

**Department of Energy and Climate Change
Community Energy call for Evidence
June 2013**

Action with Communities in Rural England (ACRE) is the national charity supporting rural community action through its founder members, the Rural Community Councils (RCCs) across England. The 38 RCCs are independent local development agencies, based at county level, addressing social, economic and environmental challenges in rural areas. They use a holistic approach to rural regeneration, providing support to enable rural communities and community organisations to improve quality of life for all.

We welcome the opportunity to contribute to this Call for Evidence and inform the Community Energy Strategy.

Our numbering relates to questions in the Call for Evidence document. We would be very pleased to provide further evidence and information should it be required.

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4. Definition of 'community energy projects'

a. Our Network's experiences highlight the fact that all community projects have the ability to develop skills and knowledge of those involved and to increase community engagement as well as reducing, managing, generating and purchasing energy.

- More than 20 members of the ACRE Network run community oil-buying schemes, purchasing in excess of seven million litres each year on behalf of rural customers. Scheme members pay a small annual fee for their orders to be placed by a local co-ordinator who buys in bulk, negotiating the best price per litre. As well as helping the environment by reducing the amount of traffic and fuel consumption by oil tankers, the schemes get communities working together and encourage volunteering.
- Our Network has also managed a number of local and national programmes and initiatives that have provided information and support for rural communities including the Warm Homes, Healthy People Fund and Big Energy Saving Week – these have enabled rural residents to understand the benefits of energy efficiency in terms of health and financial savings. We are also involved with the Big Energy Saving Network that is due for launch later this year.

We have concerns about the varying definitions of community energy for different purposes. 80% of village halls are registered charities and unincorporated. The definition of 'community energy projects' **does not include charities** and is based

Supporting vibrant and sustainable rural communities
through the Rural Community Action Network

on proposed tax legislation (Finance Bill, 2012). Community energy projects need to use the following legal forms:

- A community interest company (CIC)
- A co-operative society
- A community benefit society

The Government has previously stated that it is difficult to define the different types of charities and therefore could not justify the inclusion of all charities. They argued that charities “in most cases will be able to set up specific purpose vehicles for the purposes of delivering community energy projects that could be classified under the new definitions”.

Village halls can be the catalyst for energy projects in a community; they can demonstrate what is possible. In a number of cases, and Beechwood Village Hall, East Sussex is an example; work undertaken has led to an increase in domestic projects in the community. A village hall has to be managed in accordance with all health and safety and licensing legislation etc. as well as complying with charity Law. The committee is therefore fully aware of the risks and responsibilities of managing projects and structures.

Impact: Community energy solar PV projects on non-domestic buildings are exempt from reaching EPC level D to obtain the full FIT for solar PV and community energy projects will have extended tariff guarantees. Village halls are not able to benefit from this exemption.

We suggest that Government considers adding the Charitable Incorporated Organisation (CIO) to the list of legal forms. This would enable hall committees willing to take on community projects to convert to a CIO and save the creation of a separate organisation.

We are pleased to note that Defra’s Rural Community Energy Fund managed by WRAP includes charities in its eligibility criteria.

5 & 6. Potential benefits of community energy

There are approximately 10,000 rural community buildings. This figure includes traditional village halls, memorial halls, reading rooms, some church halls and a number of community centres. The contact details of these halls are held on 38 databases by our county based members. They have the potential for leading energy projects and demonstrating what is possible in their community particularly as they often support vulnerable and isolated people. Our Report, [Rural Community Buildings and Environmental Sustainability](#) demonstrates their value in this role.

Energy projects contribute to a better living environment as community buildings and other spaces become better insulated and cheaper to run. The elderly and very young and those isolated in their communities by lack of transport are the main users of community buildings and therefore the main beneficiaries. There are wider social and economic benefits of investment in community energy when considering the [economic impact](#) of community buildings within rural communities. It’s not just about the energy and cost saving.

Chapter 4, Paragraph 49 refers to raising awareness and encouraging participation. We would argue the benefits of such activity as demonstrated by your case study from Wadebridge, Cornwall. The Transition Network <http://www.transitionnetwork.org/about> is also an example of this type of activity.

ACRE and its Network can demonstrate that community energy provides many benefits for rural communities:

- Local renewable energy generation provides a source of ongoing income, reduces energy bills, provides a focus for community regeneration and reduces carbon emissions.
- Communities share the responsibility and the workload of developing and maintaining a micro generation scheme as well as enjoying the benefits and income.
- Community buildings with energy efficiency measures and micro generation technology provide a focal point and an opportunity for communities to investigate renewable technologies.

