Agenda Item No: 7

A Community Energy Policy for the Council

To:	Environment and Green Investment Committee
Meeting Date:	16 March 2023
From:	Executive Director Place and Sustainability
Electoral division(s):	All
Key decision:	No
Forward Plan ref:	N/A
Outcome:	A Community Energy Policy to set out how the Council will seek to collaborate with communities to develop energy projects to benefit from the energy transition and build greater local energy resilience.
Recommendation:	The Committee is asked to: a) approve the Community Energy Policy as set out in section 2.5 b) agree the next steps as set out at 2.6.

Officer contact: Sheryl French & Eithne George

Post: Assistant Director Climate Change and Energy Services & Head of Energy
Email: Sheryl.french@cambridgeshire.gov.uk & eithne.george@cambridgeshire.gov.uk
Tel: 01223 728552

Member contacts:
Names: Councillors Lorna Dupré and Nick Gay
Post: Chair/Vice-Chair
Email: lorna.dupre@cambridgeshire.gov.uk & nick.gay@cambridgeshire.gov.uk
Tel: 01223 699831

1. Background

1.1 The British Energy Security Strategy was launched in April 2022 in response to increased energy demand post-covid and the invasion of Ukraine, which together have pushed global energy prices to record levels and helped to create a cost-of-living crisis in the UK. The long-term solution to address the UK's underlying vulnerability to international oil and gas prices is to reduce its dependence on imported oil and gas and rollout renewables as fast as possible. The Strategy also highlights that 'onshore wind is one of the cheapest forms of renewable power' and that government will 'consult on developing local partnerships for a limited number of supportive communities who wish to host new onshore wind infrastructure in return for benefits, including lower energy bills.'

1.2 Government's Net Zero Strategy and 'Energy Strategy' are driving investment into renewables and nuclear power. Rolling out renewables quickly is important for both tackling climate change and delivering cheaper power and lower energy bills for communities and businesses. The Net Zero Strategy highlights that 'a sustained increase to the deployment of land-based renewables such as locally supported onshore wind and solar in the 2020's and beyond' will be pivotal for achieving net zero targets. One of the recommendations is for Government to develop a Community Energy Strategy.

1.3 As shown in the Community Energy State of the Sector Report 2022, the end of the Feed in Tariff scheme for new renewable energy projects from 2016 led to a surge in delivery of community projects under development in 2017 (81% increase). This has since tailed off to a growth rate of 2.4% in 2021 exacerbated by the removal of tax relief for community energy and not including it in the newly launched Social Investment Tax Relief scheme. Adequate incentives to replace those that previously existed have not yet been brought forward.

1.4 In January 2023, MP Chris Skidmore's Net Zero Review provided an in-depth analysis of community energy and discussed the increasing need for 'deeper devolution'. Within the report, Skidmore outlines how 'government should 'publish a Community Energy Strategy that addresses regulatory, legislative, funding and capacity barriers in the sector' and acknowledges that 'local leaders are better placed to engage with communities and businesses on net zero' than central government. The report emphasises the various benefits of community energy projects including 'energy security and sovereignty' and concludes that to achieve net zero, community energy must be accelerated and supported, and 'government must place its trust in local leaders and communities to deliver.'

1.5 The local electricity bill, brought forward by MP David Johnston in November 2021, has passed its first reading and is currently in the process of its second reading. This bill seeks to create two new revenue generating options for community electricity schemes under 5MW. These are:

1) Community Electricity Export Guarantee Scheme (CEEGS)

2) Community Electricity Service Agreement (CESA)

1.6 Under the CEEGS, large, licensed electricity suppliers will be required to offer export Power Purchase Agreements (PPAs) to eligible community electricity projects at a price set annually by the Gas and Electricity Markets Authority (GEMA). Under CESA, they will also be required to offer a Community Energy tariff to local customers and pay the proceeds of this to the community energy scheme.

