



Community Energy Team
Department of Energy & Climate Change
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Community Energy Call for Evidence

EDF Energy is one of the UK's largest energy companies with activities throughout the energy chain. Our interests include nuclear, coal and gas-fired electricity generation, renewables, and energy supply to end users. We have over five million electricity and gas customer accounts in the UK, including residential and business users.

EDF Energy supports community energy projects which bring added value to energy consumers at large and communities themselves. One of the potential benefits of community projects is that multiple objectives can be achieved by the community project working to bring together different organisations and align their objectives. In pursuing such projects, we believe it is essential to ensure that the support schemes for community projects are designed to ensure that they do not impose additional or unnecessary costs on other consumers and that they maintain the necessary appropriate incentives to participate in the wider market. Maintaining parity in the support available for other similar sized energy projects will help in ensure that the available support is used cost effectively. The key benefit to UK Plc should be to create a market where the most efficient and lowest cost solutions are incentivised.

EDF Energy believes that a community is not limited to geographical location but should be defined on the basis of any group of individuals who work together to achieve shared objectives. Therefore, while it is helpful to illustrate the types of community that would expect to be involved in community energy schemes this scope should not result in barriers to innovative approaches to community working.

A further risk is that Government incentivises communities to get involved in areas where they are not best placed. A key benefit of many community initiatives is that they can focus on bringing unique skills and impact. For example, community projects can be very effective in engaging with householders and therefore increasing the uptake of interventions such as energy efficiency installations. However, such projects are not necessarily best placed to carry out such installations and may achieve a better outcome when partnering with another body which can specialise in such activity. For this reason it would not be advisable to take forward an initiative such as extending the brokerage arrangements under the Energy Company Obligation (ECO) to community projects.

EDF Energy believes that community energy projects should be delivered in a manner that is cost effective and brings minimal risk and stable returns over the life of the project.

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EDF Energy does not believe that Active Network Management (ANM) is a suitable method of connection to the national grid for community energy schemes as it does not offer a firm grid connection to all users sharing a particular grid connection. Although the use of ANM does allow for more users to connect to the grid, their connection is not always firm. Parties with non-firm connections can be switched off during times of capacity constraint without compensation. Therefore, the risks for community schemes wishing to use ANM for faster connection to the grid need to be balanced against the likely risk of being constrained without compensation. This operational risk associated with ANM is not made clear in the Orkney Smart Grid case study and going forward needs to be explained clearly by the Government if it is minded to advocate this approach.

EDF Energy does not believe that community benefits packages associated with large infrastructure projects should be used as a comparative measure for setting support level for community energy schemes. The scale, benefits, and impacts of small energy schemes are very different to those of nationally important low carbon infrastructure projects. Therefore, the incentives to encourage communities to host a small energy scheme locally are not directly comparable with the mechanisms used to secure long-term socio-economic benefits for communities that host large infrastructure projects.

Our detailed responses are set out in the attachment to this letter. Should you wish to discuss any of the issues raised in our response or have any queries, please contact [redacted], or myself.

I confirm that this letter and its attachment may be published on DECC's website.

Yours sincerely,

Attachment

Community Energy Call for Evidence

EDF Energy's response to your questions

Call for Evidence Question: Your details

Q1. What is your name?

Q2. What are your contact details? (E.g. email address, telephone number and/or address)

E-mail: | _____

Telephone: | _____

Address: 40 Grosvenor Place, Victoria, London, SW1X 7EN

Q3. What is your organisation?

EDF Energy

Call for Evidence Questions: What do we mean by 'Community Energy'?

Q4. We would like to hear your views about the definition of 'community energy projects' outlined in this section. In particular:

- a. Are you aware of any community energy projects that go beyond the goals of reducing, managing, generating and purchasing energy as outlined here?**

EDF Energy has worked in partnership with a number of community projects. One of the benefits of this approach is that multiple objectives can be achieved by the community project working to bring together different organisations and aligning their objectives. Therefore, the Call for Evidence document provides a helpful overview of the type of goals community energy projects can achieve. If a community project is efficiently designed there can be a number of wider benefits to the community that not only impact the energy arena directly but also provide other benefits such as employment opportunities and health benefits.