[For more detail and case studies](#) see 'Get Generating'

8. Unlocking the potential of community energy

Access to loan and grant finance for micro and small rural organisations and businesses is extremely difficult. Application processes need to be straightforward, flexible and have short timescales. Loans need low interest rates and negotiable terms of repayment. We have suggested Defra increase capital in the ACRE managed Rural Community Buildings Loan Fund to diversify the fund. However the issue of public funding and State Aid with regard to eligibility for the FiT and RHI would need to be addressed. This [report](#) provides case studies of the possibilities for a small loan scheme.

"Getting Government or "national" information about projects is difficult. Despite a lot expertise, time, energy and effort with a very visible marketing campaign for the new Green Deal, this a real hard sell to the general public. Government initiatives seem to have changed with amazing regularity and have not always been publicised widely from cutting feed-in tariffs to information about Green Deal. The Government releasing the Green Deal on the same day that the HS2 announcement seemed to dilute the message significantly. We have contacted other people such as WarmZone and our Local Authority to be told that they are waiting for the latest information. If the professionals are struggling to get information on this, then the 'man on the street' will not even entertain the idea. It appears that getting a personal loan is more attractive than the Green Deal for buying a more efficient boiler in many cases. Getting people to take up free installations of energy efficiency measures was hard enough so the Green Deal feels a long way from success" Marches Energy Agency – The Opportunities of the Green Deal in Community Buildings, May-June, 2013 Appendix 2)

Recent research by **Marches Energy Agency**, provides support for this comment and is attached as **Appendix 2**

Holmhead Weir Development was a project that failed; we have a copy of the Prefeasibility Report and the Development Plan should it be of interest. This comment was received from Damien Morris of Impact Housing who was involved

with the project. "Funding was sourced for a Prefeasibility and Development plan (£6000) that we went into negotiations with Carlisle City Council 4 years ago, it never went any further in their hands except for alerting the farmer to register the riverside bank. An example of how not to do it, i.e. rely on a Council to be a partner or to champion /take it forward"

9. Sources of Information and advice

One size does not fit all. Community groups will approach the organisations or individuals that they most trust. ACRE advocates that the best place for a community to start is by using a Community Led Planning approach. An interested individual, parish council or local energy group supported by professional community development workers enables a consensus to be built within the community. A willing project manager and/or strong local leadership are paramount.

Our member organisation, Community Impact Bucks comments:

"We are certainly of the opinion that the best way to engage with communities is through an independent, trusted, facilitator (i.e. the RCAN network) where we can discuss the communities overall aspirations and visions for the future to then assist in the mapping of these aspirations to solutions that could be provided (which could also essentially be community led demand stimulation)"

Groups need access to suitable and appropriate information and resources particularly technical advice for large scale projects and guidance for community groups on the legal and financial aspects of community projects.

Another web portal and depository for information will not necessarily help community groups. Improved organisation and awareness of DECC's Community Energy Online web pages together with making it more user friendly will help. We also consider the [Energy Saving Trust](#) web pages to be a useful resource and they are already well known nationally. Groups need to talk through their ideas and ask questions when material is not clear, they can do this if they have access to community development workers or another expert in the field. Therefore resources need to be applicable to advisers as well as directly for groups.

The BIG Lottery web pages provide a separate area containing tools and information for advisers.

However, there does need to be alternative ways of sharing information as some rural areas do not have adequate broadband provision.

Note: [The House of Commons Environment Farming and Rural Affairs Committee](#) report on rural communities says that rural communities need support from experts in order to help themselves.

10. Peer mentoring

Peer mentoring and monitoring is a system that ACRE is familiar with and advocates across rural communities. ACRE's Quality Standards Scheme and the Hallmark Scheme for village halls uses peer assessment. There are also a number of

successful village hall hubs and fora who support each other through projects and share best practice.

Example: A bus tour was organised for members of the East Riding Association of Rural Community Buildings (ERA of RCB) to visit halls that have installed renewable energy technologies. Renewable energy contractors and suppliers demonstrated their products at an Information Event.

11. Vulnerable groups

Vulnerable groups and those in fuel poverty can take part and share in the benefits but expert support in the form of networks and infrastructure bodies that understand the issues, whether urban or rural need to be involved. For instance, there are about 10 Village Agent Schemes across rural England that work with vulnerable elderly people in rural communities. [Gloucestershire RCC](#) provides an example.

Utilising and expanding existing trusted models is preferable to the costs and expense of setting up new ones.

13. Feed in Tariff

ACRE experiences of the Feed in Tariff and Renewable Heat Incentive relate predominately to village halls. There are some hugely successful projects that have benefitted from these incentives. However, we are currently struggling to agree a satisfactory solution for a number of halls who have fallen foul of the eligibility criteria for the Feed in Tariff having been awarded grants from Awards for All and awarded the FiT by the energy companies in error.