1.7 The Council's Climate Change and Environment Strategy 2022 has an objective to 'Support communities and businesses to decarbonise'. To date, the Council has developed energy projects on its assets including solar parks, smart park and rides and Swaffham Prior Community Heat Project. The latter is an example of a community led energy project which engaged the Council and its land assets to decarbonise heating and hot water in a village.

2. Main Issues

2.1 Potential benefits

There are a great number of potential benefits that can be achieved through community energy projects. In addition to supporting carbon reduction in the county, they can access a range of funding through community share and bond offers that the public and private sector are not able to do, resulting in more carbon saving, quicker. This is due to dispensations for co-operatives and other not-for-profit business models that currently exist in the UK. They also involve a wide range of stakeholders, to help ensure a robust approach to community support for renewable energy assets in a local area. Community energy projects are not limited to renewable energy generation, they can involve supporting household and business energy demand reduction and energy efficiency measures. Volunteers in such schemes in the past have often been driven by a desire to tackle fuel poverty, adding to and complementing local authority and other public sector initiatives including biodiversity enhancement measures, from planting wildflower meadows to beekeeping on solar farms.

2.2 Local Opportunity

2.2.1 In light of the forthcoming expected changes being proposed nationally, there is an opportunity for the Council to develop its own policy to guide the ways in which it would like to partner with the community to bring forward energy schemes with relevant stakeholders, attract inward investment and coordinate projects to work alongside the wider infrastructure requirements to achieve Net Zero rather than a wait-and-see approach.

2.2.2 The Council also holds a large property portfolio which can offer greater scope for collaboration to support community energy schemes than many other authorities and provide a greater variety of options to support community energy locally.

2.2.3 An additional potential benefit of this proactive approach is that prioritising this process sooner could inform our consultation response to national policy, as it develops to maximise

opportunities for community energy schemes and contribute meaningfully to net zero.

2.3 Relationship to Local Area Energy Planning

2.3.1 The Council is leading 'Local Area Energy Planning' for Cambridgeshire in partnership with the district councils, CPCA (Cambridgeshire and Peterborough Combined Authority) and key stakeholders such as UK Power Networks and our Universities. This 18-month process will deliver an infrastructure pathway and decision tool to transition Cambridgeshire from where it is today to Net Zero by 2045. Engagement with communities is key in this process as community energy projects will form part of the future energy system. Already there are communities approaching the Council to collaborate on community energy projects, including further heating projects but also wind and solar projects. The development of a Cambridgeshire Community Energy Strategy could be a key part of the LAEP process.

2.4 Right technology- Right Place

2.4.1 As part of this process, all viable and environmentally beneficial technologies are proposed to be considered. This is important to ensure that community energy can maximise potential opportunities to reduce greenhouse gas emissions, increase energy resilience, reduce energy bills, tackle fuel poverty and help to build the local energy economy.

2.4.2 On the 3rd of January 2023, government launched an open consultation with proposals to relax on-shore wind regulations as part of wider reforms to national planning policy in the Levelling-up and Regeneration Bill. Reducing current planning barriers will enable delivery of more onshore wind turbines, producing cheaper power and lower carbon emissions. It should also be noted that in Chris Skidmore's Net Zero Review, it was stated that 'now is the time to turbo-charge a drive towards greater onshore wind provision.'

2.4.3 To get ready for government policy changes, developing a new community energy policy to help guide both communities keen to collaborate with the Council and possible third parties (energy companies, developers etc). The policy will focus on the Right Technology in the Right Place and will look to include onshore wind as part of this.

2.5 Principles Based Approach to Community Energy Policy

2.5.1 To manage a wide range of potential community energy projects, a principles-based Community Energy Policy, as drafted below, to steer collaborations with the community seems a sensible approach. It aims to provide a sufficiently robust framework for the Council and help manage expectations by providing sufficient scope for community groups and other stakeholders to meaningfully engage.

