

Community Energy Action Plan

To: Environment and Green Investment Committee

Meeting Date: 28 November 2024

From: Executive Director of Place and Sustainability

Electoral division(s): All

Key decision: Yes

Forward Plan ref: 2024/084

Executive Summary: The report summarises the responses to the consultation that has been undertaken on the draft Community Energy Action Plan. The Committee is asked to take account of feedback from the consultation and is recommended to approve the Draft Action Plan which defines how the Council will support communities in developing solutions to local energy supply.

Recommendation: Environment and Green Investment Committee is recommended to:

- a) Note the responses and conclusions of the consultation on the Draft Community Energy Action Plan.
- b) Agree to the adoption of the Council Community Energy Action Plan, as set out in Appendix C to this report.

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1. Creating a greener, fairer and more caring Cambridgeshire

1.1 This report relates to:

- **Ambition 1:** *Net zero carbon emissions for Cambridgeshire by 2045, and our communities and natural environment are supported to adapt and thrive as the climate changes.* Community energy projects can contribute to decarbonising electricity and heat in the county.
- **Ambition 5:** *People are helped out of poverty and income inequality.* Community energy projects have the potential to reduce energy bills for residents within host communities by reducing energy prices and delivering energy efficiency.
- **Ambition 6:** *Places and communities prosper because they have a resilient and inclusive economy, access to good quality public services and social justice is prioritised.* Community energy projects bring together people in communities to deliver projects, create real and perceived community ownership of energy assets and surplus income is invested in other projects to benefit the community.

2. Background

- 2.1 In March 2023, the Environment and Green Investment (E&GI) Committee approved a community energy policy (attached at Appendix A). It was agreed that the next step to develop a Strategy and Action plan. The policy is broad as it covers Community Energy (which strictly refers to energy projects developed, owned and controlled by community groups), Council owned energy projects and domestic energy efficiency. The policy also includes working towards the implementation of the Cambridgeshire Local Area Energy Plan when it is ready.
- 2.2 The UK Community Energy sector comprises 398 MW of renewable electricity generation capacity¹ and 4.7 MW of community owned heat capacity². Most of these schemes were developed when Renewable Obligation Certificate (closed in 2017) and Feed in Tariff (closed in 2019) subsidy regimes were in place. In 2022-23, installed capacity grew by 61 MW. In 2021, the 26 new community energy assets installed across the UK comprised: 2.6 MW of solar PV across 17 sites; 2.7 MW of wind across 2 sites; 2.3 MW hydro across 4 sites in Scotland; and 0.138 MW of heat installations. The majority of recent installations are rooftop solar PV projects². In addition to developing community energy assets, 123 community energy organisations were active on domestic energy efficiency projects such as building improvements, advice, education and distribution of funding.
- 2.3 In Cambridgeshire, there are two operational community energy projects, a wind turbine and a small solar farm. There are also two community energy owned school rooftop solar PV projects. All these projects were developed when there were Feed in Tariff subsidies available. The Council is aware of three other community energy projects in the county at an early stage of development, two other community groups looking at options and feasibility of projects, and one completed feasibility study. However, none of these are focused on solar PV or wind, which are the most economically viable projects. All but one are looking at heat networks, generally in a village setting.

