

Supplementary written evidence submitted by Jake Burnyeat, Communities for Renewables (COM0158)

Notes for Scaling up Community Energy Select Committee 12th March 2025

1/ How define community energy

Community energy generation is about not for profit enterprises that are locally owned, locally governed and set up to serve their localities by:

- Generating energy from locally-owned renewables
- Ideally supplying that energy at a low and stable cost to local consumers
- Re-investing surplus profits into supporting the hard to do stuff which requires local knowledge and trusted local capacity: tackling fuel poverty, retrofitting our housing stock and positively engaging people in the low carbon transition

EG – Burnham and Weston Energy CIC – see CfR written response case study

See written response for additional technical definition. CEE can provide a definition on behalf the sector.

2/ Role of community energy in local power plan - why

Funding community and municipal energy was 1 of 3 priorities for GB Energy in the manifesto.

That specifically included funding small and medium-scale wind and solar and shared ownership with private sector projects.

Funding community and municipal energy generation is naturally re-distributive and an efficient use of capital. Support communities and councils to own profitable generation projects and they will re-invest the profits in supporting local services. You don't have to use a windfall tax to try and get some of those profits back. When community energy generators made windfall profits in the energy crisis they were re-invested in helping their communities deal with the energy crisis.

Funding community and municipal energy is a means of delivering the broader objectives of retrofitting our housing stock, bringing down bills, tackling fuel poverty, balancing the grid, creating local jobs, localising our energy spend, positively engaging communities in the low carbon transition and ensuring they benefit from low carbon infrastructure development.

3/ How can LPP funding be used to support CE – how

Feasibility and initial development	<ul style="list-style-type: none">• Extend CEF stage 1 and 2 grant• Include shared ownership development• Fund Net Zero Hubs to provide pre-application support to ensure learning is shared and funds are focussed on projects which are likely to be viable.
Follow on development funding	<ul style="list-style-type: none">• £140k is not enough to get most projects through the development process.• Further funding (which could be several hundred £k per project) could be on contingent loan basis, repaid out of construction finance of successful projects.• Create ongoing revolving dev fund.
Construction / acquisition finance	<ul style="list-style-type: none">• 100% finance to get projects built• If GBE wants to revolve the money, can then be refinanced out

	by loan and community investment
Long-term finance	<ul style="list-style-type: none"> • Commercial developers struggling to get subsidy free economics to work with term (ie 15yr) project finance • One of the reasons projects are being sold to infrastructure funds who value on a long-term (30-40yr) IRR basis and take future power price risk • If GBE able to invest long-term, would put community and municipal energy finance on level basis
Grant and low cost capital	<p>Economics for small to medium scale projects selling power to the grid are marginal.</p> <p>There is a pipeline of projects which have come out of the CEF process with land, planning and grid but are not being built. Grid, land and planning for these projects will lapse soon.</p> <p>GBE should consider providing capital grants and/or low cost finance to enable the initial pipeline to go ahead.</p> <p>EG: Chelson Meadow (Plymouth Energy Community / City Council) Ouse Valley Community Solar (OVESCO) Fairy Hill (BWCE)</p> <p>GBE could use the profits from profitable investments, including shared ownership, to subsidise small to medium scale community developed projects.</p> <p>GBE could use a metric for capital grant funding small to medium scale projects that the community benefits unlocked over the lifetime of the project could be greater than the capital grant.</p>

4/ Role of local authorities in local power plan

Plymouth Energy Community is one of the best examples in the UK of community energy generating energy, tackling fuel poverty and delivering retrofit at scale. It owns a 4MW solar farm, has installed PV on 35 schools and community buildings across the city and employs a team of over 30 staff providing 1:1 fuel poverty and retrofit support to 2,000 household per year.

<https://plymouthenergycommunity.com/about/news/our-impact-2024>

It was set up with support of PCC following a councillor manifesto commitment in 2011 and a close ongoing partnership with Plymouth City Council has been key to its success.

For 4 years we have been working on the Chelson Meadow 13MW solar farm being developed as a joint venture between Plymouth CC and Plymouth Energy Community.

