

## Recommendations 1: High level Policy support for Community Energy

Recommendation	Examples from Europe
A National Strategy for Community Energy	<b>United Kingdom:</b> ' <a href="#">Community Energy Strategy</a> ' Department of Energy and Climate Change <sup>1</sup>
Targets for Community Energy and Co-ownership	<b>Scotland:</b> "500 MW of community and locally owned renewable energy capacity in place by 2020" <sup>2</sup> <b>Denmark:</b> Co-ownership requirement <sup>3</sup> requires developers to offer 20% of overall ownership shares of wind projects larger than 25m in height to citizens/groups, this includes a preferential right to buy for those living within 4.5 km of the project.
Intermediary body to provide advice and guidance to potential groups	<b>Recommended in Ireland:</b> The National Economic and Social Council, in their Report to Government <sup>4</sup> , July 2014, recommend " <i>intermediary actors should be certified and resourced to enable and facilitate the energy transition at a local level</i> ", " <i>a key central agency (such as SEAI [Sustainable Energy Authority of Ireland]) should be tasked to provide a learning network</i> " <b>Scotland:</b> Local Energy Scotland " <i>free, impartial advice service to help develop community and locally owned renewable energy projects</i> " <b>Denmark:</b> Energy Service Denmark (Energitjenesten), many offices across the country (e.g. Aero Island) run by citizen based organisations, provides information and practical advice for groups who want to establish community power projects. <b>Germany:</b> Municipal initiative, Freiburg 'Free Sun', an internet tool providing information on the development of solar projects, including which roof spaces are most suitable.

<sup>1</sup> UK Government, Department of Energy and Climate Change, Community Energy Strategy, January 2014 (<https://www.gov.uk/government/publications/community-energy-strategy>)

<sup>2</sup> The Scottish Government (2011), 2020 Routemap for Renewable Energy in Scotland, section 3.9 on Community Renewables (<https://www.scotland.gov.uk/Publications/2011/08/04110353/0>)

<sup>3</sup> Danish Government (2008) Promotion of Renewable Energy Act, Act no 1392 of 27 December 2008, Part 1, Section 13 (<http://www.ens.dk/sites/ens.dk/files/supply/renewable-energy/wind-power/onshore-wind-power/Promotion%20of%20Renewable%20Energy%20Act%20-%20extract.pdf>)

<sup>4</sup> National Economic and Social Council (July 2014) 'Wind Energy in Ireland: Building Community Engagement and Social Support' (<http://www.nesc.ie/en/publications/publications/nesc-reports/wind-energy-in-ireland-building-community-engagement-and-social-support/>)

## Recommendations 2: Removing Practical barriers to Community Energy

Barriers to Community Energy	What policy/legislative/regulation change would remove this barrier?	What is best practice elsewhere?
<p><b>Connection to the National Electricity Grid</b></p> <p>It is extremely complicated, costly, long and risky for a community energy project to attempt to connect into the National Electricity Grid through the existing Gate Processing Approach.</p> <p>A community wind project wishing to connect to the grid at present would expect to wait 7-10 years for a connection offer.</p>	<p><b>Regulatory change – The Commission for Energy Regulation</b></p> <p>The Commission for Energy Regulation<sup>5</sup>, could allow community groups to connect outside the Gate Process, by defining community energy projects as ‘public interest’ and thus exempting them.</p> <p>The existing threshold of 0.5MW for wind projects connecting outside the Gate Process essentially limits wind projects to self-consumption projects. This threshold should be raised for Community Wind Farms (suggest 5-10MW).</p> <p>A sub Gate should be developed with a simpler application process for these smaller Community Energy projects.</p> <p>Within Gate 3 &amp; 4, where planning permission has not been achieved by a connection holder, or where a connection offer has expired, interested Community Energy projects within the region should be provided with a first option to connect.</p> <p>For future connection offers, developers (and communities) should be required to demonstrate that a project is viable, for example has received planning permission before a grid connection offer is issued.</p>	<p><b>Denmark:</b></p> <p>General right for all installations to connect to the grid, without discrimination<sup>6</sup>. Lead times are on average 2 months.</p> <p>The application procedure is widely recognised as simple and transparent.</p> <p>To ensure connection costs are appropriate, costs are socialised and shared between the plant owner and grid operator.</p> <p><b>Germany:</b></p> <p>The grid operator has a statutory duty to connect renewable energy plants ‘without undue delay’ to the closest technically suitable point<sup>7</sup>. Within 2 months the applicant must be given clarity on connection time, costs and any technical restrictions.</p>