¹ State of the Sector Overview 2024, Community Energy England

² State of the Sector Report 2022, Community Energy England

- 2.4 Community energy projects typically need to generate around 5% interest per annum in to secure investment (there are seven schemes currently seeking finance on Community Energy England’s website, four are share offers with 5% interest payment targeted, one is a 5.5% bond, two are share offers targeting 3.5 - 4% interest payments). This level of return is hard to achieve for a rural heat network due to low value of heat relative to electricity, the high capital costs of heat network installation and the low heat demand density in a village setting. The removal of Renewable Heat Incentive and Heat Network Innovation Project grant which subsidised the Council’s Swaffham Prior Heat Network project and made this viable are also factors. As it stands, the most economic solutions for community energy activity in Cambridgeshire are solar, wind and other investable options unless fiscal incentives change.
- 2.5 The previous Government launched a Call for Evidence in April 2024³ to identify barriers to Community Energy projects. Results of this have not yet been published. However, at present, the only specific Government initiative on community energy is the £10m Community Energy Fund. This provides grant funding in a two-stage process for feasibility studies and for project development, totalling £140k at a maximum. A Local Power Plan is one of the five functions of the new Government’s Great British Energy initiative. The stated aim of the Local Power Plan is to provide funding and support to Local and Combined Authorities and to community energy groups to develop up to 8 GW of cheaper, clean power projects⁴. Details of how this will be delivered are yet to be announced.
- 2.6 This report proposes that the Council adopt an Action Plan setting out the actions it will take to support communities who wish to develop and deliver their own clean energy projects, taking into account feedback from stakeholder engagement. This will be delivered using £337,984 of Just Transition Fund revenue budget over 2 years as approved by Full Council in February 2024 as part of the Business Plan.

3. Main Issues

- 3.1 Rather than develop a separate Community Energy Strategy, as originally envisaged in the March 2023 E&GI Committee report, it is proposed that an Action Plan is adopted which will sit beneath the Council’s existing Climate Change and Environment Strategy and outline how the Council will support communities to develop community energy projects.
- 3.2 To scope the potential content for a draft Action Plan, the following engagement activities have been conducted:
- 22 February 2024, kick-off meeting with key Council services to discuss proposals;
 - 24 April 2024, stakeholder engagement workshop. Attended by 25 delegates representing community energy projects, environment groups and parish councils from across the county;
 - 29 April 2024, District Council engagement workshop;
 - 30 April 2024, potential actions for inclusion in Action Plan shared with Property, Rural Estate, Natural and Historic Environment, Planning,

³ Barriers to Community Energy Projects

⁴ Great British Energy Founding Statement

Education, Communities, Commercial, Finance, Policy and Insight, Highways, Communications for feedback on feasibility and deliverability;

- 15 May 2024, discussion session at East Cambs Greener Together stakeholder event (with stakeholders invited from across the county);
- 30 May 2024, Cambridgeshire Energy Retrofit Partnership (District and City Council domestic energy efficiency colleagues) members consulted on shortlisted actions for inclusion in broader stakeholder engagement;
- 6 June 2024, shortlisted actions for inclusion in stakeholder engagement presented to Property and Highways colleagues;

3.3 Following the above, a stakeholder engagement exercise was launched on the Consult Cambs website on 8 July 2024, including a draft Action Plan and a questionnaire. This ran until 16 September 2024. The engagement was promoted via email to all Parish Councils, District Councils, environmental and community energy groups, and via the Council's social media. A virtual event was held on 2 September 2024 and a recording of this was shared with stakeholders. The Consult Cambs engagement exercise received 138 responses, which is a good response rate for this type of exercise. A further two offline responses were received. Responses were mainly from individuals, although five Parish Councils, four voluntary groups and one business submitted responses.

