

25/11/2024

National Grid community energy forums – GB Energy sessions

Summary

This document summarises the findings from two sessions that were run during National Grid Electricity Distribution’s community energy forums in Birmingham and Swansea in Autumn 2024. These sessions focused on discussing the current barriers experienced by the community energy sector, and how GB Energy could potentially support solutions to these challenges.

Conversations in both forums had similarities, with the themes of funding and the challenges of securing appropriate finance featuring heavily. Another familiar topic was insufficient core resourcing and the lack of capacity in a sector dominated by volunteerism. Forum attendees also came armed with plenty of suggestions to take on these challenges, ranging from opening up local energy markets to enable local supply of community energy, to GB Energy supporting with early-stage financing, to a community energy strategy from central government to encourage partnership with local authorities and other partners.

The topics below don’t represent an exhaustive list of the challenges the community energy sector is facing, nor the solutions that members of the sector propose, but they represent a useful snapshot from groups and individuals with a range of experience in the sector.

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1. Birmingham community energy forum

– 8/11/24

At the Birmingham forum, attendees were split into two groups to discuss how GB Energy might support the community energy sector. These groups were self-selected based on whether attendees felt they were ‘starting out’ or whether they were ‘established’. The views summarised below were shared by attendees, and may not be reflective of Regen or National Grid.

The ‘starting out’ group

The following are some of the key themes shared in the conversation:

Lack of a coherent narrative around community energy

- One of the common points among the group was a lack of a coherent narrative around community energy, and a general lack of interest in or understanding of energy in the general population. It was suggested that until now, the right tone hasn’t been found when talking about energy – often the language is inaccessible and not in plain English. It was noted that there is a knowledge gap around what community energy is, and where it is known there are often fixed ideas about it. This lack of understanding is also contributing to a skills and capacity barrier, with few of the general population participating in community energy.
- As a potential solution to this barrier, it was suggested that resources be given to making early engagements with schools and colleges to open up green career pathways, highlighting apprenticeships as a particular opportunity. More generally it was mentioned that a national PR campaign is needed to boost awareness of community energy, as well as hyper-local engagement to address some entrenched views about it. It was suggested that GB Energy could play a role in championing the ‘good news stories’ that community energy generates.

Insufficient finance

- It was mentioned that there is currently insufficient finance to support community energy. Lenders are unwilling to take risks on community energy, there is difficulty getting businesses on board, there is a lack of funding for the core resources needed to keep these organisations going, and of at-risk capital to support early-stage feasibility studies. It was raised that, should funding become available, it would be important to consider how to distribute this fairly.

- Suggestions to take on the challenge of funding included:
 - Matching community energy groups with private partners
 - Opening up the prospect of loans from bigger central banks such as the UK Infrastructure Bank (now National Wealth Fund)
 - 0% loans for energy efficiency work
 - GB Energy providing some of the at-risk financing.

Insufficient core resourcing

- To ensure appropriate core resourcing for groups, it was mentioned that a good strategy is to use local people and consultants who are vocal, knowledgeable and experienced, and to pay them for their time. There are often issues of continuity due to the high proportion of retirees that make up the community energy sector, so this could be a good way to deal with this challenge. It was noted that the Community Energy Fund had given the option of 10% of funding being put to core resourcing, and this has made a big difference to organisations. It was also noted, however, that it is important to vet consultants to ensure they can provide the support needed. It was suggested that consultants might be able to provide models and templates for other groups.

Need for greater innovation

- It was suggested that further innovation is needed around how community energy projects are packaged and presented, with two attendees suggesting using blockchain technology to help projects succeed. Another suggested that community energy organisations should branch into battery storage projects to diversify from the restrictions around renewable energy generation.
- Peer-to-peer trading was also mentioned as something that many community energy organisations would like to do. One attendee suggested a digital, app-based platform to enable easy purchase of locally-generated energy.

General points

A few more general points were made in the session:

- Constraints around grid connection timelines are prohibiting project development.
- It was suggested that planning restrictions be loosened for community energy.

The ‘Established’ group

Lack of core resource

- It was mentioned that there is a need to have core resources beyond well-educated retirees and that a programme similar to the ‘climate ambassador’ plan could be useful, where community energy volunteers are connected with schools to raise awareness of community energy.
- It was suggested that there is a general lack of awareness and trust in the sector at present. The perception of renewables generally might be a barrier with strong anti-onshore wind and anti-solar sentiment in some parts of the country. It was suggested that a major comms campaign is needed nationwide to offer people the opportunity to get involved and better understand what community energy offers.
- It was mentioned that many skills are needed in terms of core resource – not just engineers and volunteers, but paid staff, and a broad range of skills such as communicators. It was also suggested that a national programme could fund young people’s time so they can contribute, and it was mentioned that having younger people on the board of community energy organisations would also help. It was also suggested that big employers could be approached to provide volunteers.
- There is also a lack of resource within local government to support community energy, and this is also needed. It was suggested that central government could set up a knowledge-sharing base between local authorities and community energy organisations.