- b. Are there other types of community that should be in scope for the Community Energy Strategy? If so, please explain why they should be included.**

EDF Energy believes that a community is not limited to geographical location but should be defined on the basis of any group of individuals who work together to achieve shared objectives. Geographical communities may have advantages in terms of infrastructure costs, such as grid interconnection. However, communities of interest fulfil an important role by enabling all consumers to get involved in community energy, even if they live in an

area where, for one reason or another, there is not sufficient interest to take forward any proposals.

An important feature for all community energy schemes should be the active involvement of the majority of community residents. Therefore, whilst it is helpful to illustrate the types of community that would expect to be involved in community energy schemes this scope should not result in barriers to innovative approaches to community working.

However, this needs to be balanced with ensuring that if any privileges are afforded to projects deemed to be community schemes that the definition of a community scheme is defined in such a way that does not result in perverse outcomes. For example, it would be unjust and costly to consumers if the definition allowed commercial interests to take advantage of the benefits without providing community benefits. However, EDF Energy believes that there should be parity in the support available for all energy projects. Community projects should not receive additional support over and above that available for other types of energy project. The key benefit to UK Plc should be to create a market where the most efficient and lowest cost solutions are incentivised.

For example, we would strongly discourage a similar business model as the “rent-a-roof” projects, whereby commercial firms installed domestic generators (typically PV), offering the consumer the use of generated electricity, while the commercial firm takes the generation and export tariff benefits from the FIT scheme. This results in limited benefits to the community and instead primarily benefits business. This type of model will not meet the goals of this consultation, if such schemes are not designed in a way where the benefits are clear for householders or communities.

Anecdotal evidence indicates that the appointment of a community based ‘champion’, demonstrably operating for the interests of the community increases community engagement and the likelihood of success. To succeed there has to be community engagement and clear community benefits.

Q5. We would like to hear what evidence you have of the current and potential scale of community energy projects. For example:

- a. Do you have evidence of the number of community energy projects or number of people currently involved in community energy projects in the UK?**

EDF Energy believes that other organisations are better suited to provide evidence for this question. However, one example that should be reviewed is:

The Smart Energy Special Interest Group (SESIG) in its report “The Role of Community Energy Systems in the UK Resilient Energy Supply”¹ created a set of four scenarios representing various degrees of community energy penetration across the UK by 2030. (These scenarios considered only electricity as a first step, although the SESIG recognised that heat was also an important part of the community energy opportunity).

¹ <https://connect.innovateuk.org/documents/2856395/3745741/Community+Energy+Systems+report.pdf> February 2013

- b. Do you have estimates of the potential future scale of community energy projects in the UK in terms of numbers of people, generation capacity, carbon or energy savings? Please explain the methodology used to reach any estimate that you provide.

No comment.

- c. If you are a community energy group, does your group intend to expand in the future?

Not applicable.

Call for Evidence Questions: Potential benefits of community energy

- Q6. We would like evidence or examples of the benefits of community energy approaches (please see [Section 4](#) for more information on the types of evidence that we are seeking).

Below we evidence examples of community energy approaches where community groups have partnered with EDF Energy, and in some cases additional partner organisations, to work together on reducing energy use in order to achieve multiple benefits that can be shared and sustained.

Installing energy efficiency measures through Community Energy Savings Project (CESP): EDF Energy had a CESP partnership with Gentoo Sunderland, a Housing Association of the Gentoo Group, responsible for delivering core housing management services and maintenance to approximately 70,000 customers in 30,000 homes in the Sunderland area.

This project installed multiple energy efficiency measures over a range of different property types to vulnerable households with low incomes. One case study example was based on a top floor flat and details the direct measurable benefits gained from installing CESP measures. The flat had an EPC rating of D and RdSAP of 59 and it was calculated the property's energy bills would be in excess of £780 releasing about 3.8 tonnes of CO₂ per year. Following the installation of CESP measures, the carbon emissions were reduced to 1.7 tonnes per year and energy bills reduced by about £350. The property's EPC rating was improved to a C, with an RdSap rating of 75.