3.4 Actions included in the draft Action Plan were as follows:

- i. **Facilitate the set-up of a Cambridgeshire Community Energy Co-operative.** Community energy projects are delivered primarily by community volunteers. Delivering projects is complex, lengthy and requires a wide range of skills (chairing, project management, engineering, environment, planning, legal, commercial, finance, marketing etc). A county-wide community energy co-operative could pool expertise to support communities across the county to deliver their own projects.
- ii. **Match Funding for Feasibility Studies.** Community Energy Fund grants are available for feasibility studies and project development. These are capped at £40k and £100k per project respectively. More ambitious projects will require greater funding which can be hard to raise during the early stages of project development. Match funding for development costs could address this. To prolong budget, funding should be repaid if/when projects successfully raise finance to proceed to construction.
- iii. **Council Community Energy Development Officer.** Employing an officer to support community energy groups with project identification, site identification, grant applications, feasibility studies, project development and delivery. This will help capture and share experience from community energy and Council projects. The Development Officer would engage with community energy groups from the outset to steer them towards the most viable project opportunities.
- iv. **Guidance and Advice.** In particular "route maps" on the steps community energy groups would need to take to explore, develop and deliver community charging etc. This would seek to supplement, but not duplicate information available to community groups in the public domain e.g. providing a concise, step by step guide to developing a project with links to existing, best practice advice on each of the steps.
- v. **Brokering Customer Relationships.** Introducing community energy groups to schools, municipal buildings etc as suitable host sites and customers for community delivered rooftop solar. This could be extended to projects with other technologies if and when these are financially viable.

- vi. **Search for Sites.** A review by the Development Officer using GIS datasets on wind resource, solar resource, substation location and headroom, agricultural land grade, nature value to identify the sites most suitable for use for community energy projects. This would review sites in private as well as public ownership. UK Power Networks “Your Local Net Zero Hub” tool, developed as part of the Local Area Energy Planning process, and containing over 160 datasets will be the primary tool for this.
 - vii. **Promote Uptake of Domestic Energy Efficiency Grants** e.g. Boiler Upgrade Scheme grants for heat pumps, Home Upgrade Grant Phase 2 & Local Authority Retrofit Scheme grants for insulation, solar PV and heat pumps. This might involve providing community groups with promotional materials, training and information on streets most likely to contain eligible properties to enable them to promote grant awareness and uptake in their communities.
 - viii. **Raising Awareness of Innovative Energy Tariffs.** Providing generic information on time of use tariffs, Energy Local Clubs (if and where available) and links to switching and comparison websites for up-to-date details on the latest tariff offers. Energy Local Clubs are a mechanism by which community energy projects can “sleeve” electricity to local residents when the community solar PV or wind turbine is generating. This requires residents to collectively switch to the specific licensed electricity supplier used by the community energy project. It offers residents reduced bills and a higher income for the community energy co-op.
 - ix. **Neighbourhood Uptake of Domestic Renewables.** Provide community groups with “route maps” on how to deliver a community-led neighbourhood solar PV and heat pump installation project e.g. seeking expressions of interest from residents, obtaining surveys and quotes from the five installers procured by Cambridge City councils in partnership with County and District Councils under the Action on Energy Cambridgeshire scheme etc.
 - x. **Private Landlords.** A proportionate comms and engagement campaign promoting domestic retrofit, including uptake of Warm Homes: Local Grant⁵ by private rental landlords, in order to reduce energy bills for tenants, whilst also enhancing the landlord’s property values.
 - xi. **Education and Awareness Raising.** Working with Communities to reach out to those not currently engaged in clean energy to win hearts and minds, encourage demand reduction via behaviour change and reduce opposition to proposed clean energy projects.
- 3.5 82% of responses to the Consult Cambs questionnaire supported the adoption of a Council Community Energy Plan, 14% were opposed. Responses on the individual actions proposed ranged from 72% to 85% support, with 11% to 20% opposed. A detailed summary of the responses is included as Appendix B.
- 3.6 East Cambridgeshire District Council Climate Change, Nature Recovery and Planning Policy officers submitted an offline response. This raised queries about: the demand for the proposed support; Cambridgeshire specific barriers to Community energy; cost effectiveness relative to other options, including working with commercial renewable energy developers and to Council capital investment; whether available budget was sufficient to have a meaningful impact; availability of suitably experienced volunteers to establish a Cambridgeshire co-operative; risk of guidance & advice duplicating existing material; and interactions with Action on Energy, Local Area Energy Planning and other Council

⁵ Warm Homes: Local Grant webpage

decarbonisation initiatives. These points are discussed in paragraphs 2.3, 2.4, 3.4(vi), 3.7, 3.8(ii), 3.8(iii), 3.8(ix), 4.2 and 6.3. The information contained therein has been shared with ECDC colleagues.

