNO, we try to support as best we can. Ultimately, we are offering that same support to commercial developers. There potentially is a role there for GB Energy to step into in terms of providing that support to those community energy groups.

Q183 **Chair:** Mark, does GB Energy have the capacity?



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Mark Askew: Yes, it should do. Like Sarah, we see it having a role there. We do a lot of bespoke engagement with community groups. Having that co-ordinated via local authorities, feeding into local energy plans, and GB Energy supporting those schemes that can really help the grid, would be a really good virtuous circle for us to help get some momentum behind community energy.

There is the engagement on the ground. There are also the tools that you can provide to help people. We have put quite a lot of work into what we call our LENZA tool, which is there to help local authorities model out what their transition might look like and the impact on the network. That can help identify where community schemes will provide most benefit and, therefore, identify where they can add value. That is the other part of engagement that should not get lost in terms of the tooling to be able to self-serve and to see where they can connect on the network.

Q184 **Torcuil Crichton:** Thank you all for coming in. Everyone nodded along and said that community energy was a great idea. Community energy companies have terrible, hellish problems getting on to the grid. Mark, you said that SSEN thought that communities had a big role to play, yet SSEN fobbed them off with active network management agreements. Why is that?

Mark Askew: If we go back to what Sarah was saying at the start, we operate under our licence from Ofgem. In that licence, we have to treat everyone the same. We are not allowed to discriminate. The way that we do that with connections is that, basically, we deal with people on a first come, first served basis. If we have an asset, and people come to connect, we will fill up capacity on that asset in the order that they apply. If they are later on and there is no capacity, that is where we look at the active network management solution. We are not treating community energy any differently there. That is just a reality of where some people come in the queue and, therefore, what options are available for them.

Q185 **Torcuil Crichton:** Who sets that—Ofgem or NESO?

Mark Askew: The rules around treating everyone fairly come from Ofgem. That is in our licence.

Q186 **Torcuil Crichton:** Ofgem are agnostic. I come from a part of the world where you cannot be agnostic. You have to be a disciple for renewable energy. What would it take to make Ofgem a disciple for renewable energy? As Finley said, it is a really competitive space.

Mark Askew: This is a broader, almost Government question about who you want to prioritise in the queue. If you move some people forward, such as community energy, that means that it is taking the place of others. That could be housing. That could be electric vehicles. For me, this is a Government question of, "If you want to prioritise some, who should that be?" We are really keen to engage on that and understand who should be there, and would help to implement it, but that has to be a Government question of who you want to push forward in the queue.



Q187 **Torcuil Crichton:** Matt, what would your advice be to Ministers when it comes to prioritising connections?

Matt Magill: In terms of prioritising connections at the moment, we discussed designation and reservation. NESO has the ability for areas that meet our licence requirements of decarbonisation, security of supply, overall cost and innovation to do that within those designation and reservation processes. If we are looking at doing something around community engagement, we would need a similar signal to enable us to do that.

Q188 **Torcuil Crichton:** The Minister would have to tell you whether he or she wants community energy prioritised.

Matt Magill: At the moment, similar to DNOs, our licence is very clear that we are agnostic to the ownership or corporate structures of any of the parties coming towards us.

Q189 **Torcuil Crichton:** Even if that was at your expense, Finley, would you support it?

Finley Becks-Phelps: If we could reverse a bit, projects are very complicated. Depending on where you are, there will be a whole host of challenges as well. When we talk about community energy projects, we should look to support each other. Shared ownership is a big opportunity as well. As Sarah picked up on, as developers, we are fortunate to have an in-house group of consultants that we can utilise to help navigate that. In collaboration with communities, we can ensure that the best projects come forward, because I would hope that we are all aligned in wanting to make sure that we bring forward the right projects, in the right locations, at the right times. It is about ensuring that communities are involved in the projects that do then come forward.

Q190 **Torcuil Crichton:** Sarah, you touched on what could be a definition of priorities and how to calibrate them. Can you expand on that?

