



Contracts for Difference for Low Carbon Electricity Generation

Joint response to the consultation on proposed amendments to the scheme, May 2020

Introduction

1. This is a joint response by Community Energy England, Community Energy Scotland and Community Energy Wales who together represent over 700 community energy groups and associated organisations across England, Scotland and Wales involved in the delivery of community-based energy projects that range from the generation of renewable electricity and heat, to the energy efficiency retrofit of buildings, to helping households combat fuel poverty.
2. Our shared vision is of strong, well informed and capable communities, able to take advantage of their renewable energy resources and address their energy issues in a way that builds a more localised, democratic and sustainable energy system. We are well short of that vision.
3. Community energy refers to the delivery of community led renewable energy, energy demand reduction and energy supply projects, whether wholly owned and/or controlled by communities or through partnership with commercial or public sector partners. It delivers large amounts of social and community benefit via community benefit funds and accruing directly from the energy interventions themselves. (see 1.2 below)
4. Great and welcome emphasis in the consultation is put on the importance of community engagement and support, but the sector that does this best, community energy, is left out in the cold by the proposed reforms because they only support >5MW onshore renewables. Some support for smaller scale and community renewable projects must be created by this government (see 1.10ff below) especially in urban areas where scale is constrained but energy demand is high. The proposals are tailored to large developers, engaging, supporting providing benefit to communities that 'host' their technology. Unlike these developers, community energy does not have access to large amounts of upfront development money. The government must support communities to engage in energy activities by providing feasibility and development funding and project facilitation, as is the case with Scotland CARES.

5. The declared aim of the CfD scheme is 'delivering net-zero'. In this context community energy is not just 'nice to have'. It is essential to achieving the net-zero transition. The Committee on Climate Change net zero report says, (p12) *"Clear leadership is needed, right across Government, with delivery in partnership with businesses and communities. Emissions reduction cannot be left to the energy and environment departments or to the Treasury."* Neither can it be achieved solely by large constructions by renewable energy developers. (p33) *"Engaging the public to act. Much of the success so far in reducing emissions (e.g. power sector decarbonisation and even the phase-out of inefficient gas boilers) has happened with minimal change or awareness needed from the public. However, this cannot continue if the UK is to reach net-zero emissions."* The report continues, (p193) *"It will not be possible to get close to meeting a net-zero target without engaging with people or by pursuing an approach that focuses only on supply-side changes...Some of the difficult decisions that will be required (...) will only be possible if people are engaged in a societal effort to reach net-zero emissions and understand the choices and constraints...There is currently no government strategy to engage the public in the transition to a low-carbon economy. This will need to change."*
6. We would argue, as the CCC does, that neither BEIS nor large developers are going to 'deliver' net zero. It must be 'achieved' as a collaborative, participatory endeavour which needs more than 'engagement'. It needs citizens to consent and want to participate. This requires a genuine stake in the action, which comes from ownership and control. As a motivated, knowledgeable and trusted intermediary, community energy is essential to advocating for and achieving the energy transition.
7. This has been recognised at the highest level. Claire Perry, as Minister for Energy and Clean Growth, said, *"Community energy is a key cornerstone of government's ambition for transition to a low-carbon, smart energy system."* Additionally she recognised that, *"The future of energy is local"*.¹
8. However, the State of the Sector report² shows community energy is currently stalled and frustrated due to removal of all support mechanisms that enable the thousands of expert, highly motivated community energy people around the country to get active. As a result the community energy sector has been able to achieve only 10% of the potential envisaged for it in the Community Energy Strategy of 2014.
9. We welcome the re-inclusion of support for onshore wind and solar. However since the deletion of all the support mechanisms for smaller scale installations, equivalent support of some kind should be extended to installations smaller than 5 megawatts especially if they are community owned and controlled. If the 'future of energy is local' then it is necessary to support local energy action engaging people in the 'societal effort' but also creating, owning and controlling local generation, innovating in local supply, demand side response and management (DSR, DSM 'flexibility') which is the essential flip-side of increase local variable generation. Community energy is also commonly engaged in energy

¹<https://www.energylivenews.com/2019/01/08/claire-perry-from-power-stations-to-solar-panels-the-future-is-local/>

² <https://communityenergyengland.org/pages/state-of-the-sector-report-2019>

education, fuel-poverty work and other community development which yield huge social returns on investment.

10. Alex Campbell, in the recent consultation webinar, recognised that the scale of renewable energy build-out required to meet net zero transition targets will require government support for the foreseeable future. The same applies to the community participation necessary to achieve net zero. A key way of achieving this is to support the potential powerhouse of community energy to get active by requiring community co-ownership and providing government financial support for that element at a level that recognises the added value that it brings. See proposals at 16 and 1.12 below.
11. We welcome the emphasis on community engagement and community benefit but the context seems to be encouraging large developers to engage with communities. We note the absence of any mention of community ownership or control, the ‘democratisation’ of energy (that increasingly joins ‘decarbonisation, decentralisation and digitalisation’) in descriptions of how energy must evolve.
12. Democratisation must involve genuine participation, not tokenistic consultation and invitations to own shares. This is best done by giving local people genuine control, a genuine stake in energy production and use, where possible through community-led development and ownership or co-ownership of energy assets (see 1.21ff below).
13. **A required minimum level of community ownership** of 15% should be a prequalification for participation in the CfD auction process. Developers must empower the community to set up a locally based, community not-for-profit organisation with appropriate community benefit purpose and, where possible, an asset lock to control the community share offer and lead the community engagement.
14. **Community benefit provisions should be mandatory**, a precondition of access to the CfD scheme, with a minimum level of £5,000 per annum per MW capacity going into a community benefit fund, as is the case in Scotland. Local organisations engaged or created at the planning stage (or another with appropriate remit and asset lock) should have a key role in controlling how the community benefit fund is spent. The community benefit fund should be monitored through the life of the projects, perhaps by the proposed register of renewable energy, as happens in Scotland. An annual community benefit report should be published on the register, locally and also sent to the Low Carbon Contracts Company.
15. New guidelines for community *participation* and community benefit must be created with community energy sector participation.
16. **We propose a variation on your proposed restructuring of the CfD scheme, to include support for community energy projects.** We note that the Republic of Ireland has established a ‘community preference’ category in the Renewable Energy Support Scheme and would urge a similar approach for the UK. This could be done by a ‘carve-out’ or set ‘minimum’ designated for community-led projects within Pot 1, open to <5MW projects and with its own administrative strike price. This and the precise details should be worked out in participation with the community energy sector.

