

A Smarter Energy Future for Wales?

Evidence paper from Keith Jones

- **How is it best to engage communities in the smart energy agenda?**

Through the use of community champions. Groups and or individuals who are already engaged in this area of work. Enable networking to then happen between these groups in order to spread the word. For example 5 communities in NW Wales have formed a coalition to share, learn and spread the lessons. WG could support this approach by enabling pump priming capacity building eg officer level to support, seed funding to facilitate the development of business plans and so on

- **What is the most appropriate geographical scale (local neighbourhoods, cities, city regions)?**

All of them. We should not stick to geographical scale but they should be resource dependant. The resource being both energy opportunity but also community group availability and experience to develop. City level does make sense as they are quite often structured to work on other projects at this scale. From experience to date the more successful project are not driven by location but by people (e.g. not by local authorities who are often hampered in being innovative by their own policies and processes) Rural communities could be on a country level and break down to community level but we have also found that you can have communities of interest rather than geographical communities. There are many NGO's Charities who cross boundaries but who can help and should be helped to drive community energy.

- **What are the motivating factors for local community groups?**

Taking control of their own futures. Seeing external companies come in to harvest benefit from communities area and leave only loose change. Wanting to make a real and tangible difference to their community. Future generation's sustainability and leaving a positive legacy for those who follow

- **What are the main obstacles to community energy co-operatives and how can they be removed?**

Statutory processes slowing aspects down in gaining approval, access to land or sometimes providing conflicting advice from officer to specialist levels. This is getting better but the capacity within these organisations is getting more and more constrained e.g. Planning departments becoming pinch points because of a lack of staff

Access to capital. A development fund which could be facilitated by Welsh gov. Not public funding because of the state aid implications but underwrite an investment fund especially for project financing. Facilitating low risk debt finance once sites are up and running. Eg Allied capital in Scotland

Welsh Gov procurement establishing the ability of public bodies to buy community energy through 'non traditional business models' (OFGEM trial) there are several of these trials underway in NW Wales

- **What sources of funding (e.g.: community banking loan schemes) could be made available?**

The at risk element of feasibility should be funded but consider a revolving fund which means getting more bangs per buck. Staged payments based on agreed quality and milestones to make the money go further and to revolve within the system

Development of capital fund from private finance but underwritten by some public funding to lower the cost of capital but without impacting state aid. Community bank loan is a simple and quicker process. Governments usually complicate things when they try to simplify things

Added value grants e.g. consider grants for ecological improvements to community projects. Fish passes, ecological corridors as such like. Adding value but should be good value for the country because the contractors are on site

- **What role should businesses, local authorities and the Welsh Government play in this transformation?**

Enabling to development of a power supply and purchasing structure in Wales.

Work with business or develop a business to operate power purchasing and power selling arrangement. (but not through buy for or sell to wales... not flexible and innovative enough)

Create a public sector market for this energy e.g. enabling public bodies to have a strike price based on available wholesale costs of community energy. This would pump prime the customer base

Enable the development of non-traditional energy business models. In NW Wales currently trailing peer to peer selling of energy. Also a pilot site for 'energy local' virtual grid. Fuel poverty and added value element to this.

Overall the aim is to add and keep value to locally generated energy which would insulate community projects from large FIT cuts and also drive cultural shift in energy use though improved understanding of generation and also pride in local use

Local authorities. Access to their resources if they can't make an energy project work. Too onerous at the moment. They can learn a lot for the charity sector in terms of proving best value without the risk of judicial review from letting an asset out too cheaply

Providing the guidance and structures to enable local authorities to enable them to access Prudential loans to enable a portfolio of community projects to happen or creating a framework to enable public pension funding into this sector. (low risk low cost finance... this could even be for the much lower risk refinancing aspect once the project share up and running)

There is also a role for the social housing sector in this field as a buyer of energy, tackler of fuel poverty, capital financier of project in JV's and such like

Develop a suite of documentation and contracts which the community groups can take on and that have been developed in conjunction with the banking and business world which would

- a) Lower legal costs for development
- b) Make due diligence quicker for financing of projects
- c) Lower the costs overall for projects
- d) Establish projects to be packed because of the use of similar contractual suits

Broker and fund Wales academic institutions to develop more applied and cross sectoral research into community energy.

- a) Engineer R&D into unitisation, lower costs, quicker implementation
- b) Research into social and business models to allow the sector to retain more value, work together, share benefit

- **What skills development and training is needed?**

The skills are in the communities. Enabling this to be shared would be a good start

Training is needed for statutory and public bodies on the sector. Eg training session is being organised for LAG Leader group and community development officers in Gwynedd by the community sector (the skills are in the community sector and just need sharing)

- **What are the successes and limitations of the Ynni'r Fro programme?**

Ynni'r fro has been very weak in fact non-existent in social media. This is where community energy lives, raises money, shares its lessons and communicates day to day.

YF needs to be lighter on its feet in terms of approval processes. Many examples of changes in the program having a slowing down effect of decision processes. The clients often not knowing what was going on. Better comm's will be essential

At officer level in NW Wales the support has been exemplary. Everything from helping with application forms, sign posting funding opportunities, due diligence checks and so on. We know the skills of the officers are varied and differing quality. The main weakness has been their small number and large geographical spread which can often be seen as poor service by some groups but in fact I know personally the officers are working long hours and try to be SMART

- **What can Wales learn from elsewhere on how best to engage local communities with this agenda?**

Nothing new but CARES program in Scotland. But we now have a lot to share e.g. Wales Ireland Interreg bid. This would also be a good opportunity for Wales to sit back and look deep into the sector. Interestingly the consortium in in NW is gaining a lot of interest from Scotland as another possible model