Sarah Jeffery: We do need a definition around what community energy is, in the same way that we need a definition around what local energy is, which gets bandied around. Everybody has a slightly different version of what they think it is, but we do need the definition. We then need the register to be able to point at it, because, if we are going to be able to treat them differently, we need to be absolutely certain that they meet those criteria. It is about having that opportunity to be able to treat them differently, but, as Finley and Mark have said, it is really down to Ofgem and to Government in terms of how they want us to treat community energy groups differently. From our perspective, it would be lovely to be able to provide additional support.

We also need to work with the community energy groups to understand what support they need. I have worked with community energy groups that have really struggled with the milestones. When they have a contract, for instance, they then have a programme of milestones within



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their contract, and they sometimes struggle to meet those milestones. The milestones that we give them have to be consistent across the board, whether it is a commercial developer or a community energy developer. In the first panel, we heard that community energy groups struggle to do the fundraising, for instance. That can take a longer lead time than it can for a commercial developer. It is about understanding where these community energy groups need the support.

Q191 **Torcuil Crichton:** GB Energy has its community energy in a box idea. Mark, if I understand your evidence correctly, if the Minister tells NESO to tell Ofgem to tell you to connect a community energy company instead of EDF, that is what you would do.

Mark Askew: Yes, absolutely.

Q192 **Ms Billington:** You described it as Ofgem treating everybody fairly, but what you talked about was it being first come, first served. First come, first served is not fair. It is not strategic. It is just who has the cash first and can get the forms in first.

Mark Askew: That is the way that we have operated that system to demonstrate that we are not discriminating. It has been first come, first served.

Q193 **Ms Billington:** It is discriminatory, on the basis of who can get their forms in first. It is not about the strategic needs of the system or, indeed, recognising the value and quality of particular projects based on issues of ownership. We can change those rules.

Mark Askew: Yes, exactly. We are starting to see that. With clean power 2030, there is a move there. We are looking at who is ready and strategically aligned. That is a start, and we are really supporting that, but we would need something similar to be in place to be able to treat community energy differently.

Q194 **Ms Billington:** "Strategically aligned" is your language, Matt, and does not include the nature of ownership.

Matt Magill: That is correct.

Q195 **Ms Billington:** Would that help? Bearing in mind that we have a target of however many GW it is, how are you going to get there if you are ownership blind?

Matt Magill: In our advice to clean power 2030, we set out that there is a huge opportunity of solar and onshore wind. As stated, we stay clear of the ownership in terms of that, but there is a huge opportunity.

Ms Billington: I know that you have done. What I am saying is that you say that 8 GW is going to be community energy, but you have literally no pathway to being able to achieve that because you are ownership-blind. I just think that that should be noted.

Q196 **Wera Hobhouse:** Throughout today's very lively session, we get one



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thing. We need a definition. There are several definitions. That would help to create something like as a specialist status for community energy. We can then take it from there. What I also hear and would like to repeat loud and clear is that community groups need something like a community energy support service. That could be set up through GB Energy in their local power plan. You are probably all nodding. That is probably one of the things that we need. That is not just about financing. It is also about going through the many stepping stones and milestones. I just wanted to clarify that here.

Torcuil has already covered quite a lot of things around the need to be agnostic and the extent of that agnosticism, so we do not have to go over that again. If there was such a thing as a specialist status for community energy, how would that help, for example, community groups to navigate the complexities of the grid connection process?

Sarah Jeffery: As I set out, specialist status would allow us to treat them differently. That could be in terms of providing additional support, for example. The distribution networks are in the middle of putting our business plan submissions together for the next period, so being able to put that additional support in would be really beneficial. In terms of milestones, do they need additional time to be able to go through them? Is it that they need additional support when it comes to commissioning their project, for instance? It is quite technical when it gets to that stage in terms of connecting to the grid.

We would need to work with the community energy groups to understand where they need the support. It is really challenging for us as a DNO to sit here and say, "This, this and this." Quite honestly, I am not a community energy group, so I really would like to work with them to understand better what support they need.

Q197 **Wera Hobhouse:** Would specialist status help community groups through the process?

Matt Magill: A combination of specialist status and some very direct signals around prioritisation would be needed.

