

State of the Sector 2019

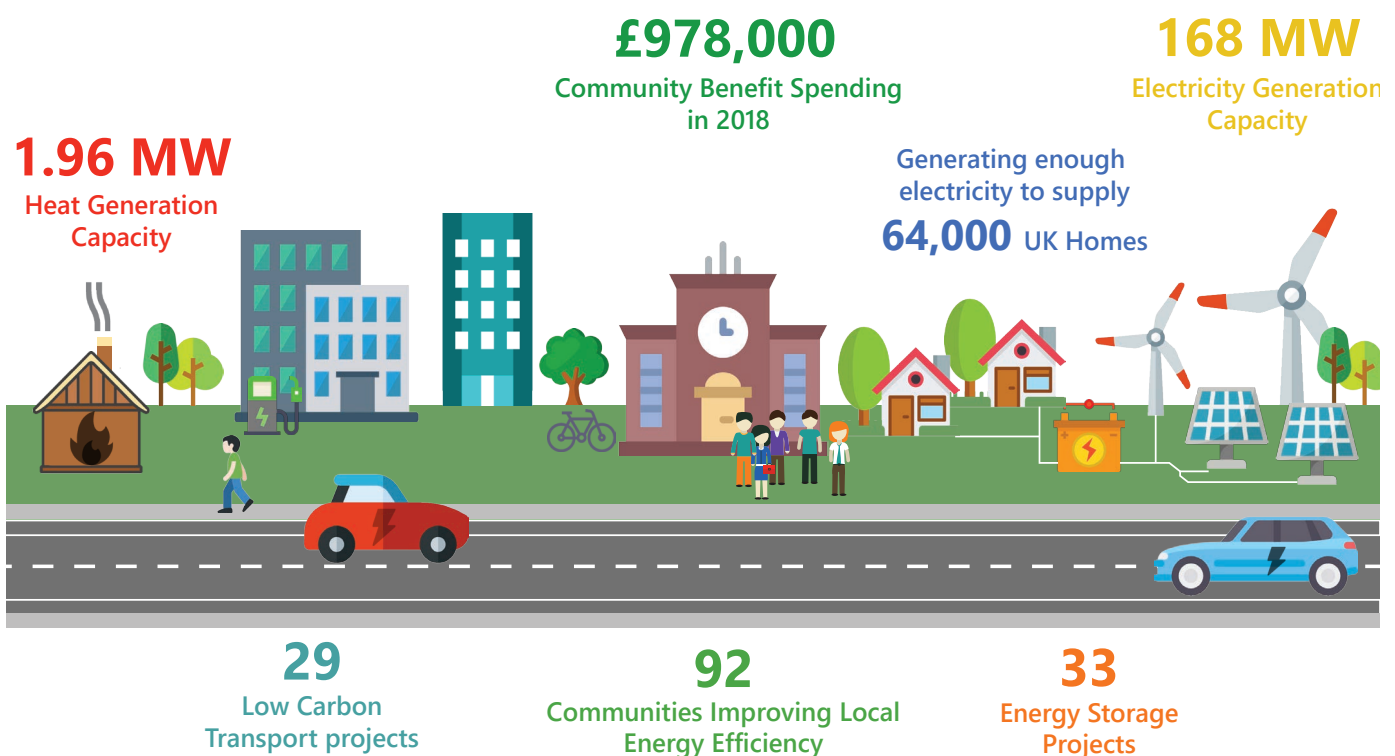
Executive Summary

The State of the Sector Report 2019 is the third annual review of the community energy sector in England, Wales and Northern Ireland. This report draws upon information from community energy practitioners to improve understanding of, and support for, community energy throughout 2018. In total, 167 community energy organisations responded to the State of the Sector 2019 survey, with data previously provided by a further 108 organisations included within this report.

The State of the Sector Report 2019 is managed and funded by Community Energy England and Community Energy Wales. This report forms a core part of both organisations' work and will support their activities and advocacy for the community energy sector throughout 2019.

