

Proposal – Welsh Government

Community Energy Wales is the collective power of community groups and not for profit organisations working together to build a better energy future for Wales. We work to promote both energy efficiency and the generation of renewable energy and heat. We work to champion, support and deliver projects that can reduce carbon emissions and address fuel poverty.

CEW is company limited by guarantee and 62 members spread across Wales. It has been core-funded by Welsh Government and is developing a number of other income streams to become fully sustainable in the long term.

The Need

- 1) Community-owned energy is still under-developed in Wales and does not currently make a significant contribution to the energy supply in Wales. This impacts on the amount of community and social benefit going to communities – money that can be re-invested in further decarbonisation projects. It has been established that community energy projects deliver around 12 times the value to the local economy than purely commercial projects.
- 2) **The Welsh Government's ambitions** are demonstrated through the Wellbeing of Future Generations Act, the Environment Act, Green Growth Wales and the Ynni Lleol programme. We therefore need to find a way of significantly increasing the amount of community owned energy to maximise the social and economic impacts of our Renewable Energy Transition.
- 3) The Environment Secretary recently stated an ambition for Wales to be a nation renowned for clean energy¹ and gave an indication that as well as targets for Renewable Energy there would be specific targets for Community Owned Energy.
- 4) Community Energy Wales needs to develop further income streams and services to support the ambitions of the sector and Welsh Government and become sustainable in the long term.
- 5) Reducing Feed-in Tariffs have shifted the economics for development away from the smaller schemes that community groups can deliver towards the larger and more complex sites and technologies. We believe that Community Energy Wales is well placed to either act as co-developer with both local community groups and commercial developers – delivering the scale, experience and access to capital that individual communities will find deliver.

The Opportunity

We therefore see that there is a new. Emerging opportunity for CEW to play the following roles:

¹ <http://gov.wales/newsroom/environmentandcountryside/2016/161206-environment-secretary-sets-out-ambitions-for-wales-to-become-nation-renowned-for-clean-energy/?lang=en>

1. *Be the community developer in partnership with commercial developers on new projects.* We would work with local community groups to ensure that local concerns were addressed, secure finance, including the coordination of local share-offers, so that a proportion of the development will be in community / social ownership. CEW have been approached recently, and for the first time, by commercial developers seeking development partners for larger projects >10MW. Developers keen to work with us in the early stages of new projects to develop a shared ownership element to their scheme. This has a number of advantages for them, particularly in demonstrating community benefit but also in engaging local communities through the opportunity for a direct stake in it.
2. *Take all or part of existing generating assets into community ownership.* CEW has had approaches to consider acquiring generating assets from commercial developers. The sale of developed assets is standard industry practice, and if CEW is able to secure finance at competitive rates of interest could: increase the renewable energy in social ownership, provide a low risk investment opportunity for people living close to the generators, and provide a reliable income to CEW and its community partners.
3. *Develop complex projects which are beyond the capability of community groups acting alone.* The reducing support is driving projects towards greater scale and complexity – beyond the scope of community groups. CEW were approached by the Ynni Lleol team to look at the potential of CEW taking on a number of projects where there is no local group or the local community group is unable or unwilling to take the project forward. There may also be the opportunity for CEW to work with the local group to ensure they remain involved in the project and have the opportunity to potentially take over the project in the long term.
4. *Start to acquire experience of developing heat networks.* Heat projects can be large and complex. There are very few social or community owned projects in Wales. There is an opportunity for CEW to develop some heat projects, either alone or in partnership, which are beyond the experience of local authorities or community groups.
5. *Supporting the economic case for new renewable development by ensuring that initiatives such as Energy Local are utilised to maximise the value of generated power.* CEW is already working closely with Energy Local to pilot the use of locally generated renewable energy. CEW has a continuing role to ensure that everything is done to improve the economic case for new investment despite falling support from the schemes within the Levy Control Framework

Our proposal

CEW is perfectly placed to deliver a number of services for the Community Energy Sector that could help accelerate the growth of Community Owned Energy in Wales and take advantage of opportunities that would otherwise be missed.

We believe that we can offer the following services:

- 1) Where no community group exists or where a community group does not have the capacity to take on a project, CEW could take on the role of developing that project. If there was another community partner involved this could be in partnership with that organisation. In the long term CEW would look to work with interested local partners to hand over the project to a local organisation. The role of CEW would be to ensure that the opportunity was not missed.

- 2) CEW will look to bring a number of existing Renewable Energy assets back into community ownership. CEW has good relationships with a number of developers who are interested in shared ownership of existing schemes.
- 3) CEW can bring the greatest value to a public or private sector partner in the early stages of any development. CEW will set up a service to support public and private sector developments to incorporate shared ownership into any scheme to enable maximum local involvement and community benefit from any scheme in keeping with the ambitions of the WFG Act. **We will develop a unique brand 'Coop Cymru' to deliver this.**
- 4) CEW will work with the Welsh Government to developing a policy on shared ownership in Wales and through our work develop a number of case studies of good practice. CEW will support the Welsh Government to develop a pathway to deliver the targets set out for Community Ownership.
- 5) CEW will identify opportunities to increase the development of community owned heat projects. CEW will work in partnership with Local Authorities, Trusts, Housing Associations and SME's to develop these opportunities.
- 6) Finally CEW is able to share learning from across the sector in Wales and the UK to develop innovative solutions to create new routes to market for community energy projects. An example of this is the Energy Local roll out that CEW will be delivering to trial the model in other communities in Wales.

