

Introduction to community energy and our work in this area

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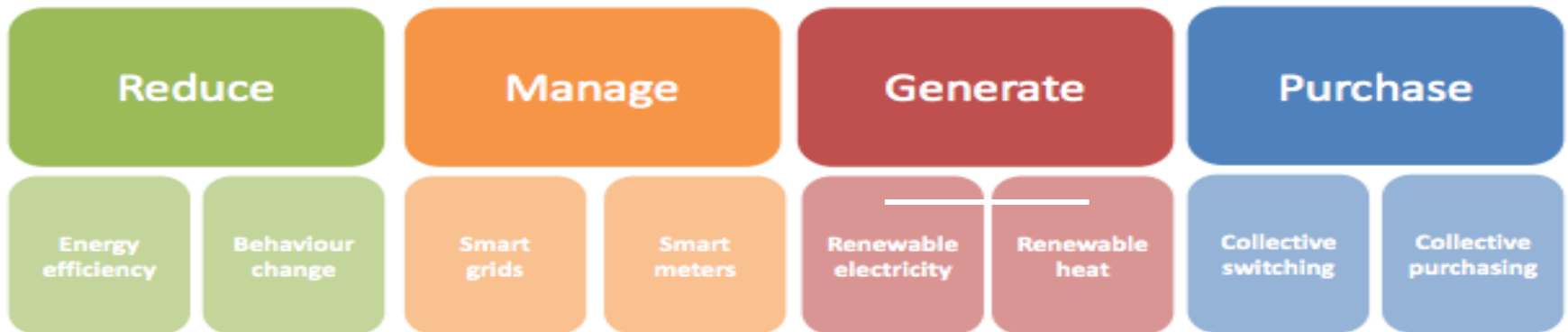
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What is community energy?

“Community projects or initiatives focused on reducing, managing, generating [likely up to 50MW] or purchasing energy. This includes both communities of place (communities within a defined local area) and communities of interest.”

(DECC working definition)



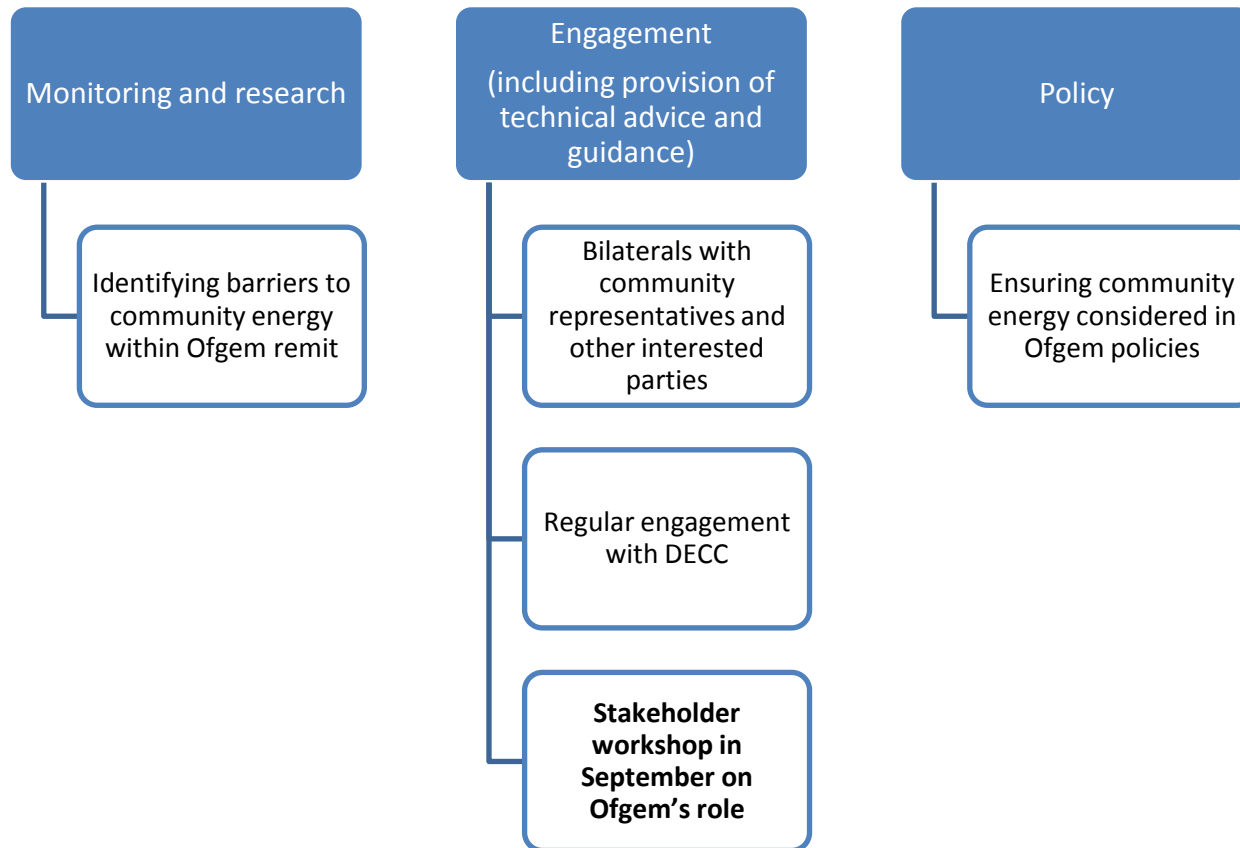
Recently there has been an increase in the political profile of CE which we expect to continue into 2014

