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Ofgem

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[Community Energy England response to the Ofgem consultation: Access and Forward-Looking Charges SCR: Consultation on Minded to Positions.](#)

Introduction to Community Energy England

1. This is a response by Community Energy England, which represents 270+ community energy groups and associated organisations across England involved in the delivery of community-based energy projects that range from the generation of renewable electricity and heat, to the energy efficiency retrofit of buildings, to helping households combat fuel poverty.
2. Our vision is of strong, well informed and capable communities, able to take advantage of their renewable energy resources and address their energy issues in a way that builds a more localised, democratic and sustainable energy system.
3. Community energy refers to the delivery of community led renewable energy, energy demand reduction and energy supply projects, whether wholly owned and/or controlled by communities or through partnership with commercial or public sector partners.
4. The overwhelming motivation of people and groups involved in community energy is to make a contribution to averting climate catastrophe, followed by a desire to bring community benefit.
5. Community Energy England supports the objectives of this SCR as a step to ensuring that network charging and management can support the necessary transition towards net-zero.
6. We believe that some of the steps set out in the minded to proposals will go some way to positively removing the barriers currently faced in the development of community low carbon energy projects. However, we would like to see certain proposals, for example, shallower charges for generation and shared access, be considered further in future reviews.

Summary of Response

7. Many of our members have informed us that the current cost and availability of connections to the distribution network has long been a barrier to the development of community energy projects across the country. Our sector's experience means we agree with the statement that "the current arrangements hinder the efficient development and investment in distribution networks."
8. Similarly, we welcome the acknowledgement within this SCR that the current arrangements "contribute to DNOs taking an incremental and reactive approach to reinforcement as the means of facilitating new connections, rather than investing in light of anticipated wider network needs."
9. We support the proposal to move the **demand connection charges** to a shallow approach with the overall outcome of reducing the upfront connection costs for all new connections to the distribution network and more specifically with the outcome of benefiting EV and heat pumps at a community level.
10. We believe that the **shallower charges for generation** on the distribution network will encourage networks to work strategically and invest in the network and flexibility. This will lead to providing better value for money for all energy users and is necessary to ensure that our energy infrastructure is fit for the purpose of transitioning to net-zero.
11. However, we would like to see this proposal go further and we suggest that this should be considered alongside DUoS in future reviews. With a focus on adjusting the way different sectors are advantaged or disadvantaged by the energy network infrastructure and regulation in a meaningful way that will accommodate the geographical restrictions inherent in community energy and help ensure equity of access for community energy relative to other forms of renewable energy development. Currently, transmission level connections, which often utilise fossil fuels, are not affected by this and many commercial developers are able to locate projects in optimal areas, meaning currently this system tends to disproportionately affect smaller low carbon projects and penalises those unable to relocate, including many community renewable projects.
12. We would encourage the proposal for shallower charges for generation to be supported by clear processes and operational boundaries to allow DNOs to progress projects through to operation as we appreciate this is a significant deviation from current management strategy. For example, to prevent delays while strategic upgrades are considered.

13. We recommend the development of a business case to promote and encourage strategic investment. This should include a structure for how decisions surrounding acceptable level of headroom is decided upon for each case, taking into account multi-year forward planning including projections such as DNOs' own future energy scenarios.
14. Currently, a new generation connection leading to very high network costs at levels above the point of connection indicates that this part of the network must be at, or very near, full capacity. Communities within those areas are often prevented from developing renewable energy projects in their local areas due to these high costs; for example, a school in Humshaugh was offered a three phase connection through a dedicated transformer at £50,000 for a single heat pump.
15. While we acknowledge the need for a (much higher) **High Cost Cap** to retain some discouragement to projects in completely inappropriate locations, we believe that the High Cost Cap should be revised and function as a trigger for broader assessment of current and future needs of the grid in that location, leading to strategic investment rather than a financial cliff-edge that makes almost all new connections in that location unviable.
16. This would allow relevant communities to contribute actively to decarbonisation of the electricity system and facilitate the many benefits that community energy brings to local areas in addition to their role in electricity generation. We believe this should operate in combination with strategic planning to consider future demand and generation growth within an area so reinforcement is not judged on a connection-by-connection basis, consequently helping to develop local balancing of heat, transport and power needs to reduce network investment and to provide local system flexibility, as well as the reduction of losses by matching generation and demand, which will help to ensure the net zero transition is facilitated at the lowest cost to consumers.
17. We believe that **shared access** products could provide a first step in the process of recognising the benefits of coordination of electricity generation and usage at a voltage level or in a geographical area.
18. The energy system is becoming increasingly decentralised, with more new demand technologies operating on the low voltage networks. However, the electricity markets and networks are still operating a centralised system that does not recognise or reward the benefits of local balancing and local markets.

19. Despite a high level of interest in smart local energy systems, at present there is little or no incentive for individuals and businesses to take account of local or national conditions to determine what they use, for what and when. We would like to see this opportunity explored further in future plans.

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Further Information:

Community Energy England (CEE) was established in 2014 to provide a voice for the community energy sector, primarily in England. Membership totals over 270 organisations. Many of the member organisations are community energy groups, but membership extends across a wide range of organisations that work with and support the community energy sector.

www.communityenergyengland.org