The site is a former landfill owned by the council and the council will receive the land rent.

The council wants to purchase the power through a long-term PPA.

The Council wants to provide loan finance alongside community investment from Plymouth Energy Community.

The project will generate £50k per year to support Plymouth Energy Community's work with profit after operating and financing costs split 50/50.

It should be an exemplar community – council joint venture. However, the economics are marginal and we are struggling to get it over the line.

LPP could help unlock projects like Chelson Meadow by:

- Continuing to provide feasibility grants and follow on funding
- Providing low cost finance directly or via the Council to enable them to be built
- Providing some kind of long-term floor price for the power to underpin financing so that councils can purchase the power on more normal 1-3 year terms rather than 15-20yr terms which they are not well placed to do.
- A local supply model that enables community generators to sell to local domestic, commercial and public sector consumers which recognises the value of local generation and enables an upside for the generator and saving the consumer. Class A exempt supply as enabled under Elexon Mod P442 is a good basis for this but the Government needs to provide reassurance that the model will be grandfathered for operational community projects which do not receive a subsidy to give the sector the confidence to raise finance against it.

5/ Incentivising shared ownership

Given the majority of the generation projects needed to achieve net zero electricity by 2030 are already in development, shared ownership will be key to a significant share of that being community and municipally owned. It is the best bet for GBE to deploy capital at scale and generate a return.

The last 10 years has shown only a small number of developers have engaged in shared ownership on a purely voluntary basis but a lot happened in the brief period in 2015/16 we had a policy that provided a positive incentive for both communities and commercial developers to engage.

See written response for details on the split FIT policy.

For shared ownership to work there has to be positive incentives for both sides to engage, underpinned by a community right to buy and GBE as buyer of last resort.

The policies needed on the community side include:

- A community ‘right to buy’ a minimum 20% in projects over 5MW. This could be implemented via the Secretary of State’s powers that were created in the ‘[Community Electricity Right](#)’ included in the 2015 Infrastructure Act but never implemented.
- CEF grants and GB Energy finance to help fund community involvement in shared ownership projects.
- A local supply model which enables the community side of the project to supply the power to their community and generate a revenue upside, underpinned by an easy access CfD or export guarantee for the community-owned element of a project.

The policies that would incentivise commercial developers include:

- Priority access to grid for projects incorporating at least 20% community-ownership.
- Priority access to CfD for projects incorporating at least 20% community-ownership.
- Planning policy recognition for projects incorporating at least 20% community-ownership. This could be added to the Planning and Infrastructure Bill and devolved equivalents. If community benefits are to be a requirement for pylons, they should be at least given weight for renewables.
- Ongoing benefits to the share of project retained by the commercial developer – e.g. business rates reduction or CfD upside.

Both need:

- Clear guidance on the range of shared ownership structures eligible, ensuring community and developer interests are protected.
- GB energy as buyer of last resort to provide transaction certainty.
- A price mechanism which enables developers to recover their development costs whilst providing price certainty to communities. The price paid must leave the community with an asset which is able to cover its operation and finance costs and generation surplus income to support the fuel poverty and net zero transition projects in the local community.
- CfR's view is this should be an at cost or cost+ mechanism not open market value. If the price is set at open market value the community will not know how much money they need to raise or whether the economics will work. If open market value it is likely in most cases low cost finance or a revenue upside will be needed to make the economics work.

The win for communities is a large-scale and profitable anchor asset which provides a foundation for supporting their locality's net zero transition and funding to support the hard to do stuff. The win for commercial developers is support through planning and grid and some financial benefits which help compensate for reduced profits.

There are 3 basic models for shared ownership:

1. Split project
2. Revenue share
3. Joint venture

Split project will usually be the best option for both parties. Joint venture in most cases will be unworkable for both parties.

All are underpinned by the community element being owned by an asset locked not for profit community company set up to serve the locality (with that purpose written into its articles/rules). Where there is no local organisation able to step up to take on the ownership of the community company, it could be owned and financed by GB Energy and run to serve the local community.