Consultation Questions

1. How can the government better ensure that the local impacts and benefits of renewable energy developments are taken into account across the whole of GB?

- 1.1. The best community engagement and community benefit will be delivered by community-led, owned and controlled projects.
- 1.2. According to research commissioned by the government, community energy delivers 12-13 times more social and community benefit than equivalent commercial installations³. An outline of some of the benefits accruing from community energy can be found on the Community Energy England website⁴. The sector, in its worst year ever, returned £978,000 to the community via community benefit funds in England, and more than £2m in Scotland. A study published this year suggests that, given a supportive policy environment, the community energy sector could expand by up to a factor of 20 by 2030, creating up to 8,720 jobs, adding value of £1,860m, saving 1,800,000 tonnes CO₂e and cutting £150m from consumer bills⁵.
- 1.3. 'Taken into account' does not specify by whom, for what purpose. We attempt to cover some stakeholders below.
- 1.4. **The government** has a duty to take account of carbon reduction. It is simplistic to say that the best way to achieve that is by big renewable generation projects. A small community embedded project which combines demand side response and management and raises awareness and activity on the part of the residents may, per £1 invested, generate more carbon savings. The CCC says that *'support for onshore wind is at an all-time high of 76%... 65% of the public would be happy to live within five miles of a wind project, especially if projects are community-owned.'*
- 1.5. **Local authorities in England**, under the NPPF, must *'recognise that even small-scale projects provide a valuable contribution to cutting greenhouse gas emissions'*. But they must ensure that *"following consultation, it can be demonstrated that the planning impacts identified by the affected local community have been fully addressed and the proposal has their backing."* But in England this only applies if the area has been *'identified as suitable for wind energy development'* in local development plans. This effectively means that most wind projects, especially small local projects in areas less obviously suitable for wind generation, will simply not get planning permission. Local authorities will get a better idea of impacts and benefits of a development if a local community group (ideally a community energy group) is involved or leading. **Government should mandate local authorities and**

³ <https://www.gov.uk/government/publications/community-renewable-electricity-generation-potential-sector-growth-to-2020>

⁴ <https://communityenergyengland.org/pages/benefits-of-community-energy>

⁵ <https://www.spenergynetworks.co.uk/pages/wpi-report-the-future-of-community-energy.aspx>

developers to work with local groups and if none exists to resource setting one up. The independence of the group should be assured by arms-length agreements.

- 1.6. **Government can ensure** that the benefits and impacts of renewable generation are best **taken into account by communities** and the pros and cons weighed against each other by supporting communities and community energy groups to participate actively in those projects from the inception. For developer led projects this must be mandated as a precondition of participation in the CfD auction.
- 1.7. **Community-owned / led projects** will be designing their project around the benefits and impacts of their development on their community - yet there is no provision to support these in the CfD scheme which only supports >5MW projects. This must change. See proposals at 1.10 ff. BEIS acknowledges that the 'Smart Export Guarantee' (SEG) is not fit for this purpose.
- 1.8. An early and good example of a successful community-led project that worked with the community to mitigate impacts and meet community needs is the Hockerton Housing Project's 225kW community wind turbine (second hand) which powers the equivalent of 54 local homes. For more information, see <https://www.hockertonhousingproject.org.uk/renewable-energy/community-energy/> and an excellent 10 minute film on their community engagement. A support mechanism that enabled projects such as these to use second-hand wind turbines, creates a domestic market for turbines that are retired early in repowering projects, (in England, almost the only onshore wind activities facilitated by the planning system) which otherwise would be exported or broken up. This is resource efficient and will enable both the repowering and small-scale community appropriate projects. Currently commercial projects for businesses are routinely undersized in order to supply the businesses needs with no export. A CfD or guaranteed export tariff would ensure that site potential was maximised which will be more resource efficient and increase renewable energy generation.
- 1.9. However, since 2015 it would be very unlikely that this sort of project would get planning permission if the Local Plan did not specifically state that the area was '*suitable for wind energy development*'. See Recommendation at 1.18 below.
- 1.10. Community energy is leading the way forward in developing one of the largest wind turbines in England. A 4.2 MW onshore wind turbine project is being developed by Ambition Community Energy C.I.C a subsidiary of the resident led community regeneration charity Ambition Lawrence Weston in Bristol and a planning decision is expected by July 2020. Allowing projects such as this to access the pot 1 CfD would create the conditions to give financial lenders more comfort in providing finance and therefore create the opportunity to develop a pipeline of community led projects such as this to play a leading role in the energy transition.

