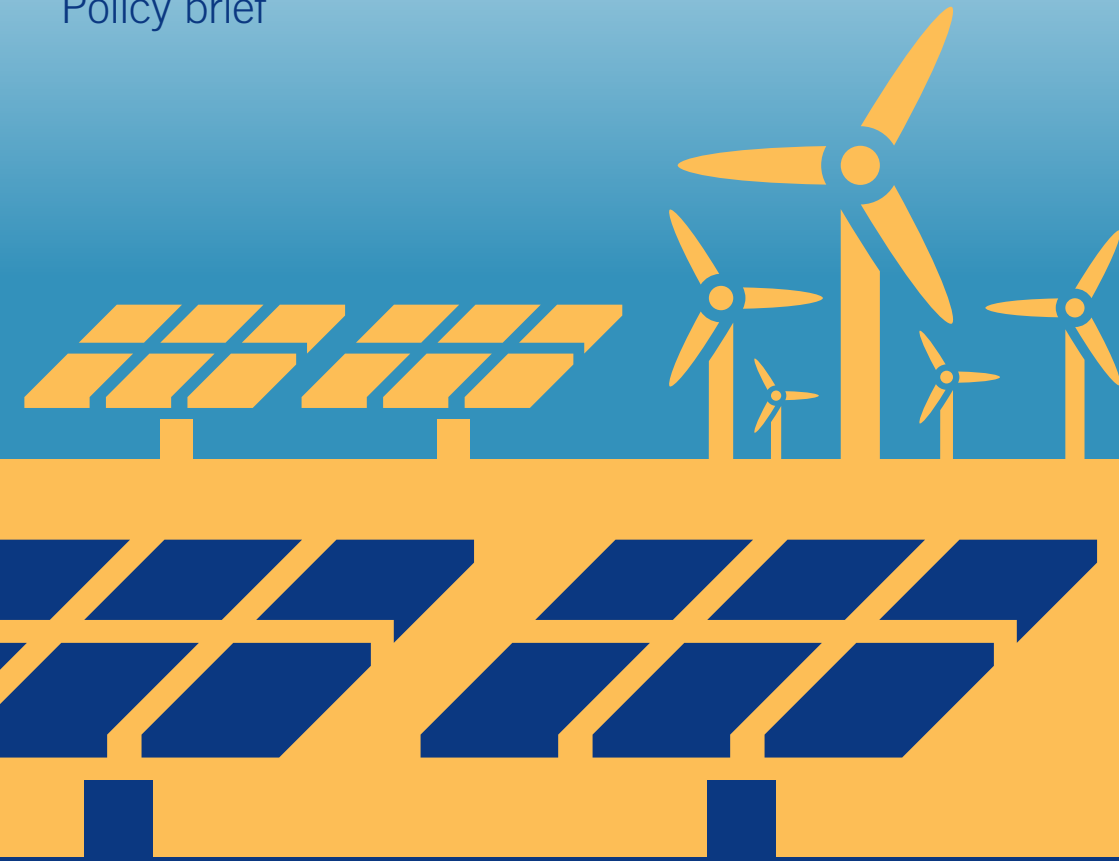


# Cultures of Community Energy

Policy brief



BRITISH  
ACADEMY

*for the humanities and social sciences*



The Climate Change  
Collaboration

Ashden Trust · JJ Charitable Trust  
Mark Leonard Trust · Tedworth Charitable Trust

The British Academy report *Cultures of Community Energy* looks at the cultural factors that shape the success of community energy projects, and the cultural enablers and barriers to community energy becoming mainstream. This short brief highlights the findings and recommendations for action relevant to local and national policymakers. There is also an accompanying brief for communities and the groups that represent them.

The aim of the project was to identify opportunities that promote, and barriers that inhibit, community energy projects in the UK. Our interest is in community energy generation and supply projects, characterised by local ownership, participation and benefit sharing. Barriers to widespread take-up of shared energy generation in the UK may be economic, regulatory, technical, constitutional – or they may be cultural. The British Academy commissioned a team of researchers at the University of Lancaster to collate a set of international case studies of community energy projects, in order to identify what those cultural factors might be.

The case studies prepared by the research team were selected from three broad groups:

- **Community energy leaders:** projects from Denmark and Germany, countries with high uptake of community energy, and supportive regulatory frameworks.
- **The UK:** four case studies from the UK – from England, Scotland and Wales.
- **Wild cards (international experience):** case studies from Belgium, South Korea, Brazil and Chile, to explore very different cultural and institutional settings.