We are concerned that BIG Lottery Fund and OFGEM (electricity companies) allowed the grant and tariff to be paid out after the FiTs Amendment Order 2011 came into force. DECC did not take appropriate action to ensure that all interested parties were properly informed. We do not accept that small rural charities should be penalised for failings of Government and funding bodies to provide up to date information.

The current solution to offer interest free loans to the groups so they are able to repay their grant is not a satisfactory solution. If the groups had intended to use loan finance then they would have considered this in their business planning and grant applications.

We suggest that DECC considers changing the rules to allow small charities to continue to use the State Aid 'de minimis rules'. This was satisfactorily used by a number of groups up until it ceased to be a possible course of action.

Appendix 1 is a response to this Call for Evidence from Tregadillet Village Hall, Cornwall who have been impacted by the above situation.

Renewable Heat Incentive (RHI)

Having made enquiries of our Network regarding the impact of the Renewable Heat Incentive (and Green Deal) the following response was received from the Community Buildings Sustainable Development Officer in Worcestershire:

“The Green Deal has not appeared in any way, shape or form to promote green energy solutions to village halls.

The RHI is a scheme that should have been able to support green investment at village hall level. Instead, when you need to look at three government or quango websites for information and the guidance notes are 140 pages long it is no surprise that no one I have heard of has got close to making this work for their hall. The scheme seems so complicated that no companies have come forward with helpful arrangements to take advantage of the help the RHI should offer. It is a great shame that the Green Deal and RHI, instead of being gateways to greater investment in environmental matters at village halls, have helped deliver a year of very significant cutbacks in investment.”

Note: We have evidence that a project working towards applying for RHI was informed (by RHI compliance) that funding from BIG Lottery was not public funding. This is, of course, incorrect and needs addressing.

20. Partnerships

ACRE's Network has wide experience of working in partnership

- The Network managed a number of local and national programmes and initiatives that have provided information and support for rural communities including the Warm Homes, Healthy People Fund and Big Energy Saving Week – these have enabled rural residents to understand the benefits of energy efficiency in terms of health and financial savings.

A vital component of community energy projects in a community is the support of local authorities. However, **Holmhead Weir Development** was a project that failed, we have a copy of the Prefeasibility Report and the Development Plan should it be of interest. This comment was received from Damien Morris of Impact Housing who was involved with the project. “Funding was sourced for a Prefeasibility and Development plan (£6000) that we went into negotiations with Carlisle City Council 4 years ago, it never went any further in their hands except for alerting the farmer to register the riverside bank. An example of how not to do it, i.e. rely on a Council to be a partner or to champion /take it forward”

An example of where Government engagement has not worked well is firstly in disseminating information about changes in legislation and secondly in dealing with the unintended consequences of that failure that have impacted on a number of village halls. This is illustrated in 13. Feed in Tariff above.

Working in partnership with communities means understanding **all** the issues and the contexts in which they are working. This involves rural proofing which we note was not undertaken when the proposals for Green Deal and ECO were being considered. We were disappointed that a key Government policy which was to be the only mechanism for delivering fuel poverty and carbon saving obligations was not thoroughly checked to ensure that rural communities would not be disadvantaged. ACRE's response (17 January 2012) to the Green deal and ECO Consultation dealt with this in detail.

Our member organisation, Community Impact Bucks comments:

“We are certainly of the opinion that the best way to engage with communities is through an independent, trusted, facilitator (i.e. the ACRE Network) where we can discuss the communities overall aspirations and visions for the future to then assist in the mapping of these aspirations to solutions that could be provided (which could also essentially be community led demand stimulation)”

Appendix 1

TREGADILLETT COMMUNITY HALL

**We welcome the opportunity to respond to the DECC "Call For Evidence".
We have answered the questions as applicable to us. The answers are
numbered as in DECC document.**

1] TERRY M. JONES

2] Address-Tankers Lake, St. Thomas, Launceston, Cornwall PL15 8SL,
t.jones39@btinternet.com, 01566 86251

3] Tregadillett Community Hall

4] Our community energy projects involved solar panels and an intended heat recovery unit. Although in the overall scheme ours is `a drop in the ocean` but that is all `an ocean` is made of, drops, but millions of them. We aimed to generate electricity, to provide some for the Community Hall, and to pass the benefits obtained through FiTs to all of our hirers, [that is the Community]. We were seriously interested in a heat recovery system for the same reason. We had been driven to this because of the rising cost of oil for heating the premises. Because of problems of having received `awards for all` we have been told we are not eligible for FiTs, and so are not encouraged to continue with our heat recovery system. Re case study 4, we note the delight of all involved, and benefitting the community--we wish!! And there are many more village halls etc with the same problem as us. To encourage further cooperation we all deserve to be treated fairly.