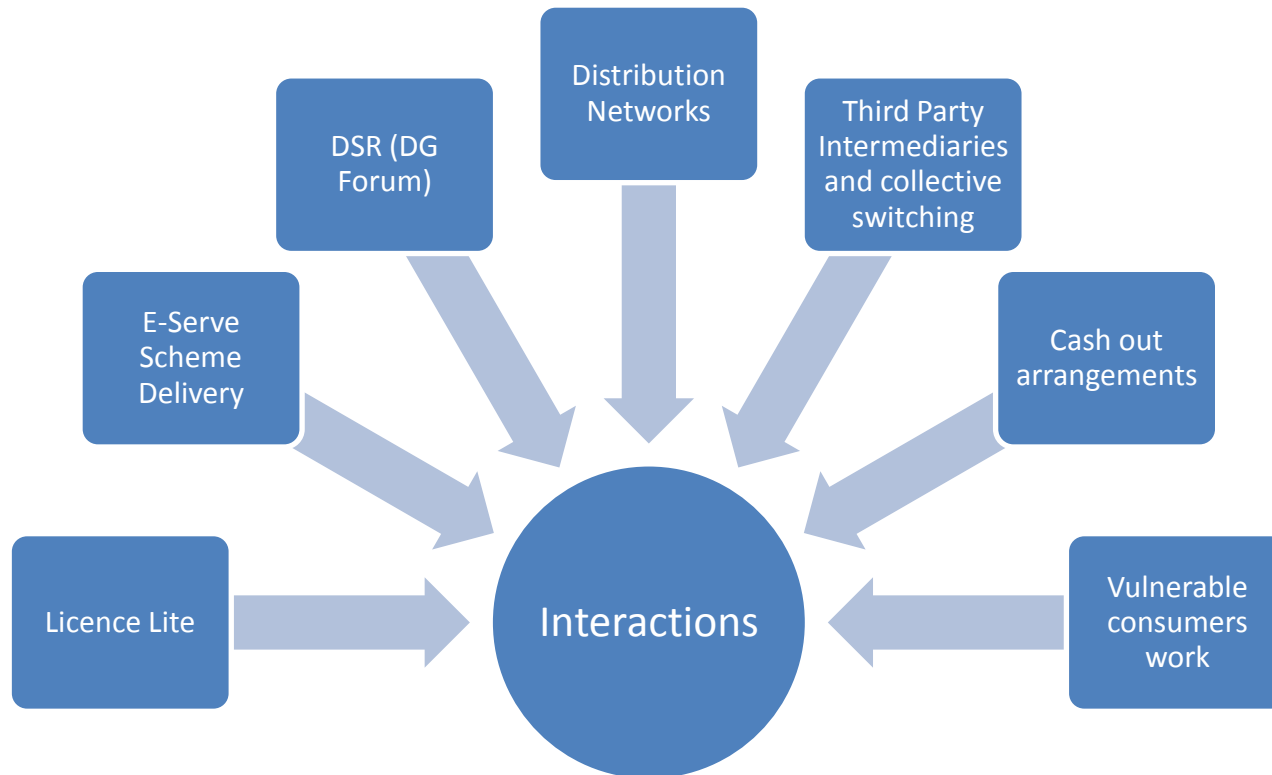
What is community energy?