Recommendations

Support for community energy

- 1.11. **Create a new Community Energy Strategy** supported by a community energy team at BEIS with a good cross-departmental working group and input from the sector.
- 1.12. **Institute a 'Community CfD' pot or 'carve-out'** open to <5 MW onshore renewables energy generation as with the Irish Renewable Electricity Support Scheme⁶ (RESS) which has three 'Preference Categories' (equivalent to UK CfD 'Pots'), one of which is for community-led projects only. This could be done with a set 'minimum' for community-led onshore projects within Pot 1, in which case the pot or the 'minimum' must be specifically open to <5MW projects. The precise details including the capacity cap (set in GWh rather than MW of installed capacity) and the administrative strike price should be worked out in participation with the community energy sector having a view to the current and likely pipeline across the UK and the real costs of installing community energy. Ownership qualifications must be designed to prevent commercial developers taking advantage. Current community energy onshore wind project being developed in Bristol will be the largest single wind turbine in the UK at 4.2 MW (150m tip height) and will be wholly owned by the community regeneration charity Ambition Lawrence Weston . A pipeline of successive community led projects would be created by a community CfD pot which would enable many more deprived coastal communities such as Lawrence Weston to access sustainable income from renewable energy generation which enjoys community support, and regeneration opportunities for the whole community⁷.
- 1.13. Alternatively, after consultation with the sector, a mechanism should be put in place to guarantee the electricity generated by community energy projects is bought at a fair price sufficient to support those projects. The SEG is not sufficient to build any business case upon.
- 1.14. Additionally the government should extend a tax relief such as the Social Investment Tax Relief to community energy to derisk this investment. An Urban Community Energy Fund should be (re-)established to complement the Rural Community Energy Fund.

⁶ <https://www.dccae.gov.ie/en-ie/energy/topics/Renewable-Energy/electricity/renewable-electricity-supports/ress/Pages/default.aspx> "In terms of Communities, all projects looking for support under the new RESS will need to meet pre-qualification criteria including offering the community an opportunity to invest in and take ownership of a portion of renewable projects in their local area. A national register of community benefit payments will also be established."

⁷ https://planningonline.bristol.gov.uk/online-applications/files/6BA4835908C146780639A8932C20301E/pdf/20_01270_F-PUBLIC_CONSULTATION_STATEMENT-2525222.pdf

- 1.15. Local Area Energy Planning should be instituted as described by the Energy Systems Catapult⁸, with all stakeholders included and a key role set out for community energy, as trusted local intermediary and community embedded agent for change.
- 1.16. Grant programmes should be created to encourage Local Authorities, the public sector and community energy collaboration in developing local energy projects. This should be a key part of the Public Sector Decarbonisation Roadmap.

Remove planning blocks to onshore wind in England

- 1.17. At present many communities in England cannot experience the benefits of renewable energy wind development because, in many cases, it is impossible to get planning permission. To support all the policy aims (decarbonisation at lowest cost, support/benefit communities) of the recent decision to support onshore wind and solar, **the government must remove the condition from the National Planning Policy Framework (254 plus footnote 49) that requires that Local Plans must designate an areas as 'suitable for wind generation' before planning permissions can be granted; and reverse the Written Ministerial Statement from 2015.**
- 1.18. A reply⁹ to a recent Parliamentary Question indicates that 'The Government currently has no plans to revisit national planning policy for onshore wind energy schemes.' **BEIS must actively urge MHCLG to make these changes.**

Community benefit mandatory

- 1.19. **A requirement for provision for a minimum level of community benefit** should be a precondition of entry to the CfD auction. In line with established practice in Scotland and Wales this should be £5,000 per annum per MW of capacity paid into a community benefit fund to be run in close collaboration with the local community.
- 1.20. Making community benefit mandatory levels the playing field and ensures that it is not the project that skimps on community benefit (and community engagement) that is able to bid lowest and win the CfD.
- 1.21. It will also level the playing field from a planning perspective removing the anomaly that allows a genuine community energy planning application that mentioned a community benefit fund to be accused of 'buying planning permission' by an opponent with the result that planning permission was revoked by court decisions. Had it been a commercial project returning no benefit to the community that challenge would not have been possible.
- 1.22. The local community must have the ability to contribute to how the community benefit is spent. Where a community organisation exists or is created for the

⁸ <https://es.catapult.org.uk/news/local-area-energy-planning-key-to-minimising-decarbonisation-costs/>

⁹ <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Lords/2020-03-12/HL2547/>

project that should hold the fund. Failing that there should be strong local representation on the body that disburses the fund.