Three aspects of culture are considered:

- **National institutional and political cultures:** including the assumptions governing regulatory structures.
- **Cultures of social enterprise:** the extent to which social enterprises (businesses trading for social or environmental purposes) are recognised and valued within the economy and society of a region.
- **Local cultures:** the cultural context within which community energy groups operate including the degree of trust and social cohesion.



Support from local authorities can provide both financial backing and credibility to community energy projects



Policy is important in other ways, of course. It should not only give appropriate incentives but should also be clear, credible and consistent. The existence of long-term stable conditions for community energy is important to their success. Predictability is particularly important for communities because of longer development times, relatively complex partnerships, building the confidence of local investors, and the need for capacity-building to develop skills and experience. DECC's 2014 Community Energy Strategy could form the basis of this stable framework, developing it along with the Cabinet Office, HM Treasury and Ofgem.

## What we found

### How national institutional and political cultures shape community energy

Government policy impacts on the relative success of community energy initiatives – not only through its direct effects, but also in terms of the story policies tell about institutional attitudes towards community energy. These stories are as important as the outcomes of the policy itself. Support from local authorities can also provide both financial backing and credibility to community energy projects.

The case studies suggest that the existence of incentive systems, such as Feed-in Tariffs or specific tax incentives (e.g. EIS and SEIS in the UK), matter in incentivising local energy economies, not only through financial support but by lending perceived credibility to projects. However, financial incentives without other forms of political institutional support are of limited benefit. Community energy thrives where the policy environment is supportive of community energy in a broad sense.

Market liberalisation is also important – but it is the type of liberalisation, rather than the degree of liberalisation, that is a factor in the ease with which community energy initiatives are set up and are able to scale-up. For example, liberalisation can enable the entry of small-scale suppliers into the market but it can also favour large corporations meaning that community energy groups must operate outside the system.

## Our suggestions for action

The following is an edited selection of the suggestions for action developed by an expert working group and the research team, based on the case studies.

Community energy is one aspect of a wider local energy 'ecosystem'. Such local energy ecosystems can be enabled by:

- **Giving local areas some responsibility for energy generation and carbon reduction.**
  - For example, through the 'city deal' devolution settlements.
- **Encouraging partnerships between local authorities, other local service providers such as housing associations, and community energy projects.**
- **Creating 'innovation spaces' at local level, where new approaches can be tested.**
  - This could include trials of new, simplified regulatory approaches. Ofgem's Low Carbon Networks Fund is a good example of such an 'innovation space'.

Case studies from other countries show that community approaches work not just for electricity generation, but also for energy supply, heat and energy efficiency. In the UK, complex regulatory structures prevent such integration. Improvements to the current system could include:

- **Developing a community energy supply model, allowing community generators to sell directly to customers.**
  - For example, this could build on experience with Ofgem’s License Lite process.
- **Providing support for diverse community energy projects through specific actions such as:**
  - Greater rewards for local generation when offsetting distribution and transmission charges.
  - Finance from the Green Investment Bank for community energy to purchase commercial assets.
  - A community ‘uplift’ within the Renewable Heat Incentive.
- **Testing the regulatory framework** to see the extent to which more localised approaches to grid management and energy supply can work, whilst protecting consumers, fundamental grid security and security of supply.

Policymakers can support communities by:

- **Central and local government expressing clear support for community energy.**
  - For example, this could include central and local government encouragement for commercial parties actively to seek community partnerships within pilot programmes such as Innovate UK, Local Carbon Network Fund; through storage pilots; or through devolution settlements.

## Future questions to address

The working group, research team and British Academy Fellows highlighted the following future questions for policymakers:

- Can any process of centralising energy policy and delivery frameworks adapt to accommodate local energy solutions without losing the checks and balances necessary to protect consumers, grid security and energy security, as well as ensuring emissions targets are met at a national level?
- How can communities create the necessary fiduciary trust to mobilise cheap loans and equity from members to overcome the high capital costs of renewable energy? What additional institutional support would help?
- How can the British planning system, based as it is on simple statements of rights without any real economic factors spliced in, be reformed to help the kind of local interaction and deal-making that is important to community energy?

## Read more

Read the full policy report here: [britac.ac.uk/coce](https://britac.ac.uk/coce)

The policy report also includes feedback from key stakeholders across the energy system on issues including: the roles of municipalities in supporting community energy projects, creating a forward-looking regulatory system, and cascading carbon reduction targets down to local authorities.

Read the full set of international case studies here: [britac.ac.uk/cococasestudies](https://britac.ac.uk/cococasestudies)

Read the community brief here: [britac.ac.uk/cocecommunities](https://britac.ac.uk/cocecommunities)