



## **Energy Bill prolongs uncertainty for community-owned renewables**

Co-operatives UK welcomes the support for investment in renewables outlined in the Energy Bill, launched today in Parliament.

However, the Bill prolongs the uncertainty faced by smaller electricity generators, including community-owned renewables. It is not yet clear whether they will be able to participate in the new energy market.

There is strong political support for community energy. Ed Davey, Secretary of State for Energy and Climate Change, recently said “I want nothing less than a community energy revolution”, and the May 2010 Coalition Agreement states “we will encourage community-owned renewable energy schemes where local people benefit from the power produced.”

Yet the Energy Bill does not include provisions to ensure that community-owned energy above 5 MW will be able to compete with commercial generation. [Work commissioned by Co-operatives UK and undertaken by Cornwall Energy](#) highlights significant problems:

- Participating in the system requires a high degree of technical knowledge, which acts as a barrier to entry for smaller generators;
- Smaller generators actually receive lower market prices for their power, and this is not compensated through the proposed Contracts for Difference system in the Energy Bill;
- With the end of the Renewables Obligation, suppliers will have no incentive to purchase renewable electricity from independent generators.

Whilst the government has today confirmed that these problems exist, the Energy Bill provides no measures to address them. It merely offers to “initiate a stakeholder process” to identify changes that may be required for a smooth transition to the new system.

Co-operatives UK argue that much more needs to be done to ensure that co-operative and independent generators are not put at a disadvantage. It is calling for:

- An increase in the fixed Feed-in Tariff threshold, to allow funding certainty for community projects
- The creation of a ‘purchaser of first option’ to provide a guaranteed market for community energy schemes and other smaller generation projects
- A minimum annual target for new generation capacity from community schemes
- Wider measures to encourage a more diverse energy market

Co-operatives UK will seek to work with MPs to put these suggestions forward during the passage of the Energy Bill through Parliament.