

Written evidence submitted by Community Energy Investors Club (COM0039)

About Community Energy Investors Club (CEIC)

Conceived during Community Energy Fortnight 2024 and established in July 2024 the Community Energy Investors Club (CEIC/the Club) is an online (predominately LinkedIn) resource and community for people who are interested in investing in, or have invested, in community energy projects in the UK. Since then the Club has grown to an engaged following of 400+ people, and is growing daily.

CEIC has the aims of:

- 1) Advocating for community renewable energy projects
- 2) Providing information about UK community renewable energy projects and investment into them
- 3) Making people aware of UK community renewable energy investment opportunities
- 4) Sharing experiences of investing in community energy
- 5) Allowing members and community energy organisations to alert the Club to community energy investment opportunities – live and pre-funding - for the Club to help raise awareness
- 6) Track the scale & growth of the community energy investment market
- 7) Advocating for innovations that make investing in UK community renewable energy projects a better experience for investors and community energy organisations

Response to the Call for Evidence

As enthusiastic as we are about community energy (as an investment/asset class) we are aware of the very low levels of knowledge about community energy, about the organisations that are delivering community energy projects, about the form of those organisations (typically Community Benefit Societies or Cooperatives – CBSs/Coops), and about the nature of investment into them (predominately withdrawable shares but also bonds).

Awareness

We believe the first biggest barrier to unlocking community energy at scale is **awareness**.⁽¹⁾

(1) A November 2023 Ipsos Mori poll commissioned by Bristol Energy Cooperative (BEC) found that only 1% of respondents knew a great deal about the concept of community energy.

The government, through appropriate bodies such as the national Community Energy bodies (England, Scotland, and Wales), the 5 regional Net Zero Hubs, and Local Authorities, needs to run **awareness campaigns** about both community energy and community energy investment opportunities.

Capacity

The second biggest barrier to unlocking community energy at scale is **capacity** – the lack of existing organisations set up to deliver community energy projects in their area.

This is outside of the scope of the Club's aims. However, we like to see a CBSs/Coops working on community energy projects in every level of local democracy, from Parish and Town Councils up to Combined Authorities. This would mean c10,000 organisations delivering community energy projects, rather than the 583 organisations identified by the Community Energy State of the Sector 2024 Report.

Finance

The third biggest barrier to unlocking community energy at scale is **finance**.

There needs to be sufficient grant funding for the early stages of capacity building and then projects – to fund the set up of new CBSs/Coops, and to allow those to identify and assess community energy project opportunities.

The funding of the community energy projects themselves should come from community investment, which needs **awareness** and **confidence** and greater **liquidity**.

Awareness has been covered above.

To promote **confidence** in people investing in community energy organisations, the Club would like to see the introduction of an “investment guarantee scheme” with investment up to £10,000 in community energy withdrawable shares or bonds 100% protected from loss.

The Club believes this would be a low risk (2), high impact boost to both the **number** of people willing to invest in CBSs/Coops and the **amount** of money people would be prepared to invest.

(2) The Co-operative and Mutual Economy 2024 Report demonstrates how coops build long-term resilience through member-driven values and shows that Co-operatives are twice as likely to survive beyond 5 years compared to other businesses.

Greatly improved **liquidity**, in the form of investors being able to have their investment returned “on demand” (e.g. within 30-90 days, rather than usual annual opportunity), is also necessary to significantly increase the number of willing to invest in CBSs/Coops undertaking community energy projects.

To facilitate this, we believe that an appropriate organisation, perhaps the 5 regional Net Zero Hubs, should be funded to provide a credit facility to all CBSs/Coops to buy withdrawn shares temporarily, until the CBSs/Coops can sell replacement shares to retail investors.

The Club has observed a trend towards withdrawable Share offers structured like Bonds, with defined investment periods (from 5 to 20 years) over which investment capital is repaid annually, alongside interest (dividend) payments. We think that community energy organisations should be encouraged to offer a mixture of shares and bonds and that the balance should move to most of the project finance being raised in the form of **Bonds** because of these advantages to investors:

- They have the potential to be more liquid;
- They are of a known, fixed duration;
- Can be included in an Innovative Finance ISA (IFISA);
- They are simpler to understand than withdrawable shares;

Withdrawable Shares will still have a part to play, especially for those more committed investors who want to become Members of the CBSs/Coops and have a vote etc.

January 2025