The outcome of this activity provided a range of benefits including financial savings, reducing carbon emissions and improved housing environment. Although not directly quantifiable, it would be anticipated this would lead to wider social, health and quality of life benefits. The customer satisfaction undertaken by Gentoo scored excellent results.

Vulnerable households supported in accessing financial advice to help them manage their energy and lead a more sustainable future: This exemplifies where EDF Energy has worked in collaboration and partnership with Plymouth Citizen's Advice Bureau to empower consumers to seek independent debt advice.

The aim of the original trial scheme was to provide fuel-poor households in Devon and Cornwall access to impartial debt advice and support including:

- Energy efficiency advice
- Details on assistance programmes, such as social tariffs
- Helping customers to maximise their income
- Giving them advice on claiming benefits and tax credits
- Help obtaining grant-funding through programmes

Over the last three years Plymouth CAB has been supporting customers in accessing help and support for all kinds of financial hardship. The project has significantly helped reduce fuel poverty in Devon and Cornwall with the average household being £1475 per year better off from adopting the advice available from the debt help line. Through the scheme, Plymouth CAB has also been able to recruit, support and train 260 volunteers in how to deliver effective debt advice.

This award winning project has now been successfully rolled out nationwide, and is currently being utilised by thousands of people in England, Wales and Scotland.

The partnership was applauded *"for tackling a toxic and complex issue and its ability to show the clear and measurable difference being made to both organisations and to the lives of individuals and their ability to overcome debt and the multiple social issues that surround it"* - Les Ratcliffe - Head of Community Relations, Corporate Governance & Social Responsibility, Jaguar Land Rover, Chair, Award Judging Panel, Jaguar Land Rover Building Stronger Communities Award.

Big Energy Project 2013: This is an example of a schools project in partnership with EDF Energy, Transformation Trust and Envision and is currently taking place as a pilot. This project focuses on students working together to design and run their own campaign around energy saving with the aim of changing behaviour in their own families/communities. It is estimated 1000 students are involved across 16 schools. Additional benefits include developing students' competencies, to catalyse an interest in Science, Technology, Engineering, Mathematics (STEM) based careers, and to create volunteering opportunities for EDF Energy employees. Following completion of the project final analysis will be available to understand students' attitudes pre and post project, success of the awareness raising campaigns and experiences of the volunteers.

The Pod is EDF Energy's environmental education programme: It was launched in September 2008 to help meet our 'social commitment' of engaging 2.5m children in learning about the sustainable use of energy, by 2012. It is an interactive online tool for teachers and children, with curriculum-linked resources covering energy, water, waste, biodiversity, transport, and climate science, aimed at Key Stages 1-3 (children aged 4-14). It aims to help children understand the key issues surrounding energy and other precious resources, and why it's important to use them more efficiently, both at school and at home. The Pod will celebrate its 5th birthday in September 2013, with over 17k schools registered (just over half of all UK schools) and over 10m children engaged to date. As well as providing tools and resources, the Pod also runs environmental campaigns, including the annual energy-saving campaign Switch-Off Fortnight.

Switch-Off Fortnight: This schools community project is now in its fifth year. In 2012 over 4,200 schools and 1.4m children took part and some teachers surveyed reported energy savings of over 20%.

The aim of Switch-Off Fortnight is to promote the sustainable use of energy and to help young people understand why it's important now and how it will impact our future. There are two simple Switch Off activities, in which students carry out an initial energy audit, then run an awareness campaign about the need to save energy, and finish with another energy audit to see what a difference they have made. All schools that take part receive an energy saving pack with posters, stickers, badges and more plus they get access to lots of free energy related resources e.g. assemblies, lesson plans, movies, games, information packs etc. Students are encouraged to widen the educational benefits and take the 'energy saving' message home to their families, friends and local community to get them using energy efficiently too

Here is what one school told us about how they ran their Switch-Off Fortnight

"The Eco Team started with a secret audit of the whole school to see what was being wasted. Then the team presented an energy assembly to the whole school on the importance of saving energy. We put up posters and reminders throughout the school, gave out stickers and badges to rewards those switching off. We carried out audits throughout the fortnight and found that classes were saving more energy. We look forward to seeing how much we have saved!"

