



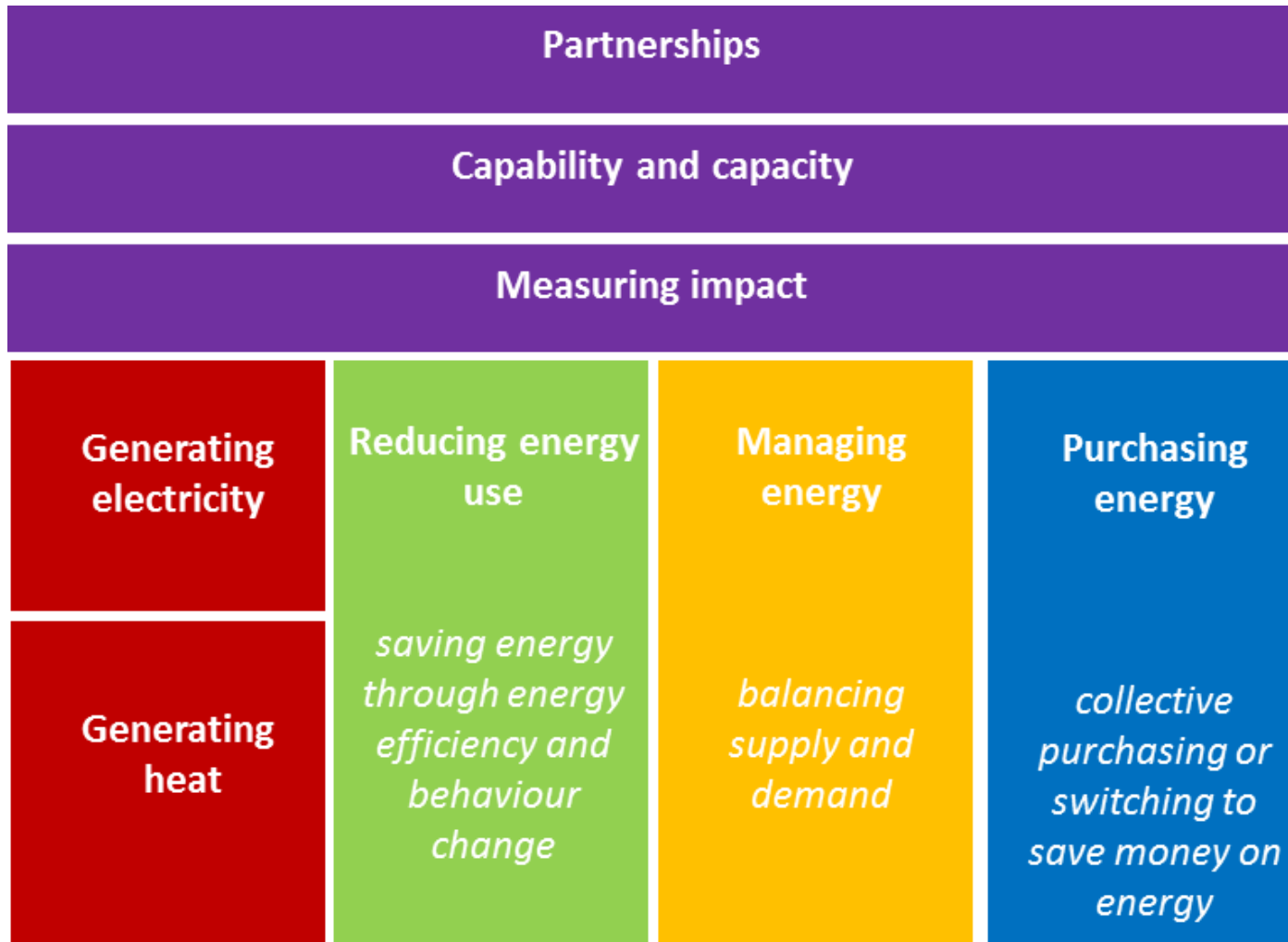
# Community energy

LCNI Conference,  
Aberdeen

21 October 2014

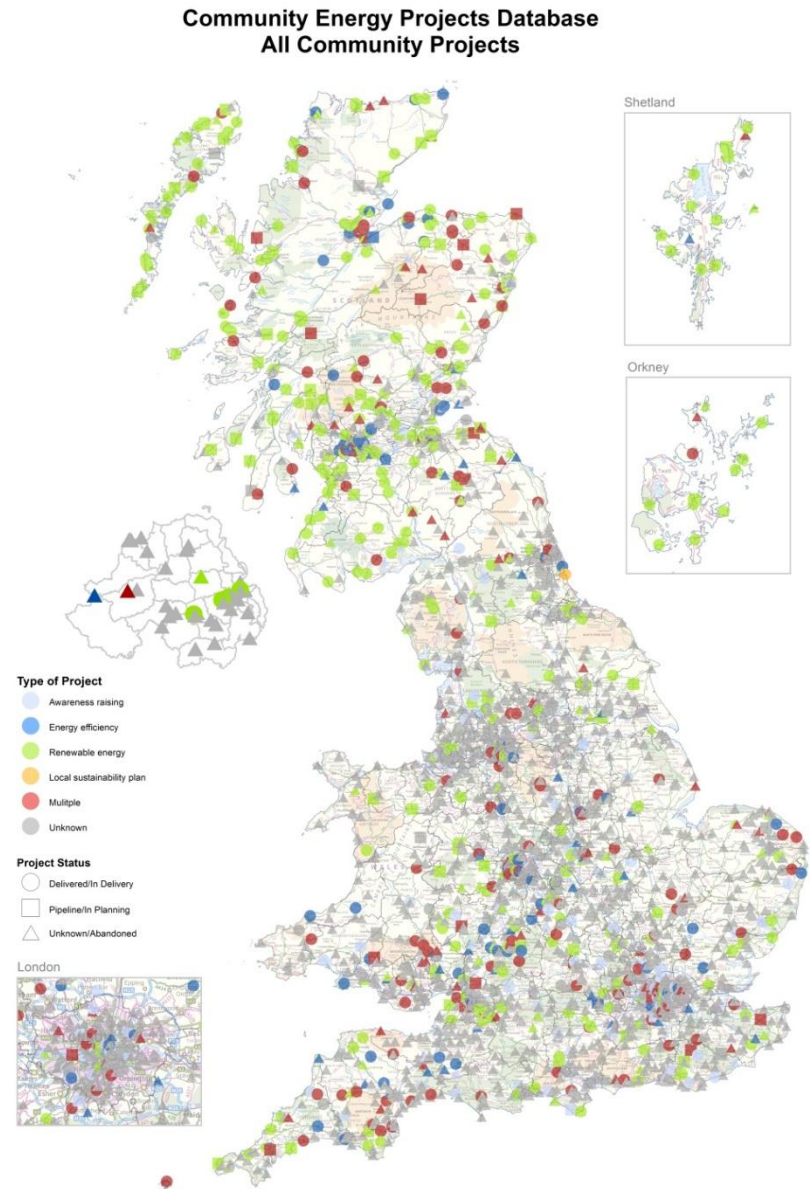
Jim Cardwell  
Head of Regulation & Strategy

# Community energy: types and challenges



# Community energy in the UK

- At least 5,000 groups active in the UK since 2008
- Greater proportion of people in rural areas involved, particularly in Scotland and South West England
- Currently focused on electricity generation
- High volumes of grassroots activity delivering projects
- Co-ordinated effort at the national level to help overcome the barriers



# Key differences between community energy and commercial distributed generation developers

- Location
- Finance
- Expertise
- Time
- Ownership models
- Motivation

**Community Energy Grid Connections**  
**Working group report to the Secretary of State**  
 July 2014

1. GOALS OF THE GROUP .....	2
1.1 SCOPE .....	2
1.2 KEY MESSAGES .....	2
1.5 IDENTIFY IMPACT .....	2
1.4 NEXT STEPS .....	5
2. THE CHALLENGE .....	5
2.1 THE CURRENT REGULATORY FRAMEWORK .....	5
2.2 WHAT IS COMMUNITY ENERGY? .....	4
2.3 WHY IS COMMUNITY ENERGY DIFFERENT? .....	4
2.4 POTENTIAL SOLUTIONS .....	4
2.5 MAKING THE CASE FOR TRANSFORMATIONAL MEASURES .....	5
2.6 RECOMMENDATIONS .....	6
3. ENCOURAGING CUSTOMER ENGAGEMENT .....	7
3.1 IMPROVED ENGAGEMENT .....	7
3.2 SHARING INFORMATION .....	9
4. ENABLING SMARTER CONNECTION OFFERS .....	10
4.1 IDENTIFY OPPORTUNITIES .....	10
4.2 INCENTIVES .....	15
5. MANAGING THE COSTS OF CONNECTIONS .....	14
5.1 STAGING PAYMENTS .....	14
5.2 THIRD PARTIES: EXTERNAL SUPPORT FOR COSTS OF COMMUNITY ENERGY CONNECTION .....	13
5.3 CONSIDERING AN ALTERNATIVE APPROACH TO COMMUNITY ENERGY REINFORCEMENT COSTS .....	19
ANNEX A: GRID CONNECTIONS WORKING GROUP .....	20

ii

# Our community energy seed fund launched September 2014

## *Aim*

- Help community groups at the inception stage and address the 'capacity' barrier
