

**LOW CARBON HUB BOARD**

Date: **15<sup>th</sup> July 2016**

Subject: **COMMUNITY ENERGY**

Report of: **Andrew Hunt, Strategy Partnerships & Policy Manager (Oldham MBC)**

**PURPOSE OF REPORT**

The purpose of this paper is to provide an overview of the current work underway to stimulate community energy generation in Greater Manchester and provide an update on progress with the DECC funded Community Energy project, as requested at the previous Low Carbon Hub Board meeting .

**RECOMMENDATIONS:**

The Board are recommended to:

- i) Note the paper.

**CONTACT OFFICERS:**

Contact Officer: Mark Atherton, GM Director of Environment  
Mark.atherton@neweconomymanchester.com

<b>TRACKING/PROCESS</b>		<b>[All sections to be completed]</b>
Does this report relate to a Key Decision, as set out in the GMCA Constitution or in the process agreed by the AGMA Executive Board		No
<b>EXEMPTION FROM CALL IN</b>		
Are there any aspects in this report which means it should be considered to be exempt from call in by the AGMA Scrutiny Pool on the grounds of urgency?		<b>[Please state any reasons here]</b>
AGMA Commission	TfGMC	Scrutiny Pool
15 <sup>th</sup> July 2016	<b>[Date considered at TfGMC; if appropriate]</b>	<b>[Date considered/or to be considered at Scrutiny Pool; if appropriate]</b>

## **1.0 OVERVIEW**

The community energy sector in Greater Manchester has been relatively small to date, with just the occasional initiative such as Stockport Hydro in 2012. However, over the last 24 months, a number of groups have been initiated, tackling a number of different technologies including solar PV, hydroelectric and biomass.

A proposal to DECC, in March 2016, for £65,000 to fund a Greater Manchester community energy project was successful. The two-part project aims to deliver a boost for both existing community energy projects, and for new innovative business models which the community energy sector can use in the future.

## **2.0 PROGRESS BY TECHNOLOGY TYPE**

### **2.1 Solar PV**

The majority of the current community energy projects aim to install solar PV on the roofs of schools, community buildings and the council buildings. Oldham Community Power (OCP), Greater Manchester Community Renewables (GMCR), Moss Community Energy and Community Energy Greater Manchester (CEGM) aim to install around 1MW of solar PV over the next few months between them.

The majority of these projects are legacy projects from pre-January Feed In Tariff rates, with sites pre-registered before the rate cut. The exception is Oldham Community Power, also the most ambitious project, with the lion's share of the capacity target at around 700kWp. OCP are installing on sites where most of the solar electricity will be used onsite rather than exported to the grid. The group has also secured an installer who can provide rates to make the project work financially, offering around 4% return to community investors and around 15% discount to the sites on their current electricity bill (sites are currently paying around 9.5p/kWh through a local authority negotiated contract).

GMCR's share offer is currently live and colleagues are encouraged to invest and become members of the Community Benefit Society. Moss Community Energy has merged with GMCR to gain economies of scale. GMCR has already hit their minimum £140K target and are on course to meet their stretch target of £186K.

CEGM adopted an innovative crowd-funding approach, encouraging local residents to donate money in order to make the overall business case for the scheme add up. CEGM are targeting small, difficult to tackle community centres where the economics are the least favourable of all of the projects. It now looks like the project is unlikely to go ahead in its current form.

### **2.2 Hydroelectric**

The only hydro project in the current community energy pipeline is Bury Hydro. The group won a Bury Council tender in 2014 to develop a 60kWp Archimedes screw turbine at Chamberhall Weir on the River Irwell. The project successfully raised £40,000 for project development through a Pioneer Share issue and is on the cusp of securing all permissions, including Environment Agency licences. The project is technically feasible however the business case has been hit by FIT reductions, and the cost of the

technology has not fallen commensurately as it has in the case of solar PV. The project is now barely viable and, as time goes on, it is becoming more marginal.

There are major barriers to deliver for Bury Hydro - Bury Council are currently grappling with different interpretations of State Aid issues associated with the need for the project to forego the rent originally agreed during the tender process and to allow the group to develop the project with a peppercorn rent. Of all of the current GM community energy projects, it is Bury Hydro which is most likely to have challenges over the coming weeks.

The project also faces a challenge from Salford Friendly Anglers, who argue that building a hydro plant will prevent Chamberhall Weir from being removed which they claim is necessary to improve the ecology of the Irwell.

## **2.3 Biomass**

The Radcliffe-based Biomass Energy Co-op ran a successful Pioneer Share issue to develop their business based on new multi-fuel boilers which currently do not have access to the UK market. BEC also market fuel producing equipment and the aim of the Society is to enable customers to produce and use their own fuel in the long run. Their main share offer will be launched over the next few weeks.

## **3.0 GM COMMUNITY ENERGY PROJECT (DECC FUNDED)**

3.1 The GM-wide project is taking place over the next 12 months and comprises two phases:

1. A marketing campaign to raise the profile of community energy generally, and ensure that existing groups have enough exposure to raise the funding they need and deliver their projects
2. An innovation campaign to allow groups to bid for funding to develop new business models. £15,000 will be available to groups with ideas from the DECC funding, and now Electricity North West has agreed to match fund with another £15,000 of their own which will be awarded to groups developing grid-related ideas. The culmination of this stage will be a commissioned report detailing the best opportunities for community energy in the future, including a toolkit for groups and a conference to disseminate the findings.

3.2 A competitive tender was held for a company to deliver the marketing campaign in Phase 1, which was won by Creative Concern who have now been appointed to deliver the campaign. This will last for three months between mid-June and mid-September 2016, and will drive traffic to the GM Community Energy Pledge website, which has been set up by GMCR as a grass-roots campaign to raise the profile of community energy across GM: <http://gm-communityenergypledge.org.uk/>

3.3 Once the campaign has begun, the innovation phase of the project will be launched, and groups will be invited to bid for funding, with awards made in September 2016. The groups will then use their awarded funding to develop their ideas. At the same time, a consultant will be appointed via competitive tender to develop the report and toolkit, working with the community groups who successfully bid for innovation funding.

3.4 The final report and toolkit will be launched in spring 2017 at a conference for this purpose.

## **4.0 OTHER COMMUNITY ENERGY RELATED INITIATIVES**

### **4.1 Community Energy Specialist Apprenticeship Trailblazer**

Oldham Council is currently working with a range of national partners including BIS, local authorities, Community Energy England, Sharenergy, the Centre for Alternative Technology, training providers and energy companies to develop a new national apprenticeship standard for a Community Energy Specialist (Level 4).

Although the community energy sector is small, and the recent changes to the FIT and other subsidies have slowed its growth, in the long term it has significant potential to provide employment at a local level, as is evident in countries such as Germany. The skill set required for community energy projects is also favourable to working in other parts of the energy sector more generally, and skills are very transferable.

It is anticipated that the new Standard will be accepted for national implementation by September 2016. It is hoped that the first Community Energy Specialist apprentice will work in Oldham, perhaps as a shared resource between Oldham Community Power, the Council and a local social housing provider.

### **4.2 COALESCCE**

A proposal has been submitted (in May 2016), by Oldham Council, to INTERREG Europe for a four and a half year long community energy project - COALESCCE (Community Owned And Led Energy for Security, Climate Change and Employment). If successful, the project will undertake a 'state of the market' analysis in its first phase, and then its implementation phase will aim to use changes in the way European structural funds are directed to achieve a step change in the community energy sector. The outcome of the bid will be known early in 2017.

It is unclear with the result of the EU referendum whether COALESCCE will be affected by the UK leaving the EU.