Community co-ownership mandatory

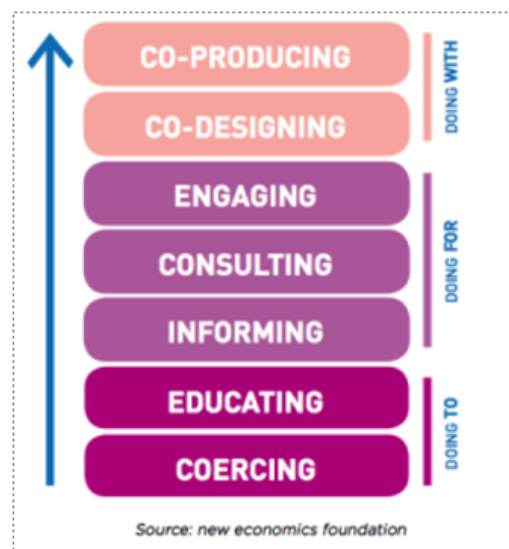
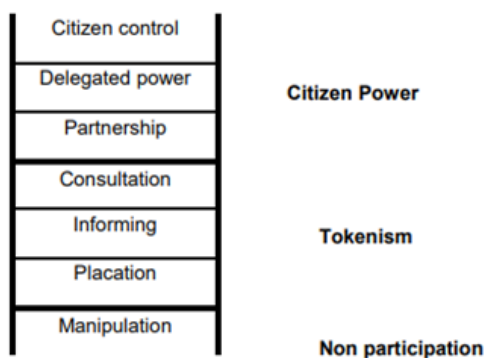
- 1.23. **A required minimum level of community ownership** of 15% should be a prequalification for participation in the CfD auction process.
 - 1.24. Developers must empower and resource the community to set up a locally based, community not-for-profit organisation with appropriate community benefit purpose and, where appropriate, an asset lock to control the community share offer and lead the community engagement.
 - 1.25. Wales has the ambition that there should be an element of local ownership in all new renewable energy installations (in a more meaningful way than offering a few shares for sale). This will come into force this year. All developers will have to publicly state how they are delivering this as part of the planning process. This degree of transparency around recommended levels of community benefit has already seen those become the norm in Scotland and Wales. The report ‘Energising Wales’ from the Institute of Welsh Affairs¹⁰ identified from a survey that developers would be happy with between 5 and 33% community ownership. Community Energy Wales’ recent shared ownership work indicated that 10-15% community ownership was something that developers were willing to facilitate. Community Energy Wales is currently setting up the local community energy organisation and overseeing the community engagement for the Alwens Forest project with Innogy which will have 15% community ownership. See [Appendix 3](#) below for information and a case study from Wales
 - 1.26. This ownership should come with meaningful levels of democratic control and especially of input to how the community benefit will be delivered. Community shares normally carry 1 vote per shareholder regardless of the value of the shareholding. This works when all the shares are in community ownership. Some way of giving the community shareholdings a greater say in running the development should be explored with perhaps an opportunity for community shareholders to elect a member to the board.
- 2. What exemplifies ‘best practice’ when it comes to engaging with and supporting local communities on renewable energy developments? Examples of specific projects and/or developers would be welcomed.**
- 2.1. ‘Best practice’ is delivered by community energy projects around the country. Examples include energy saving measures supplied and installed in their homes, a Community Energy Efficiency Fund to channel profits from the scheme into energy efficiency measures to address fuel poverty and enable the energy generated to go further, paid internships on the developments for local residents which has led to

¹⁰ https://www.iwa.wales/wp-content/media/2018/11/IWA_Energy_WP4.1-1-1-1.pdf

several going on to formal training and jobs in the sector, special investment concessions for residents on the estate, ongoing innovations such as local supply experiments enabling residents to access cheaper local energy and even inter-trade their surpluses among each other and door-knocking of residents below or near the proposed developments, until virtually every resident had been reached. And all this is from one Brixton Energy/Repowering project¹¹. See [Appendix 2](#) for Repowering's Engagement Strategy which aims to create 'empowered citizens' and 'empowered communities'.

- 2.2. The Hockerton Housing Project's 225kW community wind turbine (second hand) powers the equivalent of 54 local homes. See <https://www.hockertonhousingproject.org.uk/renewable-energy/community-energy/> for more information and an excellent 10 minute film on how they worked with their community to mitigate impacts and meet community needs. See also the case study from The Fishermen Three Windfarm (see [Appendix 1](#) below).
- 2.3. A community led project enables face-to-face engagement with householders and the design of a solution that meets the needs of all in the community. Engaging people as participants (not just giving them a token opportunity to invest) is much more likely to generate support for a project than 'consultation' which is classed as (and indeed usually experienced as) 'tokenism' in the **new economics foundation's** Participation Works¹².

Ladder of Participation



The ladder helps us understand what people mean when they talk about 'participation' or 'involvement'. We hope you will rule out the bottom four rungs! Always ask the question: is it possible to move one step higher on the ladder?

- 2.4. A larger project run by a distant corporation is much less likely to achieve this.

¹¹ <https://brixtonenergy.co.uk/>

¹² (p4) https://neweconomics.org/uploads/files/e59722efbe227ca37e_4fm6b0lv9.pdf

- 2.5. According to the Committee on Climate Change in their Net Zero report p193 *“There is currently no government strategy to engage the public in the transition to a low-carbon economy. This will need to change.”*
- 2.6. The consultation document says on page 16 *“Delivering net zero will require a fundamental change in how we produce and consume energy. Achieving this ambitious goal will require proactive and increased engagement with local communities across the UK to ensure that the local impacts and benefits of energy developments are proportionate, measured and reflective of the local environmental and economic context.”*
- 2.7. We would argue, as the CCC does, that neither BEIS nor large developers are going to ‘deliver’ net zero. It must be ‘achieved’ as a collaborative, participatory endeavour which needs more than ‘engagement’. It needs citizens to want to participate.
- 2.8. The government should be aiming for the maximum action on the part of the public which is engendered by participants having the maximum possible stake. This is represented by Citizen Power or Doing With (See Ladder of Participation above) Community energy exemplifies both and as such is key to achieving net zero.
- 2.9. This requires that community projects be actively facilitated by this government’s recommitment to onshore renewable energy, which will need policy, practical and financial support through the CfD reforms and elsewhere as well as removing the planning blocks to onshore wind in England. (see Recommendations at 1.12 and 1.17 above).
- 2.10. It requires that large-scale wind and solar developments are mandated to do co-design and co-production and to co-own and control developments with the local community rather than just ‘consult’ and create opportunities for owning a few shares.(See Recommendation at 1.22 above)
- 2.11. Good examples of this include EDF commissioning Energy4All to work as an ‘arms-length group’ with the local community in their Bullington Cross project in 2015. This produced more than 2000 letters of support to the planning authority from local people. Their model was a ‘revenue share’ with local investors. Other more participatory models include ‘joint ventures’ or ‘shared asset ownership’. Other examples include planned ‘asset transfer’ to the community. Failure to genuinely involve the community at the earliest stage can set back the whole project and create local opposition among people who feel they lack control and are being ‘done unto’ by large powerful corporations. Many support renewable energy in principle, if done differently:



or



Westmill Solar and Wind community energy projects

3. How should the government update the existing community benefits and engagement guidance for onshore wind to reflect developments in best practice for engagement between developers and local communities?

