

Proposal – Welsh Government 2020/21

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, electricity and heat. We work to champion, support and deliver projects that can reduce carbon emissions and address fuel poverty. Our vision is to put people at the heart of the energy system to effect transformational change.

CEW is company limited by guarantee and over 55 paying 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) In Wales we have the opportunity to do things differently. With the removal of the Feed In Tariff (FITs) and the export tariff it is increasingly difficult to develop small scale community owned renewable energy projects. This means our sector will need to develop, larger, increasingly complex projects and will need to be innovative and work in partnership with others through shared ownership projects.
- 2) The Welsh Government's ambitions are demonstrated through the Wellbeing of Future Generations Act, the Environment Act, Low Carbon Pathway and the Welsh Government Energy Service (WGES). We therefore need to find a way of significantly increasing the amount of community owned energy to maximise the social and economic benefits of our Renewable Energy Transition.
- 3) The Environment Secretary has stated an ambition for Wales to be a nation renowned for clean energy¹ targeting 70% of our electricity to be renewable by 2030, delivering 1 MW of locally owned energy and ensuring all renewable energy projects after 2020 have some element of local ownership. CEW has been involved in the local ownership working group and will be heavily involved in supporting the community energy sector to deliver on that ambition.
- 4) Community Energy Wales needs to develop further income streams and services to support the ambitions of the sector and become sustainable in the long term.
- 5) Communities are getting involved in other types of energy projects such as transport, heat and energy efficiency. We need to build up our skills, knowledge and expertise in these areas.
- 6) The latest IPCC report states we have less than 12 years left to get to grips with the climate crisis we are facing. Globally we have to reach net zero carbon by 2050. Involving people and engaging with those that are most committed to resolving this issue will be crucial to be successful and bring people with us.

The Opportunity

Community Energy Wales is working in the following areas and making significant progress, but there are still huge opportunities in Wales for community owned energy.

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) The requirement for all new energy projects to have an element of local ownership provides a huge opportunity for the community energy sector. Communities need to work together to be in a position to work in partnership with other developers on the transition to renewable energy.
- 2) YnNi Teg in partnership with CEW has received funding to establish a community owned developer **as recommended by the recent IWA 'Re-energising Wales' report²**. This will allow the community energy sector the capacity to take on more projects and grow a portfolio of potential opportunities.
- 3) CEW are continuing to move forward with the first large scale shared ownership project in Wales with Innogy. We are developing a model that other communities could replicate enabling communities to play a significant part in large schemes going forward.
- 4) CEW are working in partnership with The Green Valleys on developing the **community energy accelerator network for Wales**. This will be the theme of CEW's annual conference. Wales is well placed to be the first country to trial delivering the accelerator network as a lot of the support that is required already exists through the WGES and CEW membership.
- 5) The Wellbeing of Future Generations Act is already having a positive impact in the tendering process for options for Renewable Development on publically owned or managed land. In NRW's latest tender for a renewable energy site they specifically encouraged shared ownership and in the latest IWA 'Re-energising Wales' report they recommend public bodies such as NRW specifically identifying sites for community owned energy.
- 6) CEW over the years through its membership and reputation in the sector has developed a strong brand. Following the recent AGM, CEW has a board with a wide range of expertise and experience in delivering projects and support services in the Community Energy Sector. We also now have representation on our board from the public sector helping us to build stronger relationships in this area.
- 7) The community energy sector is often at the heart of innovation, this has been demonstrated through TrydaNi which is in the process of setting up Wales first community owned car charging network. With the challenges of decarbonisation communities are starting to deliver in other areas such as transport, heat, energy efficiency and innovative finance. CEW are involved in the Smart Energy Wales project run by Cadwyn Clwyd and will be in a position to showcase new and innovative business models for community ownership of energy.
- 8) The climate emergency has never had a higher public profile with huge numbers of people concerned about the issue. The Welsh Government and many local authorities have declared climate emergencies. In order to tackle such an enormous challenge it will be essential for communities, public bodies and businesses to work together to transform the places we live.