CEW currently has limited capacity to deliver this work particularly when Welsh Government core funding comes to an end in March 2017. Without committed resources it will be reliant on limited part time staff and volunteer Directors to deliver this work which is not realistic in the long term.

If we want to see dramatic change then we need to professionalise the sector. CEW has the brand, is a trusted body and represents the sector through its members and Board. It also has the expertise highlighted in Annex 1.

Through the development of Community Energy Assets and services we aim that CEW will be totally self-sufficient financially within 3 years. However, there is a significant amount of up front work that will be required in order to develop these opportunities and services.

Resources required

To deliver on the opportunity we will need a step change, over three years in the funding to CEW. After 3 years developer profits and fees from working with commercial developers will enable CEW to be self-financing. However, to get to that position and to be able to make a step change in the scale of renewable assets under social ownership then we will require:



The Development Officer would be recruited from the commercial sector – giving CEW access to the expertise that we will need to negotiate on an equal basis with the commercial developers.

Year 1 funding

£125k

Year 2 funding	£125k
Year 3 funding	£70k (matched by commercial income)
Year 4 and subsequent funding	Nil

We believe this funding would enable us to commit the resources to open up opportunities for:

- 10+ MW's of Community Owned Energy
- Several £million's raised through share offers
- £500,000 of match funding brought in
- Pioneering policy and good practice on shared ownership in Wales.
- Sustainable income for CEW for 20 years
- Additional Community Benefits of £2million over 20 years.

We believe that this is possible as a direct result of the WFG Act and the impact that has had on the market in Wales. CEW are in a great position to take advantage of this opportunity.

Relationship to other WG funded programmes

The role defined for CEW does not overlap with the WG's **flagship** Ynni Lleol programme. CEW will be acting as developer and beneficial owner of larger, socially owned schemes. Ynni Lleol's support role with **feasibility and permissions, including vital funding of the high risk pre-permission stages will be vital support in CEW's mission to develop larger and more complex sites.** Ynni Lleol is already working closely in support of CEW and has identified 5 sites with potential for development where there is no community group to take them forward alone.

Track Record

CEW members/Directors (see Annex) have developed over 50 sites including wind, solar, biomass and hydro, and are involved in local supply trials. They have raised over £20m to build these projects from co-op share offers and bank debt.

Annex 1: CEW Board

Chris Blake - Chris Blake is a founding director and current Chair of Community Energy Wales and has been working to promote community ownership of renewable energy in Wales for many years. He is also a founding director of the Ashden Award winning community enterprise The Green Valleys that has designed and built over 35 micro hydro schemes in Wales. (<http://www.thegreenvalleys.org/> and <http://www.tgvhydro.co.uk/>)

Keith Jones - Keith is founder and director of 4 community energy companies and founder of Cyd Ynni Network (Generation: Anafon, Ogwen, Padarn / Peris. Supply Cyd Ynni Ogwen). He is the lead specialist on renewable energy development for the National Trust (£35m projects) and one of the team who set up National Trust Renewable Energy Company. (<https://ntenvironmentalwork.net/author/walesepa/>)

Simone Lowthe Thomas - Simone has over 18 years of experience working in the fields of renewable energy, sustainable development and community regeneration originally as a researcher at Cardiff University and subsequently as a practitioner with Severn Wye Energy Agency. Simone spent 5 years as a technical development officer for Ynni'r Fro. (<http://www.severnwyenergy.org.uk/>)

Dan McCallum – Dan is founder of Awel Aman Tawe which has raised £8.3m for a co-op wind farm due to be completed in December 2016. He is also Director of Egni which has installed 180kw of solar pv on 7 community buildings via a co-op share offer. AAT is contracted to work on the Welsh Government's Ynni Lleol programme and he is a member of the Community Energy Contact Group working with BEIS

Grant Peisley - Founding Director of DEG has been heavily involved in the Energy Local pilot project in the Ogwen Valley trialling a system for selling locally produced electricity to local people. DEG has worked with over 40 community groups on energy projects and been finalists in the Wales Green Energy Awards and highly commended in the inaugural Sustain Wales awards for work in Community Energy. (<http://www.deg.wales/?lang=en>)

Jeremy Thorpe - Jeremy has been involved with several community energy projects across Wales and England, focusing in particular on promoting the use of and raising awareness of the Registered Societies, financial planning and raising capital through community shares. Sharenergy were a spin out from Energy4All and have supported the raising of well over £6 million through share offers. (<http://www.sharenergy.coop/>)

Nick Venti - Nick is a fund manager with Robert Owen Community Banking, working specifically on the Community Energy Fund, which provides risk finance to the community energy sector to develop renewables projects. He is also a director of Ynni Anafon Energy. (<http://www.rocbf.co.uk/cef/>)