Lack of a strategy for scaling community energy

- It was noted that there is an absence of a central strategy for community energy, meaning there is currently no onus on local authorities to help or support community energy organisations. A strategy would help community energy organisations, and give them the confidence to pursue partnerships with the sector. It was mentioned that having a separate community energy strategy might ‘other’ community energy, and that it should be incorporated into existing strategies and the National Policy Planning Framework.
- There is a need to share expertise between community energy groups, and it needs to be done on a bigger scale. It was suggested that this can only come from larger, national organisations.
- It was suggested that GB Energy could play the role of an aggregator for community energy generation, possibly through a PPA sleeving pool.

Lack of capital and at-risk finance

- Both capital and at-risk finance were identified as key challenges for groups. It was noted that at-risk finance is both the biggest cost and risk for communities, and some of the ideas floated to address this included a large rolling and sinking fund, or a repayable grant. There was positivity around the impact the Community Energy Fund has had, but it was also mentioned that there is a need for free legal support and advice on at-risk finance. Another suggestion was a prescribed list of trusted private partners to work with.
- A rolling low-interest loan was suggested for providing capital finance, potentially distributed through net zero hubs and other structures as opposed to local authorities. It was mentioned that, while some local authorities can provide valued support, having this support relies on the skillsets of individual councillors, and that often skilled councillors are missing.
- It was also mentioned that there isn't enough financial support for carrying out retrofit at the moment.

Need for opportunities for flexibility in light of grid constraints

- It was mentioned that, with the current grid constraints in place and until the grid is sufficiently upgraded, support and policy will be needed around flexibility markets, and around flexibility innovations. It was suggested that GB Energy could provide some of this support.
- The top-down nature of grid planning is a barrier for community energy, and further reinforces the need for conversations around local smart grid and flexibility services that community energy could provide.

General points

- It was mentioned that one of the challenges across the renewables sector, not just community energy, is sourcing PV panels that have been made ethically, the lack of organisations providing these panels and their cost. It is important to try to support ethical supply chains of solar PV that doesn't rely upon the exploitation of Uyghur Muslims in China. One possible solution could be creating a list of guaranteed ethical suppliers.
- The idea of prioritising community connections in the grid queue also came up within the 'experienced' group.
- It was suggested that one easy step that could be taken around low carbon heating would be to immediately extend the Green Heat Network Fund.
- More generally, it was raised that it is important to bring nature solutions and improved biodiversity requirements into solar and wind farm planning.
- The importance of having a facilitator to host cross-sector forums such as National Grid's community energy forums was also raised.

2. Swansea community energy forum – 15/11/24

In the Swansea forum, attendees were split into tables of around 5 or 6 to discuss how GB Energy might support the community energy sector, before feeding back their ideas and discussing these in one group. The views summarised below were shared by attendees, and may not be reflective of Regen or National Grid.

Lack of viable business models and access to funding

- One of the main points arising in the Swansea event was the need for local energy markets to enable projects to become viable. It was asked whether GB Energy could support the establishment of these local supply arrangements. It was also noted that for local energy markets to work, you need engaged licenced energy suppliers who understand the risks, and to ensure that local markets are appropriately rewarded for the benefit they bring.
- One potential opportunity for community energy organisations is the remaining empty roof space, and it was suggested that communities could be prioritised for ownership of rooftop arrays.
- It was mentioned that groups need support accessing land. One suggested solution was giving communities a right of first refusal.
- It was noted there is a general lack of urban-based projects in Wales. Supporting projects such as Gwyrdd Bangla from Ynni Teg and The Bengal Dragons could be a good route to expanding urban community energy work in Wales.
- If shared ownership is going to become more prevalent, it was mentioned that there needs to be funding to help communities partake. It was suggested that a low- or zero-interest loan for this purpose would help.
- The idea of a more general revolving fund was also mentioned to help seed investment in community energy projects at an early stage. It was noted that the availability of a resource grant is stimulating demand for development funding, with one seeding the other. It makes sense to join these funds up.
- It was suggested that aggregating small-scale projects could work, although this would be very complicated in terms of project timelines. There could be changes to Ofgem codes that would make it easier to amalgamate supplies, specifically changes to the P441 and P442 codes.

Lack of capacity in the sector

- Volunteerism remains a big challenge within the sector. Wind projects can take 10+ years to build. One of the commitments that GB Energy does have is to provide

technical and commercial project planning expertise, and it was mentioned that it would be good to see this. The setup of knowledge sharing in Wales was suggested as a good example for GB Energy. It was mentioned that the CARES model in Scotland also works well. It would be useful to do more in resource grants, identifying projects where full-time posts are constructive, and tackling the challenging point at which groups go from needing grants to using loans.

General points

- It was mentioned that it would be very useful to have reports and evidence that accurately and consistently lay out the social and economic value of community energy beyond revenue generation.
- On fuel poverty, it was mentioned that the users who would benefit most are locked in with their suppliers. It was suggested that GB Energy could look at trying to pay off their debts with suppliers.
- As in the Birmingham forum, it was asked whether community energy could be given priority in terms of grid connections in the current reforms.