

## **Notes from Communiversity meeting @ the camping Barn, Langattock, Monmouth**

### **Option D: Self re-financing support mechanism for community energy projects in Wales**

#### **The tree of Knowledge**

In Wales there is a growing degree of competence and understanding about the different types of renewable energy available to communities looking to reduce their carbon footprint and/or generate an income through renewables. This comes into three main categories:

1. Private sector companies (including consultants).
2. Public sector funded organisations
3. Peer support from other Communities

Private sector companies can be split into two separate sub-categories.

- i. Installers: free at the point of delivery
- ii. Consultants: charged at point of delivery

Installers provide much advice and guidance as part of the overall costs of the design and installation of energy saving and renewable energy systems. Much of the detailed information about specific systems and the likely costs associated with installation and maintenance can often be provided by installers for free. Communities can therefore benefit greatly from dealing directly with private sector installers and securing a broad range of knowledge about different systems and costs. However this can still be quite bewildering and a healthy cynicism is required as installers need to cover these upfront costs through sales.

Consultants can play a useful role in acting as a mediator between the community and private sectors. They can prove invaluable bringing a wealth of expertise gained from a wide range of experience working in the private, public and/or community sectors. However without a fixed delivery framework or standards and sometimes limited knowledge of communities quality and fees can vary greatly. Many public sector funded organisations also provide support to communities on a fee paying basis.

Numerous public sector funded organisations exist across Wales providing a whole range of advice and guidance through public sector funded programmes e.g. the Rural Development Programme, WEB2, and Ynni'r Fro. This has built up an extensive network of organisations providing a high level of professional support to communities across Wales, free at the point of delivery. However there is a lack of coordination between the different funding programmes and the

coverage and type of support and guidance which is available is often determined by the strictures' of the funding regime rather than by the needs of the community. The expected cuts in public funding jeopardises the continued existence of much of this network.

Peer-to-peer support, more experienced communities providing support and guidance to less experienced communities, is nothing new and a number of community groups have emerged over the years with specific expertise in the areas of energy saving and generation. Awel Amen Tawe, the Home Energy Service and Green Valleys are several groups which have grown up around identified geographical communities and are now offering support to communities across Wales. However each of these organisations has identified the need to generate additional funding to support their work and build their capacity in order to provide support and guidance to communities.

### **Investing in growth**

The current dynamism and growth within the community energy sector in Wales has been driven by two main financial incentives:

1. EU Public funding
  - a. Covering the costs of upfront advice and guidance (at risk capital)
  - b. Installation costs (working capital).
2. Government incentives e.g. the anticipated introduction of the feed-in-tariff (FiTs)

Ironically, due to EU state aid rules, these two incentives are mutually incompatible and many projects, which have received more than approximately £200K in public sector grants, are unable to claim the FiTs. While public grant schemes have been of great benefit in the early development of the community energy sector in Wales the introduction of the FiT therefore signals a shift towards loan finance investment in community renewables. However the reduced availability of grant funding necessitates the development of new mechanisms providing free upfront advice and support to communities.

### **Finance United**

The coming together of communities under the banner of Local United provides the opportunity to create a broad framework within which communities can continue to receive free upfront support AND generate an income stream for support organisations based upon a model of shared risk. This will require the creation of an 'at risk' capital fund created through securing grants from trusts funds and individual donations and topped up with the proceeds from successful investments.

Through a shared time banking mechanism the support received by each community can then be 'banked' within a central database which will

maintain a record of which community received the support, who provided that support and its value. Then once a community is in a position to develop a project it includes the financial value of the support received as part of an application for investment. The central fund then allocates the funding to the community group minus the support costs which are paid directly to the support organisation.

It is anticipated that a proportion of projects are unlikely to progress to the stage where they are able to reimburse the support organisation and the rates charged will need to reflect this.