2.5.2 The principles are as follows:

Right Technology – Right Place – Benefitting Communities

1. Evidence the local community is supportive of the idea of a community energy project. (e.g., a neighbourhood energy plan or surveys with local communities)

2. Aligns with the ambitions of the Cambridgeshire Local Area Energy Plan for Net Zero by 2045 (when it is produced)

3. Land is identified, available and appropriate, to host a community energy scheme. This land could be in private or public ownership and there may be opportunities on parish owned land as well as Council owned land.

4. Improvements to domestic energy efficiency should form part of any community energy project, wherever possible.

5. Evidence of sufficient local renewable energy source(s) are available e.g., desktop assessments of National wind survey data; ground conditions for ground source heat pumps, etc.

6. Understanding of key local risks and viability including local grid capacity, local planning policies, landscape, visual impact, environmental and heritage implications and any other barriers and constraints, with Council supported schemes taking a best practice approach to these.

7. Community ownership models and joint venture opportunities scoped to maximise local economic benefits.

8. Evidence of how a community energy project will deliver benefits to the most vulnerable and support a local Net Zero Just Transition, with a priority for schemes that deliver these benefits.

9. Projects on Council assets to ensure full cost recovery and ability to generate income for the Council and the community.

10. Future proofing projects for new technologies, housing growth and climate impacts.

2.6 Next Steps

2.6.1 The recommended next steps if the Community Energy Policy is adopted are to:

1. Develop a Community Energy Strategy, when the national policy direction is sufficiently clear, within which this policy will sit.

2. Ensure community energy is a key feature of the Cambridgeshire Local Area Energy Plan under development

3. Scope what a Community Energy programme could look like

4. Scope whether such a programme would be suitable to access Just Transition funding in future

5. Scope what resourcing might be required and available to support communities to bring forward and deliver successful community energy schemes

3. Alignment with corporate priorities

3.1 Environment and Sustainability

The following bullet points set out details of implications identified by officers:

- The policy takes proactive measures in helping progress towards the net zero target for Cambridgeshire County Council of 2045.

3.2 Health and Care

The following bullet points set out details of implications identified by officers:

- The community energy policy aligns with the health & care corporate priorities. Renewable energy projects have been demonstrated to improve overall air quality by reducing pollution, which should deliver public health benefits and help to reduce health inequalities as vulnerable communities suffer the impacts of poor air quality disproportionately.

- In addition to this, there is also potential for community energy projects to be combined with insulating homes and public spaces such as community halls. This insulation will have a positive impact on indoor air quality, providing numerous health benefits for the community – particularly for elderly and vulnerable residents.

3.3 Places and Communities

The following bullet points set out details of implications identified by officers:

- The community energy policy will deliver against the places and communities' corporate priorities by delivering practical, localised and evidence-led actions that improve social mobility, reduce poverty and address inequalities. As has been demonstrated in Gamlingay, community energy projects can help to drive investment into the local community, create a financial fund for community projects and reduce energy bills for residents.

- In addition to this, the community energy policy also contributes to the priority - ‘enable communities to work creatively and collaboratively to address their local needs.’

3.4 Children and Young People

The following bullet points set out details of implications identified by officers:

- Some community energy projects may become education hubs for young people to visit. The Westmill Wind Farm Cooperative near Swindon, despite being established in 2008, continues to draw in visitors and has become a popular destination for local school trips.

3.5 Transport

The following bullet points set out details of implications identified by officers:

- There are no significant implications within this category. However, there is potential for certain community energy projects to implement EV charging points.

4. Significant Implications

4.1 Resource Implications:

There are no significant implications within this category as most of the work involved in the next steps will be delivered internally, through the LAEP process primarily in the first instance and further resource needed for later phases will be identified as part of this work.

4.2 Procurement/Contractual/Council Contract Procedure Rules Implications

Engagement with the Rural Estate team to ensure suitability of Council land should this be identified whilst also recognising the role of tenant farmers in any discussions.

4.3 Statutory, Legal and Risk Implications

It is important to acknowledge the risk that failure to develop a community energy policy that supports communities eager to bring forward renewable energy projects may result in greater inequalities across the county. In addition, this may hinder the delivery of Cambridgeshire's Local Area Energy Plan, with fewer ways to bring forward good schemes.