Community Energy England, Community Energy Wales and Community Energy Scotland are working on a joint paper on shared ownership policy proposals.

6/ GBE role in financing shared ownership

- Buyer of last resort
- Staged finance – development, acquisition, long-term
- Importance of transparent price setting mechanism that ensures community owned share is profitable
- Will unlock 'anchor assets' to seed community energy enterprises around the UK and deliver returns for GBE.

7/ Capacity building within CE sector

No point funding capacity and knowledge sharing support where there is no business model.

The community energy sector has professionalised where there is a business model – e.g. in generation and energy advice. EG Plymouth Energy Community employs a team of 30. Burnham and Weston Energy employs an in-house energy advice team of 4 and the company and solar farm is professionally managed by CfR.

If the Government wants a local energy enterprise in each locality generating energy and tackling fuel poverty at retrofit at scale, that cannot rely on voluntary capacity.

Hub and spoke model useful for early stage start up support and sharing learning and template approaches (where useful). Not a replacement for funded local capacity.

CEF-type funding provides capacity via core and consultant funding.

Communities will benefit where there is a combination of viable project and funded capacity.

Research by Bath and West Community Energy estimates that, if we had a BWCE or a Plymouth Energy Community in every UK local authority area, we would create 5,000 jobs and achieve the 8GW target.

Community-owned generation and shared ownership

UK wind – 30GWp

UK solar – 17GWp

Total – 47,000MWp

UK community-owned wind and solar - 400MW (0.85%)

CfR estimate at least half the 400MW of community-owned generation has come of out of some form of shared ownership or acquired from a commercial developer.

CfR estimate 100MW of community-owned solar came out of the 2015/16 split policy. Some of these projects started as transaction and have grown into thriving local energy enterprises, e.g.:

- [Burnham and Weston Energy CIC](#), which owns a 9.3MW solar farm and serves the communities of Burnham and Highbridge, Weston-super-Mare and the surrounding rural area.
- [Gawcott Fields Community Solar CIC](#), which owns a 4.2MW solar farm and serves the communities of Buckingham and the surrounding area.
- [Meadow Blue Community Energy Ltd](#), which owns a 5MW solar farm and serves the Bognor Regis conurbation, Chichester and the surrounding communities.
- [Ferry Farm Community Solar Ltd](#), which owns a 5MW solar farm, and serves the communities of Selsey and Sidlesham (West Sussex).
- [Heart of England Community Energy Ltd](#), which owns a 15MW solar farm and serves the communities of South Warwickshire.
- [Wiltshire Wildlife Community Energy Ltd](#), which owns 2 solar farms (6MW) near Swindon, and serves Wiltshire, with a focus on the communities local to the solar projects (Swindon) as well as supporting the Wildlife Trust.
- [Sheriffhales Community Energy Ltd](#), which owns a 3.2MW solar farm and serves the village and surrounding area (Shropshire).

Unfortunately, some of the split FiT projects have delivered little benefit to their local communities as the acquisition price was set too high, draining out profit potential upfront, or the projects were sold to commercial investors as community interest companies in name but not nature. These projects demonstrate the importance of a transparent price setting mechanism that ensures the community ends up with a profitable asset and a tight definition of community ownership which goes beyond basic legal form.

Plymouth Energy Community 2024 [impact](#)

- Working to create a fair, affordable, zero carbon energy system for Plymouth with local people at its heart
- Set up following councillor manifesto commitment and has worked in partnership with the council from the outset
- 4MW solar farm + PV on 35 schools and community buildings + 13MW landfill solar in dev as JV with Council
- £3million turnover from generation and energy advice programs
- 33 staff
- 1:1 support to 1,764 households through casework and negotiated £1,118,370 of total benefits, savings, and grants - putting money back into the pockets of Plymouth people
- Provided retrofit advice to 181 households
- Saved community organisations and schools £214,369 on their energy bills
- Gave 540 primary school children opportunities to learn more about solar power through our Solar Schools programme

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