Mark Askew: I agree. The other way that it would help is that there are certain areas of our network where we could really benefit from those community energy schemes. As we electrify heat and transportation, we need to grow and reinforce the network. One of the ways that we can defer and potentially avoid that is by using flexibility on the systems, which we talked about in the earlier session. Community energy schemes are a source of that flexibility, so they can really help us. If any kind of special status could help us push them up the queue and get them connected to then support the broader stability of the network, that would be very helpful.

Q198 **Chair:** To the questions that Polly and I asked earlier, how realistic is it to expect washing machines to be turned on overnight, for example?



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Mark Askew: That is slightly separate. That is domestic customers responding. If you have some solar or some wind with a battery, you could store that at peak times and then put it back to the network. You can automate a lot of that with systems as opposed to actors having to take decisions at different times.

Sarah Jeffery: There is a company called Energy Local, which has a series of schemes. Effectively, they are already testing this in the community energy space, where they have some form of generation, and local residents are then drawing off that. We have already seen and can witness the trend in domestic use changing as a result of, for instance, a hydro plant pouring the water through. That is when people are turning on their washing machine or their dishwasher, et cetera. I do take your earlier point that not everybody is going to do that, but there is evidence already in place.

Q199 **Wera Hobhouse:** Coming back to specialist status, would that also allow for reserving grid capacity? How would that make the project development more efficient? Would you agree that that would happen?

Mark Askew: If there was a queue like we are talking about, and if you had special status and that is what Government wanted to do, you could potentially move them up the queue to connect earlier.

Q200 **Claire Young:** We talked briefly at the very end of the previous session about shared ownership. How could incentivising shared ownership help align connection reforms with community energy needs?

Matt Magill: It comes back to getting the right signal from Government that means that network owners are prioritising these projects. Coming back to Mark's view, there are areas where it can benefit not only the system but the communities. You get an overall cost of consumer benefit. Having that special status and aligning it with those system needs is where you get the best alignment to really drive the holistic circle.

Q201 **Claire Young:** Is it effectively the same answer that you would give for community energy and for shared ownership? Is there anything specific to shared ownership as opposed to other models of community energy?

Finley Becks-Phelps: There are two different elements here. In terms of shared ownership, that is still a community energy project of sorts. The difference there is that there is going to be more of a holistic relationship with that developer. As I mentioned earlier, a developer has the understanding and ability to take forward a project and to assess it technically. I spent an hour and a half speaking to someone a few weeks ago. I went through the entire industry, and he turned around and said, "This is arguably the most complex industry that I have ever been involved in," and it is. A million specialities are involved in this.

As a developer, we are able to navigate that and try to bring something forward that then works. With a shared ownership element, you are, one would hope, able to bring forward the right project along with a



community, which we would then be able to get into the connections queue and bring forward as quick as possible.

Q202 **Claire Young:** Sarah, what caveats do you need in place to ensure mutual benefits from shared ownership, and avoid it being used, effectively, just to game the system in terms of commercial developers jumping the queue?

Sarah Jeffery: Parameters are needed from the start until the absolute end of a project. When we look at community energy going into some form of shared ownership, there are going to be benefits to the commercial developer if we are looking at putting a specialised status in place, but not only that. Even if that specialised status was not in place, you are potentially bringing the community on board with you and they are expecting some form of benefit as a result of that. There do need to be parameters in place to ensure that the community is going to continue to benefit through the lifetime of that project.

Likewise, if the project went through a period of maintenance and was not generating, and the community were expecting funds, there is some sort of contributory factor while the generator is not receiving funds. If the project comes to the end of its lifecycle and is terminated, the assets are removed. A community is not going to want to be left with non-operational assets. They are not receiving any benefit as a result. We would need to look at the lifecycle of the project and at those parameters that need to be in place throughout.

Q203 **Claire Young:** I asked a question about the current voluntary approach in the last session. How do you see that working for community energy projects? What should the minimum level of shareholding be?

Finley Becks-Phelps: That is quite a good question, but I have not put much thought into it. Most of ours have been around 5%. I had a meeting with the Fintry Development Trust, which has 15%. When it comes to shared ownership, my biggest thing is always going to be to design something that works for that community. Particularly for us at Nadara, it is not a throwaway thing.