- 3.1. In order to reflect developments in best practice in engagement, the government should rewrite these guidance documents by conducting a collaborative process involving developers, communities including the community energy sector, community participation experts and local authorities discussing each section. This consultation process is inadequate and not fit for purpose. When the Recommendations about mandatory community ownership and benefit are adopted this revision will be vital.
- 3.2. Best practice should become required practice, if not a prerequisite for getting planning permission then a precondition of accessing the CfD auction. It should require that external developers work with or create a local organisation to guide and conduct the community engagement, the community share issue and hold and control the community benefit fund.
- 3.3. The Community Engagement for Onshore Wind Developments: Best Practice Guidance for England, Community summary¹³ is very unclear about who will initiate and carry out many of the actions described and who will resource them. It is also unclear how any community group that exists or is established to work on a development earns the right to represent the community in negotiations and agreements.
- 3.4. The aspirations expressed in the community engagement guidance introduction from the Minister and the guiding quotations (mostly taken from the Planning Aid England et al (2012), *Good Practice Guide to Public Engagement in Development Schemes*, Homes and Communities Agency¹⁴) are laudable and should not be diluted in any revision. It stresses that engagement must be a two way process and that a central aim is that the community should be able to ‘help shape solutions’. This must be revised to include reference to co-design, community ownership and ongoing control.
- 3.5. Much of the guidance still favours a paternalistic rather than a co-design approach. The Participatory phase of the engagement is the third phase after a lot of money and energy will have been spent on feasibility, design and development, likely without any engagement with the local community. To enable projects to happen without ‘nimby’ opposition and to preserve the positive light which onshore wind is currently seen this needs to change to a more co-design, co-ownership approach

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[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/364549/FINAL - Regen SW - Community Summary.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/364549/FINAL_-_Regen_SW_-_Community_Summary.pdf)

¹⁴<http://www.homesandcommunities.co.uk/good-practice-guide-public-engagement-development-schemes>

involving the community from the very first stage of conception of a project so that the community truly 'hosts' the project rather than feeling 'done unto'.

- 3.6. The Best Practice guidance for Developers and the Preparation Phase Guidance stress early engagement but is quite inconsistent as to how. *"Where it isn't a legal requirement, it is best practice for the developer to engage both the local planning authority and local community in designing the engagement plan, as they will have the best insights into locally appropriate approaches."* But on p 19 developing the engagement plan is viewed as a negotiation between developer and local authority in which *"it can be helpful to engage a local third party"* (p22). It should be a legal requirement that community members (more than one) be involved at this stage too.
 - 3.7. The guidance says nothing about resourcing the community to fulfil its best practice, which is quite onerous and includes inputting the communities energy aspirations into local plans ahead of engaging with wind developers. This level of engagement with energy is unlikely to happen unless a community energy group is already present - and in many cases they are more engaged with delivery than local plans. Community best practice also includes 'Supporting the developer with inclusive engagement and feedback to the wider community.' The developer should be required to co-develop the engagement strategy with the community. Whilst the community contact group should not take a partisan role either for or against, it is not the duty of the community to 'support the developer'. The developer should be mandated to work with the community and local authority, using an independent expert facilitator where appropriate to ensure 'inclusive engagement.' Where they have the skills the local community group may perform this role but should be resourced appropriately.
 - 3.8. Best Practice guidance for Local Authorities could contain advice on Local Planning Authorities' ability to amend Local Plans and take into account 'emerging local planning policy', ie the amendments to the agreed local plan, in the event that the agreed plan does not designate an area as 'suitable for wind energy development' but yet there is enthusiasm on the part of the community for a development. Equally it might contain guidance on the Community Right to Build under the Localism Act 2011.
- 4. Should the government consider creating a register of renewable energy developments in England that list available projects and associated community benefits?**
- 4.1. Yes.
 - 4.2. A register of community benefit has existed in Scotland for some time where the experience has been that while community benefit has not been mandatory, the government policy of £5,000 of community benefit per MW of capacity has been largely forthcoming from onshore developments through the negative exposure that non-compliance would bring. The same apparently applied in Wales although the Register has fallen out of use.

- 4.3. A register should not be seen as sufficient to ensure good levels and good management of community benefit. A minimum level should be mandatory as mentioned in our Recommendation at 1.19 in order to level the playing field so that developers who skimp on delivering benefit are able to make lower bids to the CfD auction. It should be seen as a compliance mechanism to ensure long term good management of the community benefit fund by publishing annual community benefit reports, endorsed by the local community, for each project (as a Community Interest Company has to submit annual community interest reports to Companies House).
 - 4.4. The register must not put undue administrative burden upon Community Energy Groups that in many cases are run largely by volunteers and are much more concerned with actual delivery than office work.
- 5. The government welcomes views on whether, compared to maintaining the existing two pot structure, the proposed option of introducing a new Pot 3 for offshore wind is an effective means of ensuring value for money and achieving our decarbonisation and other objectives in the long term. We welcome the submission of supplementary evidence to support views on this.**
- 5.1. Conditionally we support the creation of an additional pot for bottom-fixed offshore wind to prevent it out-bidding more nascent technologies that may have much to contribute to low-cost decarbonisation in the future if they are enabled to 'climb the curve'. Our support for this restructuring is conditional on 5.2-6 below.
 - 5.2. However to meet the government's aims of supporting and benefiting communities a **Community CfD pot or 'carve-out' must be created, open to <5MW projects**, to enable genuinely participatory, community led projects as per Recommendation at 1.12 above.
 - 5.3. There is a risk if offshore wind is removed from Pot 2 that technologies that will never contribute to decarbonisation (low-cost or not) such as large scale dedicated biomass with CHP and ACT could once again be subsidised, despite the CCC explicitly advising against further policy support for biomass in the power sector without CCS. We should not be subsidising burning.
 - 5.4. If the government applies the same GHG threshold for supply chain emissions as in the previous allocation round, we estimate the risk of large-scale biomass coming forward as quite low. This of course still disregards the large uncounted upfront 'carbon debt' emissions from burning the biomass which are not reabsorbed for decades or centuries (if ever). See the letter from 800 scientists explaining why this is the case¹⁵.
 - 5.5. Energy from Waste is high-carbon, polluting and reduces re-use and recycling and locks in dependency on a waste stream which we should be investing in reducing,