<sup>5</sup> Commission for Energy Regulation (2009), Decision Paper on Treatment of Small, Renewable and Low Carbon Generators outside the Group Processing Approach

<sup>6</sup> Danish Government; Act No 516 of 1 January 2010 on Electricity Supply

<sup>7</sup> German Government, Electricity and Gas industries, amended from 7<sup>th</sup> July 2005 (Energiewirtschaftsgesetz) Section 5(1).

<p><b>Getting paid for electricity generated</b></p> <p>Once connected to the National Electricity Grid, all renewable electricity and heat generators (community, micro and auto generators) should be eligible to receive payments for the electricity they export to the Grid.</p>	<p><b>Regulatory Change – Renewable Energy Feed in Tariff system (REFIT 2 and 3)</b></p> <ul style="list-style-type: none"> <li>REFIT 2 should be expanded to include solar electricity (solar PV);</li> <li>A dedicated REFIT scheme for community owned renewable energy, micro-generation and auto-generation should be developed;</li> <li>Prices within REFIT 3 should be amended to further incentivise greater development of Biomass technologies.</li> <li>All microgeneration technologies should be eligible for payment when electricity is exported to the grid, particularly solar electricity and biomass CHP.</li> </ul> <p><b>Regulatory Change – Power Purchase Agreements</b></p> <p>Electricity utility companies should be required to enter into Power Purchase Agreements (PPAs) with small generators (with a low cost / admin model), so that small generators can receive payments for the electricity they export to the grid, without the added administrative burden of becoming licensed suppliers.</p>	<p>Across Europe, Feed in Tariffs support all renewable technologies, most notably solar which is excluded in Ireland. A payment for all forms of electricity exported to the grid ensures individuals and micro generators are incentivised to generate renewable electricity.</p> <p>In UK, community energy projects are recognised as different to traditional developments and receive more favourable Feed in Tariff rates than traditional developer led models<sup>8</sup>.</p>
<p><b>National Supports/Intermediary bodies</b></p>	<p><b>A new scheme is required.</b></p> <p>There are no national support structures for community energy groups.</p> <p>Develop a scheme that provides funding, finance and information supports for initial stages of development, feasibility, planning and construction.</p> <ul style="list-style-type: none"> <li>Create grant and grant-to-loan funding structures for Community Energy projects to fund initial development costs (feasibility, pre planning etc);</li> <li>Support access to finance through discounted credit, special Government guarantees, or by facilitating local loans through appropriate investment vehicles (green funds/ strategic investment funds or credit unions etc. or similar to the KfW Bank in Germany which provides low cost financing to community and farm energy schemes);</li> </ul>	<p><b>Scotland:</b></p> <p>Community and Renewable Energy Scheme (CARES) a Scottish Government fund to provide initial support and low cost financing to community groups.</p> <p><b>England:</b></p> <p>The Rural Community Energy Fund and the Urban Community Energy Fund - funds to support initial project development costs for communities in England.</p>

<sup>8</sup> UK Government, Department of Energy and Climate Change, (Consultation ongoing) Support for Community Energy Projects under the Feed in Tariffs Scheme (<https://www.gov.uk/government/consultations/support-for-community-energy-projects-under-the-feed-in-tariffs-scheme>)