Elaine Powell, Gorsley Goffs Primary School

Our examples evidenced above demonstrates how community partnership approaches have delivered multiple effective outcomes including raised awareness, increased engagement, financial savings, improved energy efficiency, reduction in carbon emissions and improved housing environment which in turn result in greater societal and health benefits.

- a. **How have community-led approaches delivered energy and climate change outcomes more cheaply or effectively than top-down Government action? These outcomes could include generating renewable electricity or heat, reducing greenhouse gas emissions or helping consumers save money on energy bills.**

Before embarking on a national level community-led initiative, a rational assessment needs to be made of the comparative economics of these systems against alternative investment strategies.

- b. **How has participation in community energy projects changed attitudes to or increased engagement with energy and climate change issues?**

Please view our examples of partnership projects above.

- c. **What are the wider social and economic benefits of community energy projects? These might include improving health, education, jobs or transport; strengthening communities; or tackling other local issues.**

The wider social and economic benefits that can be realised through community energy projects are bespoke to each project as described in examples presented previously. EDF Energy has not carried out quantitative analysis to provide a comprehensive response to this.

However, anecdotal indications are that consumers are overwhelmingly driven by energy cost issues. There is no reason to believe that this motivation will change when individuals and communities consider potential investment in community energy projects.

Q7. Do you have evidence or examples of any potential drawbacks or negative consequences of community energy?

A community approach to energy projects can be beneficial as we have outlined above. However, in many instances alternative approaches would be preferable. For example, the provision of national and trusted information sources to enable consumers to access a range of expert information across a number of subjects. This would provide an efficient resource rather than numerous duplicated efforts and would be welcomed by many community projects. A common, accessible large scale approach will also bring cost efficiencies.

EDF Energy has engaged in a number of community projects to deliver social and energy saving initiatives. However, this has been twinned with national offerings which have led to efficient outcomes. In some instances a community approach will be beneficial but this should not be at the expense of alternative approaches to delivering energy projects.

Government should take care not to incentivise communities to get involved in areas where they are not best placed. A key benefit of many community initiatives is that they can focus on bringing unique skills and impact. For example, community projects can be very effective in engaging with householders and therefore increasing the uptake of interventions such as energy efficiency installations. However, such projects are not necessarily best placed to carry out such installations when partnering with another body which can specialise in such activity would achieve the most effective outcomes. For this reason it would not be advisable to take forward an initiative such as extending the brokerage arrangements under the Energy Company Obligation (ECO) to community projects.

**Call for Evidence Questions: Unlocking the potential of community energy
Barriers to community energy**

Q8. What evidence or examples do you have of the barriers faced by community energy projects and the ways in which they have been overcome, or could be overcome?

Categories might include:

- **Community capacity and capability**
- **Access to funding**
- **Legal and regulatory framework**
- **Selling electricity generated and grid connections**
- **Gathering evidence of the benefits of community energy and evaluating projects**

EDF Energy believes that other organisations are better suited to provide evidence for this question. However, we have identified two key areas we believe would be of benefit to community projects:

- 1) The provision of guidance to communities for recommended methods for managing company structure. Explanation regarding the Communities Interest Company structure and how it can be established would be helpful.
- 2) Guidance on opportunities for the raising of capital for projects, particularly with reference to larger scale community projects, where there is very limited opportunity for the community to raise the necessary funds for the investment.

Community capability and capacity

Q9. We would like to hear your views about sources of information and advice for community energy projects. In particular we would like to hear from you about:

- a. Which current sources of information or advice have you found most useful in setting up a community energy project?
- b. What information or advice would have been helpful when you were setting up a community energy project?
- c. Do you think there is potential for a new information resource for community energy groups (see box above), and who might be best placed to develop and host such a resource?
- d. How could more be done to build interest among those communities who are not already involved in community energy?

No comment.

Q10. We are interested in your views about peer mentoring. In particular:

- a. Do you have any examples of successful peer mentoring schemes?
- b. What more could be done to support and enable peer mentoring schemes such as that described in Case Study 14 above?
- c. Are you aware of any other models of peer mentoring or advice sharing which could help community energy projects address skills and knowledge gaps?
- d. What more could be done to support peer mentoring schemes in the community energy sector?