¹⁵ <https://bit.ly/800Scientists>

reusing and recycling. See UK Without Incineration Network¹⁶ on why this technology is not worthy of subsidy. Eunomia's reports¹⁷ repeatedly describe how there is over capacity in the incineration market and that these technologies will soon be high carbon compared with grid average. We should be investing in reducing, re-using and recycling. Many circular economy strategies are also dependent on remanufacturing much more productively from this same waste stream. Burning must be genuinely an end of life option.

- 5.6. Advanced Conversion Technologies (ACT) must be excluded from Pot 2. ACT is a euphemism for combustion technologies which often produce high levels of GHGs and other dangerous pollutants from unsustainable feedstocks. ACT often refers to gasification. This is often inefficient, complicated, dangerous, expensive and historically has been fraught with failures and fraud. See Biofuelwatch's report on Gasification and Pyrolysis¹⁸.
 - 5.7. BEIS must remove these risks entirely. Our support for shifting offshore wind to a separate pot is conditional on this.
 - 5.8. Anaerobic digestion (despite being a combustion technology) has its place as long as it uses only genuine wastes and is properly regulated to avoid leaks of methane which is 100 times worse for the climate than CO₂ in any time-frame that matters. It can divert putrescible waste from landfill where it would make methane that is unreliably trapped. AD that uses crops grown for the purpose (as 90%+ of German AD units do) creates more carbon than it saves and is 40 times more consuming of land than solar PV per unit of energy generated.
- 6. The government welcomes views on whether there are alternative approaches to be considered in light of net zero.**
- 6.1. As described above a thriving community energy sector is essential to achieving the net zero energy transition. We refer to our proposal for a separate Community CfD pot in 1.9 above.
- 7. The government welcomes views on whether the proposed approach is an effective means of supporting floating offshore wind.**
- 7.1. Yes - with the caveats above.
- 8. The government welcomes views on the need to deploy floating offshore wind at scale through the 2030s to meet net zero, and what trajectories for deployment and cost reduction are realistic and feasible, both globally and in the UK.**
- 8.1. As with many large infrastructure projects since Drax Power Station in the early 70s and Sizewell B the observation has been made that if the investment had been diverted to energy saving and demand reduction instead, it would have removed

¹⁶ <https://ukwin.org.uk/oppose-incineration/>

¹⁷ <https://ukwin.org.uk/2017/08/07/ukwin-comment-on-eunomias-incineration-overcapacity-warning/>

¹⁸ <https://www.biofuelwatch.org.uk/2015/biomass-gasification-and-pyrolysis/>

permanently the need for that installation. We must be careful that the powerful industry lobbies don't lead us to subsidise consumption (of energy, technology and construction materials) rather than 'reduction' which has less of an industry lobby and which doesn't contribute to GDP but does contribute to energy security, long-term planetary health and the well-being of those who receive the subsidies to reduce their energy dependency. It is win, win, win so should be a political no brainer.

8.2. Energy saving is difficult and as granular as the building or people it affects which is one of the reasons government (despite ministerial warm words) has historically preferred big cheque, corporate solutions. Community energy is very well placed and skilled at delivering household energy saving at the granular local level that is most appropriate. South East London Community Energy (SELCE) recently calculated the 'social return on investment' of its energy saving work (using a standard Housing Association social impact calculator) and found that for every £1 spent there was a £24 social return on investment. This included a £6 return to the householder in terms of savings on energy bills over 2 years. This is a good justification for prioritising energy saving spend as it will also reduce health and social care spending and improve social outcomes for fuel poor families. Investments in energy saving, if well done, potentially yield eternal and exponential returns. The householder will continue saving £3 per year for that single £ spent once. The social cost savings and well-being benefits likely recur year after year too.

9. Should the government amend the Contracts for Difference (Allocation) Regulations 2014 in order to extend the delivery years specified in those regulations to the 31st March 2030?

9.1. Yes.

10. Views are welcomed on the proposal to exclude new biomass conversions from future CfD allocation rounds, on the likely impact of this approach, and on any alternative approaches.

10.1. Biomass conversions should be excluded from future CfD rounds. Large-scale import dependent biomass is not low-carbon.

11. The government welcomes views on whether a bid bond would be practical for smaller projects. If difficulties are foreseen, what are they, what mitigation might apply and in respect of what size of project?

11.1. We do not support the introduction of bid bonds for smaller projects. The scheme is already stacked in favour of large developer led projects which have access to large amounts of development money. It would be difficult for smaller community-led projects to access the scheme (whether or not there is a Community CfD pot or minimum) if this extra money had to be found at the outset.

12. The government welcomes views on what a suitable level for a bid bond would be: would £10,000 per MW be effective and practical?

- 12.1. This, indeed almost any, level of bid bond would be extremely difficult for community energy projects to afford. Currently the 20% VAT on Solar Panels and Batteries is creating extremely difficult cash-flow problems for projects. A bid bond would only compound this.

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Appendix 1: The Fishermen Three Windfarm

Good Practice on Community Engagement: The Fishermen Three Windfarm, Berwickshire. Supplied by Community Energy Scotland.