Your comment is right about not gaming the system. One of the things for me is making sure that you work with that community to design something that works for them. The Fintry Development Trust was a very peculiar one, in that we built the entire wind farm. We did not say, "Pay for it up front," which is quite often a large burden on a particular community. Basically, we loaned them that back, and they paid back for that wind farm over seven years. They received the benefit, and that worked really well. They are now really looking forward to the opportunity for repowering in the future. We have other co-ops set up that allow individuals to bid in as well.

There is not necessarily a right answer—"It should be 5%, 10%, 15% or 20%." It is about what that community is able to and wants to invest in.



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There are regions within the UK that might want to make the community benefit a really exciting thing as well. The big thing for me will always be to make sure that we design something according to what that community wants.

Q204 **Claire Young:** If you are getting special status through it, that is part of the definition.

Finley Becks-Phelps: I would still stand by the fact that, if we said 20%, for example, and it is a very rural community with a very small population, that could become a very big burden. Particularly for renewable energy projects, it is meant to be an exciting thing. We are now providing over half of the energy mix, so this is a mainstream thing now. We want to have people invested in what we do, and to look forward to it as well, rather than it being seen to be a burden. That is how I would want to try to answer that question, if that makes sense.

Q205 **Torcuil Crichton:** Thanks, all, for coming in. Finley, if we can carry on about community benefit, and offshore and onshore, there is a huge difference, of course, between a wind farm in Skye and one in the North sea, particularly in defining which community benefits. On our Atlantic coast, we have Spiorad na Mara, which has already agreed, with their near-shore development, to provide community benefit for the four community estates of about £4.5 million a year. They base that on onshore community parameters of £5,000 per megawatt, which we all agree is too low. I see you nodding in agreement. If you were doing that from your three North sea operations, you would be paying £15 million a year to I do not know what community. How do you go about community benefit for offshore wind farms?

Finley Becks-Phelps: I am going to ask if I can come back on the offshore. We have an offshore part within our business. I am not involved in that space, so I would not be able to comprehensively respond to that, but I would be very happy to come back with comments from them, if that is okay.

Q206 **Torcuil Crichton:** Yes. There is a difference between community benefit and community share, or community ownership, and you have operated that model onshore. Could you operate that model of municipalities or communities buying in offshore as well?

Finley Becks-Phelps: Yes, certainly. That is one of the things that we are currently investigating for offshore in terms of how best for them to be involved in that particular project. Particularly for the onshore wind space, as an individual of the UK, the thing that is always in my mind is that these are just very expensive things. As an individual, it always feels quite overwhelming. You multiply it by many times when it comes to offshore, and what they are currently trying to work through is getting that right balance for the community to be invested in that project as well.

Q207 **Torcuil Crichton:** Would mandatory community benefit or community



share affect the viability of the developments?

Finley Becks-Phelps: How best to answer this? You mentioned earlier developing a project in Skye versus one in the south of England. The cost profile is going to be very different as well. It is always about making sure that you get the offer right to that particular community as well. I keep coming back to this, and it is not a throwaway comment, but it is about making sure that what the community get out of the project is the best for them as well, and that it does not become a bureaucratic process that brings additional costs. We do not want this to be taken away from what we want to do for the community. Whatever we decide to bring forward needs to be in the interests of the community.

Earlier I made a comment around mountain bikes, for example. I worked on a project a few years ago where the community was big into mountain bike tourism. We were very fortunate that we had a forest next door, and we were able to extend the mountain bike trails on to that site as well. That was an opportunity that the community wanted to get out of that project. If you are very prescriptive about what we have to do as a developer, those opportunities may be missed. The biggest thing for me is that we need to get a process that allows us to design something that the community wants to get from these projects. That means we get a really nice relationship with them.

Q208 **Torcuil Crichton:** Yes, when I talk about community, I do not want a forest path. I want to change people's health outcomes and where they go to university. I want to change their lives with renewable energy, not just give them forest paths.