No comment.

Q11. How can we ensure that vulnerable groups, including those in fuel poverty, are able to take part in and share the benefits of community energy projects?

Community energy projects are well placed to engage with vulnerable groups which can be particularly challenging to engage through other methods. For example, EDF Energy works in partnership with London Warm Zones who work with a number of local authorities, community organisations and others with the key aim being to provide a single point of contact which identifies and engages with private householders living in or at risk of fuel poverty. They offer a comprehensive package including energy advice, access to Energy Company Obligation and other funding for energy efficiency measures and financial services including Benefit checks.

Community engagement helps in raising awareness of local programmes to hard to reach vulnerable customers, and therefore helping to maximise take up of measures and services. London Warm Zones, for example, have worked with many groups and charities since its inception, including Newham Community Link, Greater London Forum for Older People, Asian Elders, Age UK London, DABD (UK), Lewisham Carers, Sure Starts, CAB's, Advice UK (London), Home Improvement Agencies, the charity Mind in East and West London.

Therefore, community energy projects offer a very effective means of engaging with vulnerable householders to ensure that they can share the benefits of community energy projects. They also build valuable links across a range of partners to deliver overarching benefits. However, Government should not seek to extend this in areas where it would not be beneficial to the stated objectives of a particular project. As we have outlined above one of the benefits of such projects is that they can be focussed on specific and defined objectives and if these are unnecessarily complicated then this will result in a less effective project.

Access to funding

Q12. We are interested in your views on the potential for community groups to engage in delivering the Energy Company Obligation (ECO). In particular:

- a. What could be the role for communities in delivering ECO, either through participation in ECO brokerage or building partnerships with energy companies?**

As we have outlined in our response to the previous question communities can have a key role in engaging with householders to aid in delivery of the Energy Company Obligation (ECO). However, in our experience of previous energy efficiency obligations community engagement has had the most effective outcomes where communities have partnered with other organisations who are delivery experts, such as installers or managing agents.

Community organisations are very effective at engaging with individuals and communicating the benefits of interventions such as energy efficiency installations. However, it is often not desirable or cost effective to attempt to build all relevant expertise within a community energy project when partnering with those already active in this area and with the relevant technical knowledge would be desirable.

- b. What might be the potential barriers to community groups participating in ECO brokerage?**

Participating directly in ECO brokerage entails taking on the full contractual responsibility for any subsequent trades which are agreed. This is substantial due to the very complex administrative requirements that Ofgem requires for the delivery of any measures to be claimed under ECO. Therefore, DECC should consider carefully any extension of who can directly participate under brokerage.

As we outlined above in most instances a preferable approach would be for community groups to either partner directly with energy suppliers so that there can be a sharing of expertise or partner with a Green Deal Provider. It would not be helpful to community

groups to try to extend their range of activities too widely when others are better placed to provide expertise in such areas i.e. administrative requirements of ECO. This allows the community group to focus on the areas where they can have the greatest impact.

Q13. If you are a community energy project, what has been your experience of accessing funding from Feed-in-Tariffs (FiTs) or the Renewable Heat Incentive (RHI)?

Not applicable.

Q14. Do you have any other examples of, or ideas for, innovative revenue-generation models for community energy projects, particularly for projects not based on electricity generation?

No comment.

Q15. We would like to understand the different types of funding available for community energy projects at different stages of their development and the barriers to accessing these. In this question we are particularly keen to hear from potential investors in community energy projects, as well as community energy groups.

- a. In addition to those sources mentioned in questions 12-14 above, what types of funding are available for community energy projects at different stages of their development?
- b. What barriers do community energy projects face in accessing funding at different stages of their development?

No comment.

Regulatory framework

Q16. If you have been involved in community energy, what legal or regulatory or planning barriers have you encountered during your project?

No comment.

Q17. We would like to hear your views on the role of Government or others in making it easier for communities to deal with these regulations. For example:

- a. Are there any regulations or processes that could be improved or simplified?
- b. What support could help community energy groups navigate these regulations or processes?

No comment.

Networks and grid

Q18. How could it be made easier for community energy projects to sell the energy they generate and connect to the grid?

