

Community Electricity Right and Shared Community Ownership Voluntary Protocol

There is a growing consensus that greater involvement by communities in energy production and conservation should be encouraged; and provides a valuable alternative to the purely commercial model which dominates the UK energy market. The government's Community Energy Strategy is therefore widely supported.

One of the Strategy's most progressive initiatives is the shared ownership approach. This promises to bring community energy from the fringes into the mainstream, by building partnerships between established commercial developers and social enterprises.

Community Energy England (CEE), which was formed in 2014 to represent the sector, has been a strong supporter of the shared community ownership agenda; participated in the Shared Ownership Taskforce which produced the voluntary protocol; and supports the adoption of standby powers in the Community Energy Right.

Perspective of the social enterprise sector

Shared community ownership is widely supported by social enterprises in the sector for many reasons. Two of the most obvious benefits are that it:

- should substantially increase the number of sustainable energy projects with community involvement; and
- it gives social enterprises the opportunity to partner with, and gain know-how from, commercial developments.

The sector also appreciates that the DECC response to the community Feed-in Tariff consultation¹ will be a further boost to shared community ownership.

Perspective of commercial developers

Many renewable energy developers also support the shared community ownership agenda, recognising that it can deliver multiple benefits, most notably:

- increased local support for new projects, and the related improvements in the speed and likelihood of planning approval; and
- additional funding when communities invest alongside traditional finance sources.

For these reasons, leading developers actively engage communities in their projects, and are starting to plan their compliance with the shared community ownership protocol. This has been most marked in the solar energy sector where leading developers and contractors including Lightsource, Solarcentury and Juwi were all early members of CEE.

Developers do, however, have legitimate concerns that the shared community ownership protocol might make their projects slower or more complex.

¹ Allowing projects up to 10 MW to be eligible under FiTs provided they are configured as two separate plants (up to 5+5MW), at least one of which is community-owned.

The role of Community Energy England

CEE recognises these concerns and is actively supporting both communities and developers to successfully undertake shared ownership projects. In particular we have introduced:

- An online portal to introduce commercial developers to suitable community partners for projects they are considering;
- A dedicated information service² about the shared ownership protocol, including guidance notes for both communities and developers; and
- A compliance service to enable commercial developers to show how they have met the requirements of the voluntary protocol.

More generally we are supporting community groups to enable them to participate more responsively and professionally in joint projects, to help minimise delay and complexity, and thereby make them better partners for the commercial developers.

The voluntary protocol - progress to date

It is very early days, as the Taskforce report is less than two months old. Nonetheless, there has been a strong response from a high proportion of community groups and a good reaction from leading developers. Quantifiable results to date include:

- 26 community enterprises have registered their willingness to participate in shared ownership projects;
- Five national community energy facilitation organisations have indicated the capability of supporting the formation of community groups to participate in shared projects;
- CEE's partner finding service has so far identified 41 potential connections between proposed projects and community partners (achieving an average of 6 potential connections per project);
- A further 170 existing projects in development have been identified, which might be suitable³ for the 5+5MW configuration under the recently-announced change to community Feed-in Tariffs; and
- A further 15 organisations have registered to be kept informed about shared community ownership.

We anticipate that the level of activity⁴ will grow considerably in the second quarter of this year. This is because discussions with many developers indicate that they are at present heavily committed to the completion of projects prior to 1 April 2015⁵.

The Community Electricity Right

We believe that the introduction of these standby powers within the Infrastructure Bill will make a positive contribution to the shared community ownership agenda. Paradoxically

² available online at www.SCO-RES.uk

³ They are solar projects in the 5-10 MW range which have been submitted for or approved for planning consent, but where construction has not yet commenced (according to DECC's RE planning database)

⁴ At least with respect to new interactions between developers and community groups – it will still take some time (typically 6-30 months) for this to progress through to completed projects.

⁵ when there are significant changes to the eligibility and support available under the Renewables Obligation and Feed-in Tariffs

perhaps, the very existence of this primary legislation can reduce the likelihood of it ever coming into force through secondary legislation.

Our view – and we are aware that some commercial developers would not agree – is that this standby power sends the clearest possible signal of government determination that the shared community ownership protocol should be followed. This should provide the encouragement for those developers who have not yet embraced this agenda, to participate soon.

Without the standby powers in force, there is a real risk that some would ignore the voluntary protocol; and this could potentially put at a disadvantage those who comply with the government's intentions.