- Encourage a broader range of community energy schemes in our region as well as the more prolific renewables projects

## *Benefits*

- Identify active groups in our area and engage in early conversations
- Gain better understanding and strengthen our footprint

## *Funding*

- £50k total funding with grants from £1k to £10k
- Reinvesting our discretionary reward for stakeholder engagement
- Allocation in November 2014

# Assisting a rural off-grid community in Northumberland

- Average energy budget £10k for these off-grid properties
- Residents reliant on diesel generators
- Stakeholders include the Ministry of Defence – own two thirds of the area
- Costs are prohibitive - *ca.* £400k overhead line to first seven properties
- Residents seeking European funding and cost-sharing mechanisms
- Our contribution involves network design, land access and project management



*Upper Coquetdale, Northumberland*

# Our existing and potential future role in community energy (1 of 2)

## *Influencing regulatory, policy and government decision making*

- Connections in community energy – led by DECC (SoS taskforce)
- Off-grid group – sub group of Fuel Poverty Advisory Group
- Distributed generation working group – led by Ofgem
- Licence lite consultation
- Community Energy England

## *Supporting community energy at a local/regional level*

- Seed fund to help projects to get off the ground: September 2014
- Community energy local networking events with voluntary and care sector organisations: April 2014
- Supporting local delivery with Community Energy England pilot centred in the Northeast: July 2014

# Our existing and potential future role in community energy (2 of 2)

## *Direct support for specific projects*

- Off-grid properties in Coquetdale, Northumberland

## *Demand side response as part of our wider low-carbon and innovation work*

- Payments back to communities: Activating Community Engagement project
- Open to alternative, cost effective sustainable solutions as opposed to business as usual