- 3.7 To move community energy forward in Cambridgeshire, it will be critical to focus support on projects which are replicable and can serve as examples to other communities. For community energy in the current policy landscape, this is likely to mean solar PV projects and community wind turbines. In areas of high-density heat demand, it is possible that heat networks may also be viable, in particular if linked with future heat network zoning plans and community electricity generation project. Linking community energy projects with “sleeved” local energy tariffs and domestic energy efficiency would maximise the benefit to communities. As details of the Government’s Local Power Plan emerge, this may open up further opportunities.
- 3.8 Given the majority of responses in support of adopting a Council Action Plan and in support of all of the actions it contained, it is proposed that the Council adopts an Action Plan containing all eleven actions. However, comments received have identified a number of areas where stakeholders felt the Action Plan could be improved:
- i. Clarifying at the outset that the Action Plan is about supporting communities who wish to progress their own projects. It is not about the Council imposing projects on communities or about Council capital investment in projects. Also clarifying the aims of the Action Plan are to save carbon, reduce energy bills and foster a greater sense of empowerment in the energy transition. The Action Plan does not envisage that community energy will be the primary means of decarbonising energy supply, merely that it can make a contribution.
 - ii. Clarifying how the domestic energy efficiency actions align with the Cambridgeshire Energy Retrofit Partnership/Action on Energy initiative.
 - iii. Add details of how the Council will facilitate the set-up of a Cambridgeshire Community Energy Co-operative. It is expected that the Co-operative would utilise existing structures, models and documents available via Community Energy England⁶. The Council would provide an overview of what is involved and support the process of incorporating, assuming volunteers came forward.
 - iv. Set out the available budget for feasibility studies and other consultancy support for projects (£231k of the £338k approved budget). Set out the criteria that we would expect applications for funding to meet e.g. initial business case demonstrating 5% per annum return to share or bondholders is achievable, applicant has conducted a high-level options appraisal to identify a preferred project to progress to feasibility study stage, commitment to repay funding if project secures investment.
 - v. Providing the detail that the Search for Sites activity is likely to utilise UKPN’s Your Local Net Zero Hub as its primary tool, supplemented with any additional GIS datasets required to ensure full coverage of wind speed, irradiance, grid capacity, proximity to housing, agricultural land grade, heritage and nature assets. NB this is the same tool that is being used for Cambridgeshire’s Local Area Energy Plan which will help ensure consistency of conclusions from both activities. Adding that the results of the search will undergo internal review with Property, Heritage, Natural Environment colleagues to avoid sites with high agricultural, heritage and nature value being identified as suitable for energy projects.

⁶ Choosing a Structure & Registering Your Organisation

- vi. Adding more background on how communities raise capital funding for community energy projects and the implications for project viability.
- vii. Add reference to the Government's Local Power Plan intention to provide funding for Local Authorities and community groups to bring forward up to 8 GW of local, renewable generation.
- viii. Supplementing the education and awareness raising action to include drop-in events providing independent advice on energy technologies, applicable measures for historic properties and working with less affluent communities to raise awareness of their opportunities.
- ix. Noting that benefits secured (number and capacity of projects progressing to works, their projected carbon savings, bill savings, grant secured etc) will be monitored to assess the effectiveness and value for money of the actions.

3.9 An updated draft Action Plan including these amendments is attached at Appendix C (amendments relative to the consultation version shown as track changes).