- UK does not have any targets for CE but Scotland does
- Most information relates to generation projects
 - Numbers have increased rapidly over the last few years (4 out of 5 projects formed between 2007 and 2013), but remains only 1% of FITs market
 - Potential size of the market commonly cited as up to 3.5GW of installed generation by 2020.
- Ofgem interested in CE due to the impact it can have on fulfilment of our primary and secondary duties – protecting consumers’ interests and contributing towards sustainable development
- We acknowledge that there are likely to be benefits from community energy such as consumer empowerment and engagement with energy as well as the potential for revenue streams and energy saving

Our work in this area

Our focus has been on enabling rather than supporting community energy

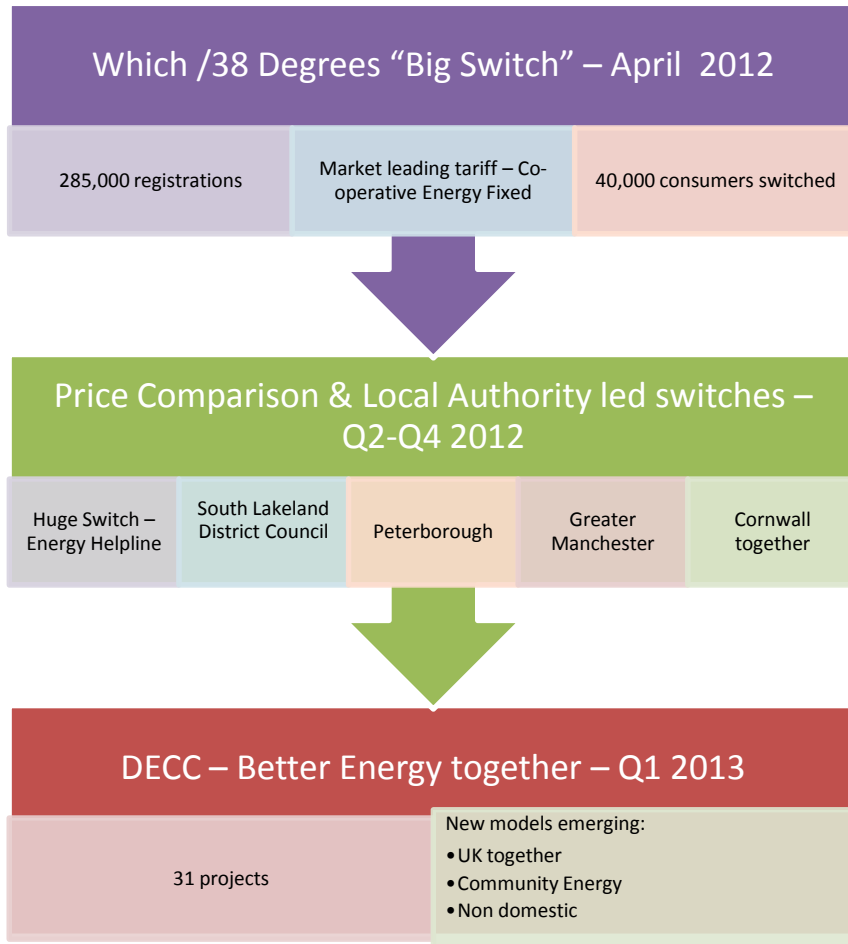




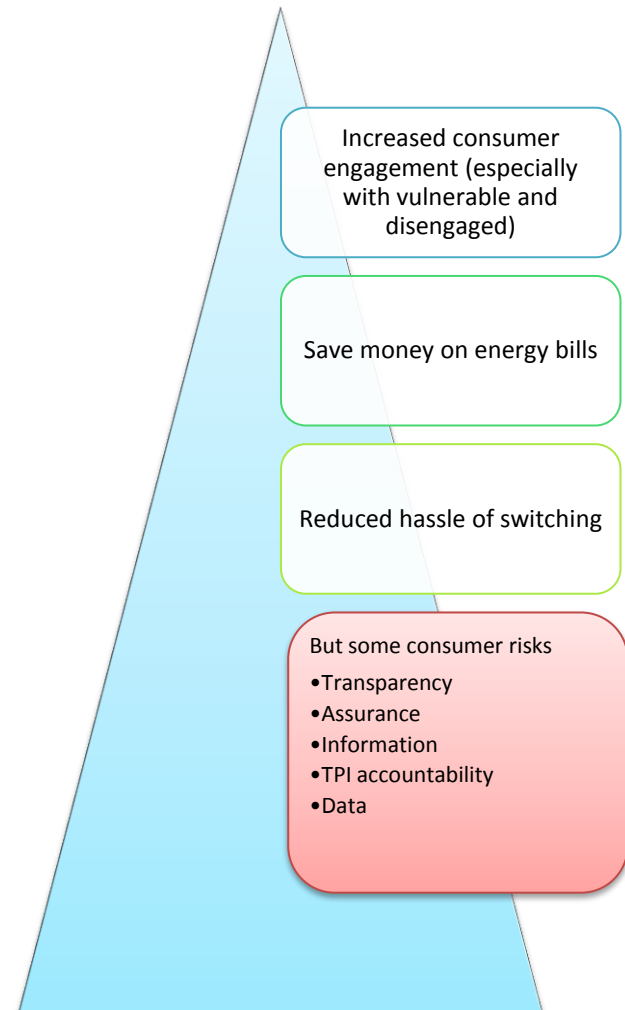
Potential barriers (informed by DECC call for evidence):