Our installation is owned by the Community Hall, with the whole community set to reap all the benefit, especially as we do all the work voluntarily. What better example is possible? but we are being penalised. If we were to get our FiTs that would protect a rise of £2.50 per session of hire, and seeing that we get something like 850/900 sessions per year, the result is far-reaching. Yes, we have a very successful community hall, and we are the envy of many other communities around us. We are a flag bearer for community cooperation.

We are aware of the project at Wadebridge, but do not know of it in detail.

5] no comment

6] We are being hindered in the promotion of energy efficiency, but fully accept that the benefits are beyond question. We are aware that whole communities can benefit from this programme. The knock-on effect into these communities could so easily be recognised, for example from

5/38 `income from selling generated electricity` ,

5/39 making the public more aware of the need to preserve our environment,

5/ 42 the government needs good enthusiastic local volunteers with the inspiration to do the work-but they do need encouragement. The government policy of `the big society`, whilst admirable in its concept, does rely on good enthusiastic volunteers, who deserve to be treated fairly.

We fully recognise that a heat recovery unit would be very practical, but we are being put off the idea with our present experience of `Awards for All/solar panels/FITs. Our present heating system could /should last for another 2/3/4 years before needing total replacement. We have already done a lot of work on heat recovery units both air source and ground source, and know the merits of both systems.

7] Highlighted all above

8] The barrier –as highlighted above at end of question 6. We were not aware of, or told of the problem we were likely to have. The question is, would we have bothered to have done it? Answer- not without some serious input from somewhere else. The existing legal and regularity framework is totally unsympathetic!! [to us who planned to do our scheme with the best of intentions]

9] We are very much aware of private industry investing in renewable energy, to the benefit of entrepreneurs, at a cost to the consumers of energy. We were also aware of a few community energy projects, but very little detail about them.

As above, our voluntary intentions were to be of benefit our community. Give the community chance to reap the benefit of electricity generation, and then they will accept the need of being environmentally responsible. We are interested the recent Government proposal of helping rural communities to generate electricity, whereas, back in the past, before the cost of the panels came down and more realistic, the supply industry were getting most of the benefit. This happening again needs to be guarded against. Another example, the `rent-a roof` scheme did next to nothing for the householder [the community], but with the investor/supplier getting most of the benefit. It is not as prevalent now, because the public have recognised the pitfalls of the scheme.

10] no knowledge

11] not a very easy question to answer because social housing etc. would be difficult to involve.

12] we think that there would be little appetite by our local community to be involved, especially as we already have several wind turbines in our local area, and an array of solar panels on good agricultural land might be difficult to establish. The village is quite large but set in the countryside. There is however a good chance to promote heat saving energy systems, which we could do.

13] The National Lottery thought we deserved to qualify for their award, otherwise we would not have got it. [we were doing it for the right reasons] As above, the

regulations, [or is it policies?] have acted against us, in spite of, by now, a large file of paperwork from us, trying to solve our problem.

14] None

15] as above, a percentage of our scheme was funded [or intended to be] from the National Lottery, with the remainder coming from our funds. As above, we were not told of the problem coming to us-in fact, although, we had advice in drawing up our Lottery application, we fully believe that no-one knew anything about what eventually happened. There seems to have been a complete lack of information available, or its publicity.

16] only regulatory problems as detailed above.

17] they need encouragement all the way. The result would be a better informed general public, realising the need to be energy conscious.

18] we are waiting to sell, and have been since February 2011---reason? lack of information. - be more sympathetic to community projects.

19] our community will know immediately if we cannot earn from our FiTs, by price rises for their hiring! We find our costs of running the premises are always rising, and last year we did make a small financial loss, but it was expected, because we spent a little more than usual on the property.

20] a] our experience has been very poor. We have spent a great deal of time [voluntarily] trying to solve our problem. b/c all detailed above.

21] national energy companies and the supply chain, probably, have their own agenda, with profit for them being their main priority, and maybe looking for sites for their systems. [Or is that being cynical?]

22] no comment

23] big question- not easily to be solved –just encourage local communities to be involved- give them incentive.

24] no comment

25] willing to continue dialogue, in any way, because we fully believe in being environmentally responsible.

Thank you for the opportunity to contribute to a worthy debate.

Terry Jones, Treasurer of Tregadillett Community Hall