4. Alternative Options Considered

- 4.1 Do nothing. This option has been discounted on the basis that the stakeholder engagement responses supported the adoption of an Action Plan with a range of actions on supporting community energy and domestic energy efficiency. Also as noted in paragraphs 2.3, 2.4 and 3.7, doing nothing risks community groups focussing on technologies/project types that are not deliverable via community energy.
- 4.2 Publish the draft Action Plan unamended. This has been rejected as although the stakeholder engagement showed majority support for every proposed action, it also provided useful suggestions on the detail of proposed actions, more clearly describing the context, on working with existing voluntary groups and on monitoring effectiveness of the actions. Adopting these amendments will strengthen the Action Plan and our ability to monitor its impact.
- 4.3 Delay publication until conclusions of Cambridgeshire's Local Area Energy Plan (LAEP) are available. LAEP will increase our understanding of energy infrastructure needs to support the transition to Net Zero in Cambridgeshire. The procurement specification for LAEP includes an assessment of the community energy opportunity in the county. Waiting for LAEP could potentially identify additional actions that could be beneficial or better focus Council resources on priority infrastructure. However, it is hard to foresee a scenario where community energy projects and domestic energy efficiency do not make a positive contribution towards Net Zero. The first LAEP is not expected to conclude until late 2025. It is clear from the stakeholder engagement responses and from the communities currently developing projects or undertaking feasibility studies that there is a demand for Council support now. Providing support now will also accelerate the readiness of Cambridgeshire community energy projects to benefit from opportunities as they emerge from the Government's Local Power Plan. Delaying adoption of an Action Plan until after LAEP conclusions is not recommended for these reasons. However, it is proposed that the Action Plan is reviewed and if necessary updated following the finalisation of the LAEP.

5. Conclusion and reasons for recommendations

5.1 In view of the stakeholder engagement response supporting for the adoption of a Council Action Plan, the support for all eleven proposed actions and the likelihood that the Government’s Local Energy Plan will increase the opportunity for community energy in the near term, it is proposed that the Council adopt and publish the Community Energy Action Plan attached at Appendix C.

6. Significant Implications

6.1 Finance Implications

- The costs will be met from the £338k budget (over 2 years) allocated from the Just Transition Fund for Community Energy support. This budget was agreed by full Council in February 2024 and includes both funding for staff costs the Community Energy Development Officer (see para 3.4(iii)), match funding for community grant applications/funding bids (see para 3.4(ii)), various studies and neighbourhood energy planning. Current profiling of this budget is as follows.

Item	2024/25	2025/26	2026/27
Community Energy Development Officer staff cost	£9k	£53k	£46k
Match funding for feasibility studies etc	£10k	£110k	£110k

- None of the proposed actions involve capital expenditure by the Council.

6.2 Legal Implications

No legal implications identified.

6.3 Risk Implications

- Stakeholder expectations regarding the level of Council support will need to be managed, in particular around support for projects with poor viability but strong community support, and expectations around the Council’s role in facilitating community energy projects.
- There is a risk of lack of willing volunteers with the necessary expertise to set up a Cambridgeshire wide Community Energy Co-operative. Ultimately, this is an unknown until we try to set up the Co-operative. However, we believe this risk is low due to the wealth of voluntary environmental groups operating in Cambridgeshire e.g. Cambridge Carbon Footprint, Cambridgeshire Climate Emergency, Cambridge Retrofit Hub, Carbon Neutral Cambridge, East Cambridgeshire Climate Action Network, Eco Ely, Hardwick Climate Action, Haslingfield & Harlton Eco Group, Histon & Impington Sustainability Group, Neot Zero, Sustainable Rampton, Sustainable Shepreth, Transition Cambridge, Witchford Climate Action Group.
- There is a risk of staff resource and feasibility study budget being absorbed to support financially unviable projects. This will be managed by:
 - Clarity about what we will support and why this is our focus;