Selling community-generated electricity

EDF Energy supports the role of aggregators for small scale power generation (small scale power generation is defined as 50kW to 5MW under the RO). An aggregator for community energy projects can serve as a useful interface between the community energy project and the wider energy market into which the project wishes to sell its power. An aggregator as part of its service can negotiate the commercial terms for the sale of the power from the community energy project to, for example, an energy supply company.

Changes to PPA contracts under a CfD

We also support changes to Power Purchase Agreements (PPAs) to reflect changes to the risk profile and the structure of Contracts for Difference (CfDs). The overall impact on a small scale power generator based on the analysis undertaken by DECC in 2012² will be broadly neutral compared to current arrangements under the Renewables Obligation (RO). Consequently, the overall structure of the CfD should lower project risks and, ultimately, reduce costs to consumers.

Licence Lite

EDF Energy in its July 2008 response to Ofgem's consultation on Distributed Energy – Further Proposals for More Flexible Market and Licensing Arrangements broadly supported the Licence Lite electricity supply licence and highlighted areas of further development in the proposals at that time.

Licence Lite removes some licence obligations from smaller generators and suppliers and enables them to contract with larger suppliers to deliver some of the more expensive services (licence obligations) for example, the balancing and settlement code (BSC) requirements. Larger suppliers are allowed to charge for this service. It is not clear whether community energy schemes will benefit from any exemptions. If Government is minded to use a Licence Lite or similar approach, then further clarity on this proposal will be required to allow a full assessment to be undertaken to determine whether or not this approach risks imposing additional or unnecessary costs on other consumers and that community energy projects maintain the necessary and appropriate incentives to participate in the wider market.

Grid connections

EDF Energy supports the work undertaken by Ofgem to date to facilitate timely connections for embedded generators and to develop good and common practice. However, we are concerned with the example used in Case study 17 of the call for evidence which presents the Active Network Management (ANM) used on the Orkney Smart Grid as a potentially suitable method of connection to the national grid for community energy schemes.

² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/66554/7077-electricity-market-reform-annex-a.pdf

Although the use of ANM does allow for more users to connect to the grid, their connection is not always firm. Parties with non-firm connections can be switched off during times of capacity constraint without compensation. Therefore, the risks for community schemes wishing to use ANM for faster connection to the grid need to be balanced against the likely risk of being constrained without compensation. This operational risk associated with ANM is not made clear in the Orkney Smart Grid case study and going forward needs to be explained clearly by the Government if it is minded to advocate this approach.

For this approach to be widely used for community schemes the risks must be demonstrated to be manageable and it should be made clear to community schemes (especially for small investors and developers) that the expected returns over the life of the scheme may not fully materialise due to this additional operational risk.

Evidence and evaluation

Q19. Research published alongside this Call for Evidence (*Community Energy in the UK: A review of the Evidence*) has found that the evidence base for community energy is currently limited. We are interested in how community energy projects are evaluated and how better evidence could be collected.

- a. **What approaches have you taken to evaluating the impact of your community energy project? Where have these worked particularly well or badly?**
- b. **What kind of evidence would help potential investors and funders make more informed financial decisions about community energy projects?**
- c. **What support do community energy groups need to better evaluate their projects and collect evidence of different outcomes and benefits?**

No comment.

Call for Evidence Question: Partnerships

Q20. We want to hear your views about how central Government could engage communities more effectively in developing and delivering its policies.

- **Do you have examples of where Government engagement has worked well or badly?**

No comment.

- **Are there specific Government processes that make it hard for communities to engage?**

The current Consultation Guidance Principles which were published in July 2012 state that Government departments "can follow a range of timescales rather than defaulting to a 12-week period, particularly where extensive engagement has occurred before."

Communities may find it difficult to reach consensus across all stakeholders and respond in time if there is a limited timeframe for response. A six week minimum response timeframe for all community related consultations could be a suitable solution.

- **How could the role of local authorities as 'brokers' between central Government and communities be strengthened?**

A key role for local authorities is in the planning process. EDF Energy believes that local authorities would benefit from clear guidance from central Government on the processes they need to follow when assessing community projects.