Finley Becks-Phelps: Exactly, yes. That is the thing. Nadara does scholarships in terms of supporting people with university fees, for example. We do a call for operational projects as well. We already do a huge amount of investment across many different areas. It changes the relationship that people have particularly with our projects.

We have 45 operational projects in the UK, in Scotland, England and Wales. The communities there have a very unique relationship with our wind farms because it works for them as well. With the projects that we are bringing forward in the future, we are now talking about a different level of cash. We need to try to think about bigger picture. It is about creating sustainable futures for these rural communities.

One of the things that we do in the industry is talk about how we create new skill sets. We are talking a lot about the just transition. We are talking about community benefit and shared ownership. That all has a role to play in this as well.

Q209 **Torcuil Crichton:** I did not give you a chance to answer that £5,000 per megawatt per year question. That was said over a decade ago. It is not really transformative, is it?



Finley Becks-Phelps: I am going to go back to the point around how every project is entirely different. The cost profile, again, is wildly different. You could argue that there are some projects that could pick up more because they have super-high winds or a super-simple build. For other projects, you might be felling a large forest to get in there, so the cost profile will be different. It is not as simple as saying that £5,000 should be adjusted or not. Again, we need to encourage developers to do the right thing for the community.

Q210 **Torcuil Crichton:** Matt, do you have a role here? Does NESO have a role in helping or ascertaining what the community benefits should be for offshore projects?

Matt Magill: Not currently, no.

Q211 **Ms Billington:** Do you think you should have a role?

Matt Magill: It depends on the steer from Government in terms of the change in our role. Parts of the regional energy strategic planning are about how you deliver infrastructure within these communities. I could see a route in there, but we would need a definite steer from Government on that.

Q212 **Ms Billington:** If we go back to the point about the 8 GW, how are you going to get that unless you incentivise that? What, therefore, would your role be in that?

Matt Magill: You mean the 8 GW from the local area plans. The local area plans are a Government ambition. We are not directly involved in its delivery. It aligns very closely with our CP30 advice to Government in terms of the volumes of onshore wind and solar that we expect to come forward.

Q213 **Ms Billington:** I am not sure I understand that answer. Could you say it again?

Matt Magill: Yes. As far as I am aware—I can follow up with some questions—we do not have any specific deliverables as part of the local area plans.

Q214 **Ms Billington:** The 8 GW is a target for Government and therefore for you, is it not, for community energy projects?

Matt Magill: I will have to follow up in writing because I do not currently know where that 8 GW target would flow into NESO in terms of our deliverables. I do not think it flows into—

Ms Billington: If it is not a metric for NESO, that is a problem, is it not?

Chair: We have seamlessly moved into your questions, but, before you carry on, you are giving evidence at a session on community energy, for which the 8 GW target is fundamental. I am probably not the only one who is sitting here a bit surprised that you do not have answers to those questions.



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Q215 **Ms Billington:** I will get to the questions that I am supposed to ask, but I have some follow-ups to some of the other things. Sarah, you said you would like to know what community energy groups need. There is this target. Community energy has been around since before I was born and so has National Grid. Why does National Grid not know what community energy groups need?

Sarah Jeffery: We have a good idea of what they need. I work with them quite closely. I work with the community energy associations as well. I work with some colleagues in GB Energy. I try to amplify the voices of those groups and associations.

We have a good idea, but, as always, the devil is in the detail. It is about getting into that detail of exactly what they need. At the moment, without having that differentiated status, it is difficult to be able to offer that support. I do not want to get anybody's hopes up by going in and saying, "We are going to be able to do this and we are going to be able to do that," when we cannot at the moment.

Q216 **Ms Billington:** Who needs to tell National Grid, NESO, Ofgem and indeed the distribution network operators to go away and find out what community energy companies need in order for us to be able to achieve that 8 GW target? Who needs to tell them? Clearly, you have not been told. Maybe you have been told and you are just not doing it. I am just trying to work it out.

Sarah Jeffery: From a distribution network perspective, we work really closely with those groups. From the *State of the Sector* report and from working alongside those groups, I know they need support and effectively, as Mairi said earlier, handholding.

