



community energy



20,000 solar panels covering 30 acres on the Oxfordshire / Wiltshire border, owned by Westmill Solar Co-op

what is it?

It's 'power to the people' – literally, power (and sometimes heat) generation owned by groups of ordinary people. The basic idea is easy to grasp, but how it's done exactly depends on local and national legislation / regulations at the time. There are three aspects to community energy schemes:

1. renewables: the production of green / low-carbon energy from wind, solar, and sometimes hydro, biomass or even the tides
2. co-operative: owned and run by ordinary people rather than by corporations or the state
3. community: a social mission of some sort

Community energy doesn't have a long history, and neither does the renewable generation of electricity (although windmills, watermills and fire have been around for a long time). Wind power in Denmark represented the beginning of large-scale renewable energy generation towards the end of the 20th century, and it wasn't long before around 50% of electricity in Denmark was generated from the wind – although it's not that high now. The model in Denmark was community ownership – a small town or a group of farmers collectively owning a large turbine or two.

Baywind in Cumbria was the first community renewables project in the UK, set up in 1997 by a Swedish company, who ended up running out of money and leaving the project (consisting of five large wind turbines) to a local independent co-op. They did well, and have paid dividends of around 6% on average ever since. Baywind spawned Energy4All, an ethical developer, to take the Baywind model to other parts of the country. They were involved with forming Westmill Co-op, with 5 x 1.3MW turbines on the Oxfordshire / Wiltshire border, owned by over 2000 people.

By 2010 there were 8 wind co-ops and 3 hydro co-ops in the UK, but since then, Feed-in Tariffs

and the Renewable Heat Incentive have incentivised a wider range of technologies and a lot more schemes, including solar pv, smaller-scale wind, biomass – even anaerobic digestion and potentially, heat pumps. Now the community energy sector is booming, and Feed-in Tariffs have been the key to that expansion.

In the UK, almost all community energy schemes are 'societies' – either a co-operative society or a community-benefit society. A society is a legal entity administered by the Community Shares Unit of Co-operatives UK (the UK trade body for co-ops). Societies are able to run low-cost share offers to sell shares to the public (a limited company is not able to do this – it would have to become a plc). The offers are unregulated, so they don't have to be individually approved by the FCA, which means that they are not expensive. Shares are not transferable (they can't be sold), votes are per person, not dependent on the number of shares owned. This isn't very appealing to fly-by-night investors – it's much more suitable for a community share offer. So the combination of Feed-in Tariffs (enabling schemes to be financially viable) and societies (enabling schemes to raise money from the community) has meant that community energy has grown rapidly since 2010. There are many schemes at different stages of development all over the UK.

what are the benefits?

It means more renewable energy – which means lower carbon emissions and less pollution.

It increases the public's understanding of renewables and the viability of wind / solar farms.

Surplus money can be put towards community 'good works'. Westmill Co-op give community grants for education and the arts, for example.

People can take their money out of banks and put it in the local community where it will bring a good return (4-7% has been typical).

It contributes to energy security.

It's a place to innovate – new business models as well as new technology; e.g. JCC Biomass Co-op installed community-owned biomass boilers in a school in Leicestershire. Others provide energy efficiency information and training.

It's an example of community action outside the realm of the hopelessly idealistic. They're able to raise money and pay a decent rate of interest on it. They're not stuck in the 'green ghetto' and they don't have a particular ideology – they often attract people who just like their local area.

In summary, it's clean energy that doesn't involve the big six energy companies, investment that doesn't involve the banks, the government gives you money to do it – and it's not a dream.



what can I do?

Starting a scheme: chat to local people who may want to do it with you. Then find a local group and chat with them too. They may need a hand - you'll get valuable experience, and they'll be able to give you advice, including if there's start-up support in your area. Community Energy England, Renew Wales and Local Energy Scotland can provide more information. Look at other groups' share offer documents – their core business model will be in there, and it will all be very useful. You need to get the latest financial, technical and business information, as it goes out of date so quickly.

When you have a plan, look for funding for a feasibility study - see Ynni'r Fro/CEDF in Wales, CARES in Scotland, UCEF in urban areas in England and RCEF in rural England.

Joining an existing scheme: do a web search for community energy plus where you live. All schemes with share offers have a web presence. Also see the websites of Shareenergy, Shares.coop and Ethex (who often list share offers and other ethical investments). Get yourself on their mailing lists for the latest offers. Membership can be locally prioritised, or first come, first served. Remember that it's an 'at risk' investment, not a savings account. You can lose your money, and there's no protection scheme. Make sure you understand what you're buying into. You're joining a co-op and therefore you get a say in how it's run – the more you take on, the more you'll get out. The tax relief situation is changing all the time, but currently in the UK, for every £1000 you put into a



Blades being attached to Scotland's first 100% co-operatively-owned wind turbine, owned by Dingwall Wind Co-op.

scheme, the taxman will give you £300 back – a major incentive.

A common question is: 'I own a bit of this turbine, so can I buy the electricity it generates?' and the answer at the moment is no. So when a community energy co-op exports electricity to the grid, it's paid around 6p per unit for its electricity – but members still have to buy electricity from the grid for around 15p per unit. Obviously, it would be better if the co-op could sell electricity directly to members, but they would need an electricity supplier's licence – which is difficult. UK electricity licensing regulations are oriented towards the big players more than those of other European countries. 'Licence Lite' was introduced in 2009, but since then only one organisation has got one (the GLA) – it hasn't turned out to be very 'lite' at all. Groups may be able to supply electricity to their members soon, as it has cross-party support (the right don't like red tape, after all). This might mean that the Feed-in Tariff could be removed, saving the treasury money, and providing people with a more local supply of electricity.



Woodchips being delivered to the biomass boiler installed by Woolhope Woodheat Co-op at Canon Frome community in Herefordshire.

resources

- see lowimpact.org/community-energy for more info, courses, books, and links to all the organisations mentioned in the text
- roughguide.to/communityenergy, the Rough Guide to Community Energy - free download
- communityenergyengland.org/ - helping set up schemes in England
- shareenergy.coop - lots of useful info

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