	<ul style="list-style-type: none"> <li>• Create tax efficient structures and incentives for local ownership of renewable energy for the installation/construction of developments or as per the Danish model where income earned up to a point from Community Renewable Energy is tax free;</li> <li>• Amend the grant aid from the Sustainable Energy Authority of Ireland through Better Energy Homes, Better Energy Communities etc. to include all forms of renewable energy generation, particularly solar electricity, wood energy and heat pumps, with a dedicated portion reserved exclusively for supporting community centred organisations developing renewable energy generation and energy efficiency. And ensure that the cost savings from these grants are passed to purchasers, rather than kept by contractors.</li> <li>• Develop best practice guidance and information to help groups to get off the ground.</li> </ul>	<p><b>Whole of United Kingdom:</b></p> <p>The Renewable Heat Incentive (RHI) provides payments per kwh to renewable heat generators. Tax relief is offered on all upfront costs associated with investments in community energy.</p> <p><b>Denmark:</b></p> <p>Danish Government (2008 Promotion of Renewables Act) provides a fund for exploratory activities associated with community renewable energy projects.</p> <p>Tax incentives are offered for individuals investing in renewable energy co-operatives.</p> <p><b>Spain</b></p> <p>Municipalities have developed specific incentives to encourage investment e.g. Municipality of Calvia, all costs associated with solar installation are eligible for a 95% tax credit.</p> <p><b>Germany</b></p> <p>Low interest loans are offered through Germanys state owed Kreditanstalt fur Wiederaufbau (KfW)</p>
<p><b>Communities cannot generate and use electricity locally</b></p>	<p><b>Policy – Smart Grid Ireland</b></p> <p>The development of Community Microgrids should be facilitated through the Smart Grid programme.</p> <p>Community energy projects should be used as a test bed for the Smart Grid roll out.</p>	<p>Private electricity lines and sharing of electricity across property boundaries are permitted in the majority of European countries.</p>

	<p><b>Legislative Change -</b></p> <p>The barriers preventing self-sufficiency, local grids, off grid communities and electricity sharing should be lifted to allow communities to generate power themselves and use it within local areas.</p>	
<p><b>Communities have no role in Developer-Led Renewable developments</b></p>	<p><b>Legislative Change -</b></p> <p>A new law is required which requires all developer led projects to enter into partnerships with communities/co-operatives/citizens.</p> <p>The legislation should require that for all new developments, a certain percentage of the development is owned by communities local to the development.</p> <p>As in Denmark this ownership could be based on the purchase (at a reasonable cost) of equity shares in the project and a financial return through the payment of dividends. The take up of local ownership shares should be a condition after which the development can proceed, and without which the development cannot. Clear demonstration that the development complies with the objectives of planning, environmental and public participation legislation in order to achieve the most appropriate solution for the community and environment is a necessary precursor to this recommendation.</p> <p>Safeguards must be included to ensure transparency and diversity of owners/share-holders i.e. to avoid one or two vested interests holding all shares. The percentage of community share in the project must be sufficient to ensure public acceptance of a project is a key consideration from a developer's perspective from the outset.</p>	<p><b>Denmark:</b></p> <p>Co-ownership requirement<sup>9</sup> requires developers to offer 20% of overall ownership shares of wind projects larger than 25m in height to citizens/groups, this includes a preferential right to buy for those living within 4.5 km of the project.</p>

<sup>9</sup> Danish Government (2008) Promotion of Renewable Energy Act, Act no 1392 of 27 December 2008, Part 1, Section 13

(<http://www.ens.dk/sites/ens.dk/files/supply/renewable-energy/wind-power/onshore-wind-power/Promotion%20of%20Renewable%20Energy%20Act%20-%20extract.pdf>)

	<p>Thus in addition to allowing local people and communities to benefit from the financial return a renewable energy projects offers, the local people must be engaged and consulted in a meaningful way with throughout the life of the project in order to ensure their continuing support.</p>	
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