This 7.5MW windfarm was developed in partnership between Community Energy Scotland (CES) and Berwickshire Housing Association (BHA) in a joint venture *Berwickshire Community Renewables LLP* (BCR). Both the partner organisations are firmly rooted in the communities in which they operate, with BHA providing housing for a number of families in the nearest village of Cockburnspath, for instance. It was vital to not only keep local people informed, but to consult and engage with them on the proposals from as early a stage as possible. This was undertaken through newsletters to all local households, as well as meetings with local community councils, public meetings to discuss the proposals, and through a blog used to help local residents keep up to date with progress once construction stage was reached.

Listening to local views as well as keeping people informed has been vital to the success of the project. For instance, during the planning stage the location of some of the turbines was adjusted slightly. Also, the blade tip height was reduced from 125m to 115m, in order to ensure they wouldn't be visible from a local village designated as a conservation area. The visual impact was further reduced by planting a belt of native trees and hedgerow on a ridge in between the site and this village. This new woodland will provide valuable habitat for local biodiversity; with more planting on the windfarm site itself, planting a total of 5909 trees with the help of another local charity, Borders Forest Trust. Local disruption was minimised during construction by selecting an access route for deliveries that avoided all the local villages and settlements, through use of an existing track serving a nearby quarry. This approach was hugely beneficial. An Ipsos Mori opinion poll was commissioned, which showed that 75% of residents within 10 km were unopposed to the development, with 63% stating support. The local community council supported the planning application, as they recognised the local benefits the project would bring. They continued to give very positive feedback on the level of engagement maintained during construction, with monthly emails sent out to local representatives to give updates on the build and to ensure there were no problems or complaints.

Community Benefits

This project is unique in that it will deliver benefits to communities at a local, regional and national level, due to the nature of the charitable work the partners undertake, and the policies in place to spread the revenue from the development. We estimate that the Hoprigshiels Community Windfarm will enable BHA to build 20 houses a year for the next twenty five years, giving a total additional stock of 500 new, affordable, secure and attractive homes. This represents a very considerable contribution to the development of social rented housing in Berwickshire. Given the crucial and well documented links between affordable housing, individual health and wellbeing, sustainable communities, and broader social wellbeing, investment in affordable housing of the scale enabled by Hoprigshiels will deliver highly significant benefits in terms of the individual, the family and the community.

Additionally, there is the benefit of funds passing to Community Energy Scotland. At the regional level CES is currently assisting with the development of 20 community energy projects, with a further 10 at initial enquiry stage. These range across the breadth of technologies from wind and hydro to photovoltaics and solar thermal. The reasons for these developments vary but all are based on 'not for individual profit' principles, and, through the incomes arising, aim to enhance or provide new services for the whole community. A common theme is carbon reduction, measures specifically focused on energy efficiency in community buildings and homes which will also help alleviate fuel poverty. Income from the Hoprigshiels development will enable CES to continue to deliver and develop these services in line with local community aspirations, and those identified in the Scottish Government's Energy Strategy, for the next 25 years.

In terms of contributions to community funds by commercial wind farm developers it is also useful to note that the average level of voluntary contribution is approximately £2000 per MW installed. The partners in the Hoprigshiels project have committed to providing the sum of £5000 per MW installed, significantly above the general level of contribution and in line with the Scottish Government's best practice guidelines.

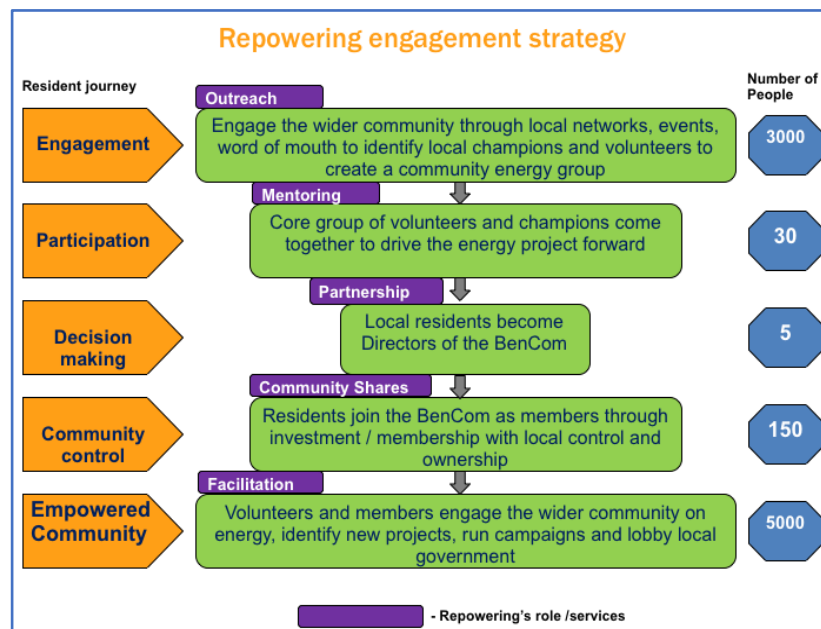
Berwickshire Community Renewables has a community benefit agreement with two local organisations, Oldhamstocks Community Association, and Cockburnspath and Cove Community Council, who will be the recipients of this funding. Neither BHA nor CES will play any part in determining the priorities for the community fund or in its administration – it will be up to the community groups to decide how best to invest their share of funds to meet their local needs and aspirations. Beyond this, the sum contributed is index linked to the Retail Price Index (RPI), ensuring the annual value of the contribution is maintained throughout the 25 years of the project. Based on the total installed capacity of 7.5 MW the contribution to a local community fund will be £37,500 per annum, or £937,500 at today's value across the full term of the development.

Appendix 2: Repowering London's engagement strategy

Our role is that of a mentor, facilitator and catalyst in the community. We work alongside local residents to establish community energy projects led by people with the passion and drive to bring projects to life and create positive outcomes for their neighbourhood. Our engagement strategy goes through the stages described below where an engaged resident moves from being passive recipient of information to an active participant taking local action, to an empowered citizen with a voice in local decision making, campaigning and movement building.