I do not know whether that is necessarily our role to play as a distribution network operator. The reason I say that is we have to treat everybody the same. It is very difficult for us to step into that space. Going forward, if that is what Government want us to do, we absolutely will.

Q217 **Ms Billington:** This is because there has been an agnostic approach by the Government about the models of ownership, which means you lot do not know, in any kind of systematic way, what would significantly accelerate the adoption of community energy projects on to the grid.

Sarah Jeffery: I am not sure that we do not know what would accelerate it. There has been a number of studies to demonstrate what can accelerate it. It is about putting those things in place to be able to accelerate it.

Q218 **Torcuil Crichton:** By whom do you need to be told that? Do you need to be told by Ministers?

Sarah Jeffery: In terms of treating community energy groups differently, yes, we need to be effectively given the responsibility to treat them differently.



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Q219 Wera Hobhouse: Is the problem not that community energy groups are dependent on the big retailers that take their energy? Currently, community energy groups are quite small. They cannot sell directly to the consumer. They are always dependent on the middle person, i.e. the big energy companies, who takes their energy for little money and then makes quite a lot of money by selling it to customers in the local area. For local community energy groups, the main thing has been that they need either to become licensed suppliers, which currently they cannot, or to get a better price from retailers for the energy that they produce, which would ultimately mean that they had money and would be able to expand.

As long as I have been talking about community energy in the last four years, this has been the problem that community energy has faced all along. They are always dependent on the bigger players. They cannot play the market when it comes to providing back-up for the energy that is not produced from solar energy, wind or whatever it is. Is that not the main problem? The main thing is ultimately the money, and they cannot make the money because they cannot be retailers. They are always at the mercy of the big energy retailers, who are taking their energy for less money to create a profit. Is that correct or not?

Sarah Jeffery: Community energy groups are not able to sell to local residents. You are absolutely correct. It has to go via a supplier. If we wanted community energy groups to be able to sell to local residents, we need to look at and amend the markets.

Q220 Ms Billington: Who should decide which community projects are needed for 2030?

Matt Magill: It is a selection of filters, effectively. Following on from the previous session, it is defining community energy, defining where the best ownership schemes are going to be and creating the framework to enable that. It is then linking through to the Government's clean power 2030 plan and aligning it to the targets in there for, most likely, onshore wind and solar.

Q221 Ms Billington: Again, I am still not quite sure I understand the answer. Could you try again?

Chair: The question was about who should decide.

Matt Magill: I am sorry. To clarify my answer, effectively, there are a set of processes that already decide where people fit in, and you need to feed the signals into those processes.

Q222 Ms Billington: Are you happy with those systems, bearing in mind that the objective is to get to 8 GW? Are the systems and gateways satisfactory and sufficient? Will they enable us to get to that level of connection? If I understand the panel correctly, everybody has said that they love community energy. If we love it so much, why is it taking us so long to get it on to the system? From the conversation that we have been



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having today, it appears to me that it is because, broadly speaking, previous Governments have said, "We love community energy," but are militantly agnostic and therefore prejudiced against community energy ever getting on to the system.

We now ostensibly have a system that could give us the opportunity to make decisions based on either mandating shared ownership, privileging community energy or pushing up the scale, dependent on how it is going to contribute to the grid. I have four people in front of me that should be able to help me navigate what those recommendations should be, but I am not getting much from you.

Matt Magill: The current system does not have the signals in place for community energy.

Q223 **Ms Billington:** What signals would be necessary in order for us to achieve the 8 GW target that we are talking about?

Matt Magill: Building on Sarah's points earlier, we need a definition of community energy, a register of community energy and a desire to prioritise community energy above other ownership models.

Q224 **Ms Billington:** How could GB Energy have a role in achieving that 8-GW target?

Sarah Jeffery: It is about them being the register holder and putting the definition in place. As we said earlier, it is about them providing that support mechanism for these community energy groups, which we know, from the latest *State of the Sector* report, they are crying out for.

Chair: Thank you, everybody, for your evidence this afternoon. We got there at the end. That is the end of our session. If you could write to us with clarifications, we would be very grateful.