4.4 Equality and Diversity Implications

- The community energy policy includes support and prioritises benefits for vulnerable communities and a Just Transition.

- If community energy projects are progressed these must demonstrate significant community backing and support.

- Equality impact assessments will be required for community energy projects as they come forward.

4.5 Engagement and Communications Implications

If the community energy principles are adopted, a clear engagement and communications plan will be required as part of the scoping work in the next steps.

4.6 Localism and Local Member Involvement

If community energy project collaborations are started, engagement with local members will be key at an early stage.

4.7 Public Health Implications

As mentioned in 3.2 this can have a positive effect on public health.

4.8 Environment and Climate Change Implications on Priority Areas:

4.8.1 Implication 1: Energy efficient, low carbon buildings.

Positive/neutral/negative Status: Positive

Explanation: Supporting community energy could lead to new funding for building retrofits.

4.8.2 Implication 2: Low carbon transport.

Positive/neutral/negative Status: Neutral

Explanation: Some schemes may incorporate EV charging infrastructure where appropriate, but this will be on project-by-project basis. On balance this is neutral.

4.8.3 Implication 3: Green spaces, peatland, afforestation, habitats and land management.

Positive/neutral/negative Status: Neutral

Explanation: The principle of requiring best practice schemes offers the chance to enhance green spaces and improve habitats, though it is noted there could be possible exceptions to this.

4.8.4 Implication 4: Waste Management and Tackling Plastic Pollution.

Positive/neutral/negative Status: Neutral

Explanation: Any construction project has waste associated with. This will be dealt with following good waste management by suppliers and developers.

4.8.5 Implication 5: Water use, availability and management:

Positive/neutral/negative Status: Neutral

Explanation: Projects arising from the creation of this policy will have to adhere to planning and permitting regulations which will adequately safeguard water in terms of use, availability and management.

4.8.6 Implication 6: Air Pollution.

Positive/neutral/negative Status: Positive

Explanation: The proposal will lead to a marginal localised improvement in air quality as oil and gas boilers will be phased out and replaced by renewables which improve overall air quality. In some off-mains gas locations (i.e. where on oil or bottled gas) renewables will also reduce vehicle movements related to fuel deliveries, conferring some further air quality benefits.

4.8.7 Implication 7: Resilience of our services and infrastructure and supporting vulnerable people to cope with climate change.

Positive/neutral/negative Status: Positive

Explanation: The policy will reduce community reliance on oil and gas and build resilience against the volatility of global energy markets, as well as interruption of supply from climate impacts.

Have the resource implications been cleared by Finance? Yes
Name of Financial Officer: Sarah Heywood

Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the Head of Procurement and Commercial? Yes
Name of Officer: Clare Ellis

Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or Pathfinder Legal? Yes or No Name of Legal Officer: Linda Walker

Have the equality and diversity implications been cleared by your EqIA Super User?
Yes Name of Officer: Sheryl French

Have any engagement and communication implications been cleared by Communications?
Yes Name of Officer: Kathryn Rogerson

Have any localism and Local Member involvement issues been cleared by your Service Contact? Yes Name of Officer: Sheryl French

Have any Public Health implications been cleared by Public Health?
Yes or No Name of Officer: Kate Parker

If a Key decision, have any Environment and Climate Change implications been cleared by the Climate Change Officer? Yes Name of Officer: Emily Bolton

5. Source documents

5.1 Source documents

Climate and Energy Services Strategy 2022

Community Energy State of the Sector Report 2022

Local Electricity Bill

Net Zero Review (2023)

5.2 Location

Community Energy Services Strategy 2022: Community Energy State of the Sector | Community Energy England

British Energy Security Strategy: British Energy Security Strategy (publishing.service.gov.uk)

Chris Skidmore Net Zero Report (Pillar 4 ‘Net Zero and the Community’ can be found on page 183): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1128689/mission-zero-independent-review.pdf

Local Electricity Bill: Local Electricity Bill (parliament.uk)