- Strict requirements on project viability e.g. robust business cases with returns that give a reasonable chance of community groups being able to raise the finance required for construction;
- There is a risk that community benefit opportunities will mainly be taken up within more affluent communities where residents have more time, motivation, confidence to engage and capital to invest in community energy. This will be mitigated via the county-wide Community Energy Co-op offering skills and resource to all communities, by sharing project success stories and by tailoring engagement with less affluent communities to focus on their opportunities e.g. promotion of Government grants for lower income, lower efficiency homes, raising awareness of innovative energy tariffs etc.
- Misaligned messages on domestic energy efficiency and renewables with Action on Energy. This will be managed by sharing draft materials with the Cambridgeshire Energy Retrofit Partnership for review and approval.
- Competing uses for land identified from the Search for Sites as suitable for renewable energy generation. This will be managed by reviewing and agreeing Search for Sites conclusions with Property, Rural Estate, Natural & Historic Environment colleagues.
- There is a risk that the number of projects supported through to construction/installation may not justify the budget committed. We will monitor number of projects delivered, community & other investment secured, residents engaged, projected electricity generation, bill savings and carbon savings in order to evaluate the value of Action Plan. Viewed purely on a carbon abatement cost effectiveness basis, the Action Plan would need to deliver 1,148 tonnes of CO₂ saving to make the Council's investment good value (relative to a social value of carbon of £294/tCO₂e⁷). This is equivalent to the carbon savings delivered by 1,050 kW of solar PV or by 43 domestic Air Source Heat Pump installations. For comparison: a new community solar farm the same area as the Reach community solar farm would be 400 kW; desktop assessment of 16 schools expressing an interest in community energy delivered rooftop solar PV concluded that there was 415 kW of potential across 8 schools.

6.4 Equality and Diversity Implications

- The proposal specifically targets community benefit e.g. by reducing energy costs, capturing inward capital investment and benefit sharing net revenues within communities;
- The action on promoting uptake of central Government grants for domestic energy efficiency upgrades on lower income homes (e.g. via the future Warm Homes: Local Grant schemes) is specifically targeted at those in less affluent socio-economic groups. The action to work with private landlords to promote their uptake of these grants and hence benefit their tenants via reduced energy bills also disproportionately benefits those on lower incomes;
- Promotion of grant uptake for domestic retrofit also has potential health benefits in improving affordability of heating;

⁷ Gov.uk Green Book supplementary guidance for valuing greenhouse gas emissions (Data Table 3 central value, adjusted to 2024 values using Data Table 19)

- The Education & Awareness raising activities will include a focus to ensure that less affluent communities are engaged and that the content of this activity is tailored to the target community and their opportunities;
- A completed Equality Impact Assessment form is attached with this report (Appendix D).

6.5 Climate Change and Environment Implications

- Implementation of an Action Plan should have a positive impact on climate change and the environment.
- The proposed options in the Action Plan will increase community engagement and investment in clean energy projects and domestic energy efficiency. The options also aim to raise knowledge and awareness of residents on clean energy.
- The Search for Sites option aims to identify priority uses for sites and will consider whether sites are best used for energy projects, for nature, agriculture, heritage value etc.

7. Source Documents

1. https://communityenergyengland.org/files/document/960/1720710752_CommunityEnergyStateoftheSector2024UKOverview.pdf
2. https://communityenergyscotland.org.uk/wp-content/uploads/2022/06/UK-State-of-the-Sector-Report-2022_Full_Version.pdf
3. <https://www.gov.uk/government/calls-for-evidence/barriers-to-community-energy-projects>
4. <https://www.gov.uk/government/publications/introducing-great-british-energy/great-british-energy-founding-statement>
5. <https://www.gov.uk/government/publications/warm-homes-local-grant>
6. <https://communityenergyengland.org/how-to-pages/starting-up-a-group-organisation-inc-structure-registration>
7. <https://www.gov.uk/government/publications/valuation-of-energy-use-and-greenhouse-gas-emissions-for-appraisal>

Appendices:

Appendix A - Community Energy Policy Principles

Appendix B – Stakeholder Engagement Responses

Appendix C – Updated Action Plan

Appendix D – Equality Impact Assessment