Key Messages

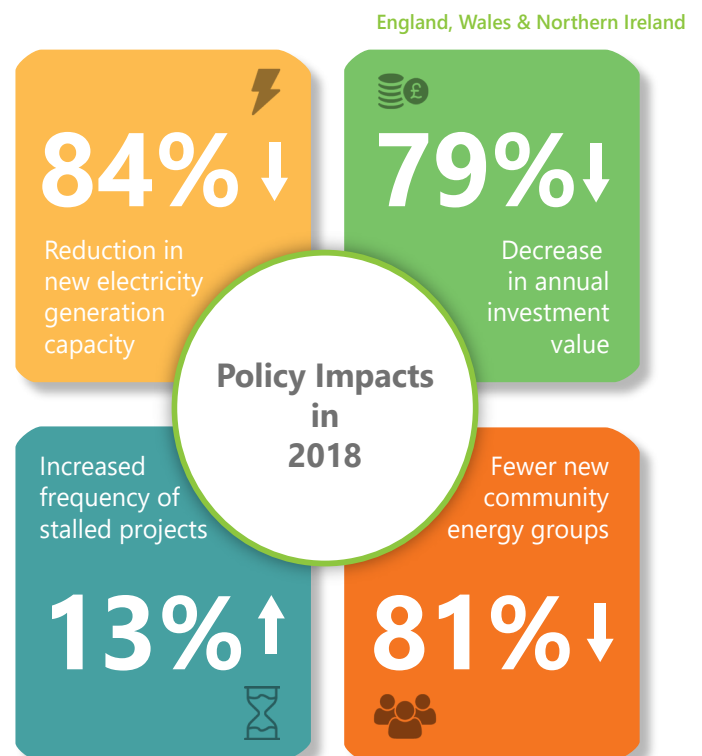
- **2018 was the toughest year yet for community energy:** The sector has been negatively impacted by recent reductions in subsidy support and unclear government strategy.
- **The removal of the Feed-in Tariff is already having dramatic impacts:** Few new generation projects were developed in 2018, with newly installed generation capacity falling steeply in comparison to previous years.
- **Communities are concerned about the future of the sector:** With fewer opportunities and greater challenges, many community energy organisations are moving away from energy generation and towards energy efficiency and wider low carbon projects.
- **Community energy continues to demonstrate resilience and determination:** In response to increasing challenges, communities are developing new business models and exploring innovative new technologies and approaches to low carbon development.
- **Community energy across the UK is in need of clear guidance and support:** Communities must be supported to access new opportunities and innovations to ensure the long-term growth and additional impact of the sector.



State of the Sector 2019

The 2019 State of the Sector community energy report found, across 2018:

- A total of 275 community energy organisations across England, Wales and Northern Ireland, consisting of around 46,000 members and 205 full-time equivalent employees.
- Community energy organisations across England, Wales and Northern Ireland owned 168 MW in electrical generation capacity. In 2018, these community projects generated 191.4 GWh - equivalent to the electricity demand of 64,000 UK homes.
- Across 30 heat generation projects, community energy organisations owned 2 MW in capacity, generating 3.9 GWh.
- In Scotland, total community owned energy generation capacity dropped by 1 MW to 80 MW, comprising 68MW in electricity and 12MW in heat generation and bringing the UK total to 250 MW.
- Energy efficiency projects were managed by 92 community organisations, engaging 128,000 local people and providing 17,600 visits, assessments and improvements to local homes, schools and businesses.
- Community energy organisations conducted 825 separate low carbon events - including energy training and advice workshops - to 4,600 attendees.
- The uptake of low-carbon transport alternatives and energy storage projects increased, with 29 community energy organisations investigating low carbon transport and 496 kWh of battery storage installed across England and Wales.
- Community energy generation reduced carbon emissions by 56,000 tCO₂e through renewable electricity and by 711 tCO₂e through renewable heat generation in 2018.
- £978,000 in community benefit funding was spent on local development projects, alongside wider economic benefits, such as reduced electricity prices through energy efficiency improvements, and through low carbon education and awareness programmes.
- 69 community energy projects had stalled. This was largely made up of electricity generation projects, which stalled due to reduced Feed-in Tariff support.
- Practitioners reported a largely negative outlook on the future of community energy. Concerns related most often to the consequences of Feed-in Tariff removal and a lack of support and leadership from government.
- 72% of community energy organisations were planning low carbon projects in 2019, including an increase in non-generation projects such as energy efficiency and transport, as well as innovative projects such as flexible energy services, local energy supply and peer-to-peer energy trading.



Note: Statistics represent changes between 2016-2018

A Challenging Landscape

2018 has been a year of uncertainty and challenge for the community energy sector throughout the UK. Most notably, changes to the Feed-in Tariff have had negative impacts on the deployment of new onshore renewables. Combined with a restrictive planning environment and ever more marginal revenue streams, communities are struggling to make low carbon business models work.

Throughout 2018 there were calls for improved support for the community energy sector, including:

- Greater recognition of the value of communities in the energy system.
- Greater policy support for new community energy projects and business models.
- More ambitious environmental leadership from national and local government.
- Improved guidance and funding to enable communities to explore innovative low-carbon opportunities.

Innovation & Resilience

Alongside new challenges, a number of new opportunities are arising in the energy sector. How we buy, sell and manage energy will change as the energy system transitions towards a smarter and more dynamic network. As a key player at the local level, community energy organisations are seeking, and should be supported, to innovate. Identifying and securing innovation opportunities will bring benefits to the wider UK energy system as well as proven impacts at the local level, such as:



Innovative Technologies



Energy Trading



Flexible Energy Services



Demand Side Response



Local Energy Supply



New Business Models

Looking Ahead

Whilst 2019 looks set to be another challenging year for the sector, there is still optimism from many in the community energy sector. New opportunities arising from the energy system transition will offer new possibilities for community-led energy development.

It is clear that community energy organisations can and must play an integral role in the energy system transition and that better support is required to ensure that these organisations can participate in an inclusive and proactive way. Policy makers, regulators and the wider energy market should be looking to community energy as a means of delivering appropriate and impactful change at the local level, stimulating low carbon projects and initiatives which will benefit UK communities and the energy system for years to come.

For more information, visit: hub.communityenergyengland.org



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