- DNO connection process
- Complexity of regulatory environment

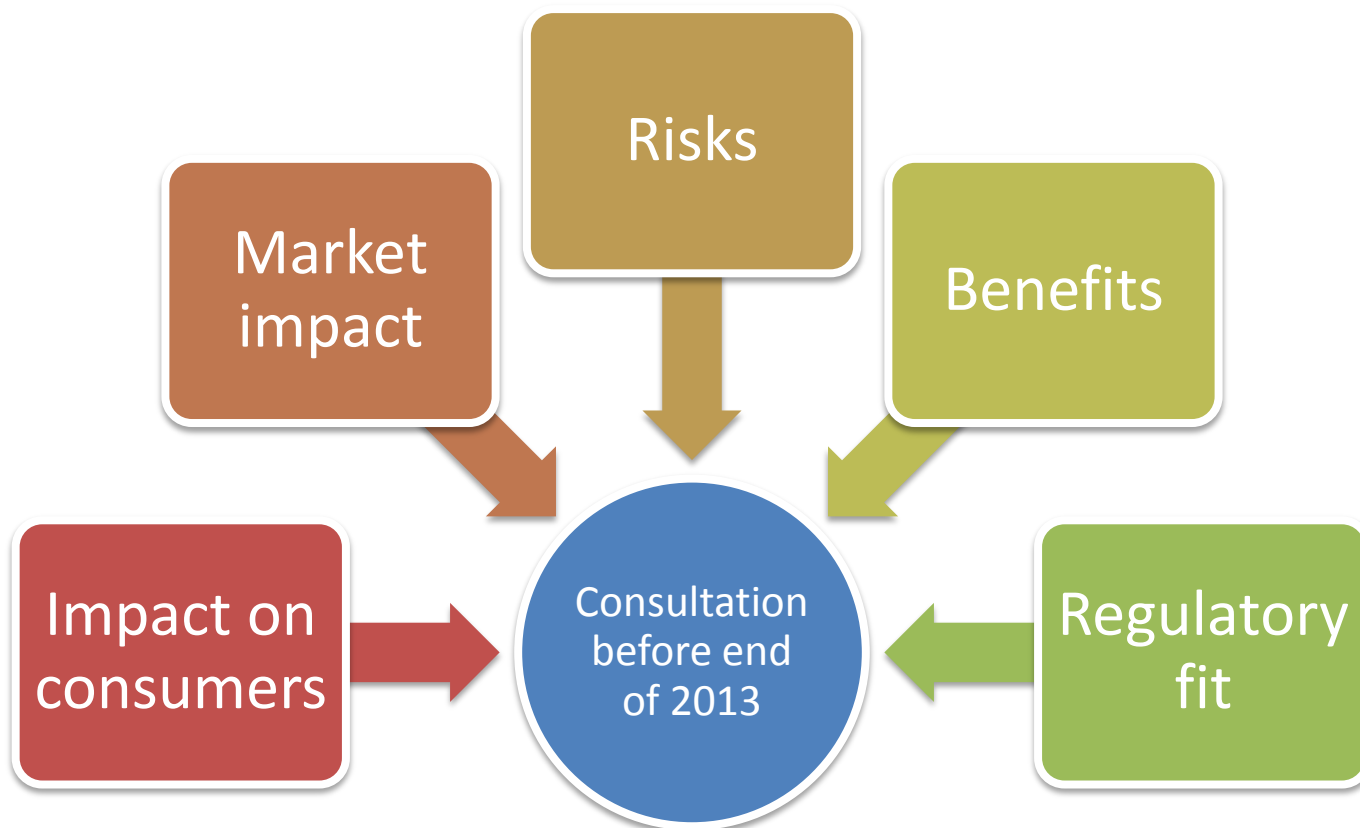
Rapid UK Development



Consumer benefits...



Project overview



Discussion questions

- What are the opportunities (and any potential risks) of community energy?
- What part can Ofgem play in the development of the community energy sector?

Ofgem is the Office of Gas and Electricity Markets.

Our priority is to protect and to make a positive difference for all energy consumers. We work to promote value for money, security of supply and sustainability for present and future generations. We do this through the supervision and development of markets, regulation and the delivery of government schemes.

We work effectively with, but independently of, government, the energy industry and other stakeholders. We do so within a legal framework determined by the UK government and the European Union.