1. Outreach: we ensure we engage with the wider community from the very beginning identifying local volunteers, leaders, movers and shakers whose input influences the direction of the projects. Through door-knocking, building on existing social networks and taking a peer-to-peer approach we successfully create a network of local volunteers in each of the local areas. These volunteer groups grow in number as the project develops.
2. Mentoring: Local residents are the beating heart of each community energy group and are mentored by Repowering through every stage of project development from the technical, legal and financial planning to marketing and community engagement phases. Through the mentoring many of the volunteers take on leadership roles as directors of the newly formed BenCom. We currently mentor over 50 volunteers / Directors through our projects. Our mentoring support continues to be critical to the BenComs success well after the solar installation has been commissioned.
3. Partnership: once local Directors are identified we establish and register the group as a formal legal entity 'BenCom'. The name, objectives and branding of the BenCom is decided by the volunteers and tailored to the needs of the community in which they are based. Repowering works in partnership with the newly established BenCom, the local Authority and other community based organisations to develop projects. For example, North Kensington Community Energy has strong partnerships with Westway Trust, Migrants Organise and the Kensington and Chelsea Foundation.
4. Community Shares: Repowering brings its experience of raising funds through community shares enabling the BenCom to raise vital capital funds through the community. Repowering's support includes providing template share offers, drafting and financial modeling, deck of print materials and design templates and marketing strategies. Our approach of community-based social marketing ensures membership to the BenComs are largely from the local area. The volunteers play an important role in the fundraising process, reaching out to a wider audience and increasing membership of the BenCom. When NKCE started a couple of years ago, we had a couple of volunteers, whereas today we have a team of 15 active volunteers and 144 investor members. Those who cannot afford to invest can still join the BenCom through a nominal £1 subscription fee giving them a right to vote the same as an investor member.

5. Facilitation: Once the BenComs successfully install community-owned solar panels they generate renewable energy and a steady income stream. Surplus income is ring-fenced for community activities. Repowering plays a facilitation role supporting the volunteers and Directors in further movement building, identifying new projects and opportunities. For example, after the successful installation of solar panels on two schools, the Lambeth Community Solar volunteers are now actively identifying new schools and sites across the Borough. They are also engaging Local Ward Councillors on climate action plans. The NKCE volunteers designed an engagement event called 'Greener Living Day' reaching out to over 100 local residents encouraging them to be involved and adopt low carbon lifestyles. Through this process we are building a movement that is creating a critical mass where sustainable lifestyles will hopefully become the norm.



Appendix 3: Example from Wales, supplied by Community Energy Wales

In Wales as in Scotland it has become common practice for renewable energy schemes to deliver on community benefit. In some areas it has become mandatory and we believe that it should be a mandatory pre-qualification requirement for CfD.

In Wales there are a number of policy directives that were established by the Welsh Government that have encouraged renewable energy developments to deliver a level of community benefit and involvement on projects.

The [Wellbeing of Future Generations Act](#) underpins all these initiatives. The Act was designed to make the public bodies listed in the Act think more about the long-term, work better with people and communities and each other, look to prevent problems and take a more joined-up approach. In particular it has seven well-being goals which should be considered as part of any activity undertaken by a public body in Wales and it promotes a way of working which in particular includes involvement of people and organisations that are local to or have a particular interest in the scheme.

This feeds into 2 key policy areas which promote community benefit and local ownership.

Procurement - When any public body is tendering for any work or contracts it is obliged to look at how it can deliver community benefit as added value to a project. Welsh Government has provided guidelines and examples of how this can be achieved in their guide on delivering the [maximum value for the Welsh pound](#). This has directly impacted on a number of large renewable energy projects in Wales. Many large renewable energy projects, in particular wind, are being developed on publicly owned land. It has therefore become a significantly weighted part of the tender process for any developer to highlight what community benefit they will deliver and also whether they are promoting community involvement by offering the opportunity for a share of local or community ownership of the scheme.

Welsh Government has made a commitment to support locally owned energy through implementing a target for 1000MW of locally owned energy to be produced in Wales by 2030 and from 2020 for all energy projects to have an element of local ownership. The guidance on the latter is yet to be published but the intention was set with this [policy statement](#) published earlier on this year. A [report published by the Institute of Welsh Affairs in 2019](#) as part of the Re-energising Wales project surveyed a number of developers in Wales and found that developers were willing to offer a share of between 5-33% of the schemes to be locally owned. This backs up a report from the [shared ownership taskforce report](#) to the Department for Energy and Climate Change (DECC, now BEIS) in October 2014 recommended that developers with a project cost of more than £2.5 million should offer communities a chance to invest in the project; the stake suggested by the report is between 5% and 25%.

As a direct result of these interventions communities have the opportunity to be more directly involved in renewable energy projects in Wales.

Case Study - Alwens Forest

The first tender for a renewable energy project on publicly owned land following the implementation of the Wellbeing of Future Generations Act was for a project at Alwens Forest. This site was publicly owned and managed by Natural Resources Wales. A key requirement of the tender process was to demonstrate how the project was intending to deliver maximum community benefit. Community Energy Wales (CEW) spoke to a number of developers about partnering with them on the tender and offering the opportunity for up to 15% of the project to be available to be owned by the community. CEW are currently working with Innogy to deliver this. CEW will set up a Community Benefit Society and work with Innogy to promote the opportunity to encourage as many local people and organisations to register their interest in investing in the project. In addition, CEW are involved in the community consultation and are hoping that this opportunity will enable a greater level of engagement from local people in the scheme. Following on from this NRW now expects developers to offer shared ownership as an option when tendering for schemes on their sites and Welsh Government now expects all energy projects to provide the opportunity for an element of local ownership of the scheme.