Our proposal

² https://www.iwa.wales/wp-content/uploads/2019/03/IWA_Energy_WP6_Digital-2.pdf

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 are still committed to the following and have made good progress in these areas over the last year:

- 1) CEW in partnership with YnNi Teg received £100,000 of funding to set up and establish a community owned developer service for Wales. This funding will allow us to identify and secure sites for potential projects, develop projects on behalf of existing community groups, provide a project management service for other community energy projects, potentially purchase existing assets and bring them back into community ownership and develop a shared ownership package to enable private developers to work with us on shared ownership projects.
- 2) Through the ground-breaking work of hundreds of community energy projects across Europe the 'ECCO' project has identified the support needs to deliver successful and sustainable community energy projects. The Accelerator Network (AN) builds on this, providing a framework of support required to deliver Community Energy projects and allow us to map existing support across Wales, identify the gaps and work with local partners to identify funding/resources to fill these gaps. CEW will be the first to implement the AN framework and evaluate its effectiveness. This supports our work to be more effective and empowers us to create a clear pathway of support for new and emerging groups, creating a mechanism for inspiring communities to act.
- 3) CEW can bring the greatest value to a public or private sector partner in the early stages of any development. CEW in partnership with YnNi Teg 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.
- 4) CEW will work with the Welsh Government in 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 Local Ownership.
- 5) CEW will work with it's members and other stakeholders to develop new and innovative energy projects which will include other areas such as transport, heat and energy efficiency.
- 6) CEW will work with partners and use it's experience from members and projects such as YnNi Teg to develop new and innovative forms of finance for community energy projects in Wales as well as increasing the support for share offers from people in Wales.
- 7) 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.

CEW has been working towards becoming financially sustainable in the long term. In the upcoming financial year CEW expects to generate around 50% of it's income from earned income [REDACTED]. Welsh Government core funding has given us the stability and certainty to enable us to increase our income from membership, develop new services for members, develop and deliver projects such as YnNi Teg and take advantage of opportunities that have generated income for CEW such as the Alwen Forest

project. As a result we will require significantly less funding this year from Welsh Government in order to continue to deliver our core services.

We believe funding of £30,000 over the next year would enable us to commit the resources to enable to continue and grow our work towards the ambitions we originally put to Welsh Government to deliver the following:

- **10+ MW's of Community Owned Energy** (Currently have developed 900kW and are developing 30MW through shared ownership project and Bretton Hall. In addition through YnNi Teg we aim to develop a portfolio of a 5 further projects)
- **Several £million's raised through share offers** (Raised over £500k in community shares and £400K in bonds through YnNi Teg)
- **£500,000 of match funding brought in** (Brought in £270,000 through RDP to date and £100,000 through the Foundational Economy Challenge fund)
- **Pioneering policy and good practice on shared ownership in Wales.** (Developing a cooperation agreement with Innogy)
- **Sustainable income for CEW for 20 years** (In 2020/21 we project to generate over 50% of our core income from earned income.)
- **Additional Community Benefits of £2million over 20 years.** (YnNi Teg will provide around £500k over 20 years)

This funding will allow us to identify, develop and coordinate practical solutions to inspire and enable local communities to rapidly and effectively set up community energy projects that provide longer term sustainability for their local community infrastructures. It will enable us to reach wider audiences, especially those who are not yet aware of the potential and benefits of community energy projects.

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, as well as Welsh Governments ambitions to support local ownership. CEW are in a great position to take advantage of this opportunity.

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

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 Thorp - 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/>)

Dr Sioned Haf – Sioned has been involved in the field of sustainability since 2008 – firstly as a campaigner for cultural sustainability, before studying environmental sustainability and management in Bangor University. She has been researching aspects of the community energy sector in Wales, Scotland and parts of Ireland since 2011. Her research has fed into lectures, academic articles and conference talks. In 2017, she developed a community energy teaching resource for schools in Wales and led a series of events introducing the sector to a wider audience in 2018. She is one of the directors of DEG (developing rural energy projects in northwest Wales), and is working as a project development officer with Carmarthenshire Energy from the end of summer 2018.

Richard Clay - Economics graduate with 15+ years in energy policy development, implementation and strategic response, largely focussed in the field of renewable electricity generation. He is delivery focussed with a strong track record of developing and / or improving policy instruments to achieve goals, often against a complex and multi-stakeholder environment. His experience spans working closely with Government as well as in a commercial environment as part of a senior management team.