Q21. What could be the role for Government in helping community energy projects to build partnerships with other organisations, such as energy companies, local authorities and installers?

EDF Energy believes that the role of Government in helping community energy projects to build partnerships and to collaborate with other organisations should be to set clear guidance on Government's energy policy objectives and how community energy projects can help in meeting these objectives. This will allow the local community to assess the contribution that a project can make in delivering affordable and secure low carbon energy systems.

The Government should test its framework against existing guidance for larger scale generation projects, including the National Planning Statements, This will ensure that the take up of community energy nationally via the use of private networks does not create unmanageable risks for community energy projects or additional costs for energy consumers overall.

Q22. How might several community energy projects work collectively in order to negotiate and partner with larger organisations more effectively?

No comment.

Q23. How might Government encourage greater community ownership of or involvement in larger energy infrastructure projects?

EDF Energy believes that community energy projects should be delivered in a manner that is cost effective and brings minimal risk and stable returns over the life of the project.

EDF Energy is aware of the announcement from the Government on 3 July that it is planning to increase the threshold for community projects under Feed-in-Tariffs (FITs) up to 10MW to enable larger projects to benefit.

This was last considered in October 2008 when the proposal of a FIT scheme for the UK was first made with an initial scheme cap of 3MW. After consultation a 5MW FIT scheme was agreed upon with all stakeholders and introduced in April 2010. During the development of the scheme a 10MW FIT was also debated but not deemed suitable for a number of reasons. These included:

- The focus of the FIT scheme was on the domestic consumer
- Larger projects bring more cost and risk including project delays

Larger projects require more dedicated project management including Operation and Maintenance. In addition, larger scale FIT projects and their associated costs are usually project managed and delivered by professional developers. This still remains the case overall.

The Central FIT Register in the July 2013 update shows that the largest community scheme accredited under the FIT is only 910kW and the next largest community generator is only 570kW. Only 10 of the approximately 385,000 domestically owned FIT generators are larger than 100kW, the largest has a total installed capacity of approximately 1MW. All 48 of the larger than 2MW out of a total of 400,000 FIT accredited generators are owned by commercial or industry operators. There is therefore no evidence among the generators already accredited under the FIT scheme that there is a need to increase the capacity limit above 5MW.

The scale of these larger projects is beyond the domestic and community level. For these reasons, larger projects are most efficiently placed in the Renewables Obligation or the replacement Contract for Difference (CfD) scheme, as they do not require the elevated support rates and simplified arrangements of the domestic FIT scheme. We recommend that the threshold for the FIT scheme is retained at 5 MW.

EDF Energy has previously advocated a 1MW FIT to keep the focus on the domestic and small community scale consumer. Case Study 14 from the call for evidence gives details on the Osney Lock Hydro Scheme which is a 49kW project requiring £600,000 for construction. This demonstrates that even at this small scale certain technologies have very high costs and long planning and construction lead times with this project already in planning for twelve years.

Impact on Suppliers and Consumers of a larger FIT scheme

Suppliers who participate in the current FIT scheme face one immediate impact from a potentially larger FIT scheme in the form of larger levelisation payments. This will result in the cost to the consumer increasing as this additional cost will be passed through in their bills.

Q24. How might 'community benefits' packages associated with large energy infrastructure projects help support community energy schemes in the area?

EDF Energy does not believe that 'community benefits' packages associated with large infrastructure projects should be used as a comparative measure for setting support level for community energy schemes.

The scale, benefits, and impacts of small energy schemes are very different to those of nationally important low carbon infrastructure projects. Therefore, the incentives to encourage communities to host a small energy scheme locally are not directly comparable with the mechanisms used to secure long-term socio-economic benefits for communities that host large infrastructure projects.

Therefore, the two approaches should be viewed in the context of what their purpose is and incentivised accordingly rather than one approach being sought to accommodate



both. This would be too simple an approach and would not deliver value for money to the consumer or maximise benefits to the community.

Call for Evidence Question: Further information

Q25. For some respondents we would like to follow up with additional questions. Are you happy to be contacted for further information if required?

EDF Energy would be happy to provide further information as required.

**EDF Energy
August 2013**