

Support for Community & Co-operative Energy in Second Reading of the Energy Bill, 19.12.12

Caroline Flint (Don Valley) (Lab)

If energy companies had to sell all their generation and buy all their supply through an open pool, anyone could compete on price to generate power or sell it to the public. This would encourage new entrants to enter the market, provide fairer access for independent generators and community and co-operative energy schemes, increase competition and put a downward pressure on prices.

Stephen Doughty (Cardiff South & Penarth) (Lab/Co-op)

One of the ways in which I believe we can increase the capacity, security and diversity of our energy supply lies in co-operative and community energy solutions, one of which is based in the constituency of my hon. Friend the Member for Croydon North (Steve Reed). A lot could be done to support such solutions, and **I am concerned that the Bill does not mention such support. Will the Minister comment on that and consider the measures that the Government could take to support co-operative and community energy solutions?**

Steve Reed (Croydon North) (Lab)

The Bill misses an opportunity to support community energy co-operatives. Brixton solar energy 1 was the country's first urban energy generation co-operative and was set up by the local community in Brixton, working in co-operation with the local authority, Lambeth council. Solar power generation is not generally feasible on the majority of houses, because they might face the wrong way or suffer from shading from chimneys or other structures, or because the roofs are too small. Collective schemes, such as Brixton energy, are far better. They require partnership working. Solar panels are more likely to be financially viable when they are built on social housing blocks, schools or other public buildings, or on churches or businesses that have a large roof space facing the sun.

Brixton solar 1 was built on the roof of a social housing estate, Loughborough Park in Brixton. Brixton solar 2 is being built on another part of the same estate and a third scheme is planned for another estate in the area. The schemes are funded by community subscription and offer a 3% return to investors, most of whom are local. They are part-resourced by the local authority, which makes the buildings available.

Those projects tackle fuel poverty by offering lower energy prices to residents,

who benefit from the feed-in tariff. They reduce carbon emissions by generating energy sustainably, and some of the profits are invested in schemes such as draught-busting, retrofitting, home energy audits and training on energy efficiency. In addition, they build social capital; they bring communities together and keep profits circulating in the local community in a way that does not happen with larger energy companies.

Instead of supporting such schemes, the Bill offers smaller community generators lower market prices for their power, making them less financially viable, and it fails to recognise the administration costs needed to run them. The Bill also ends the renewables obligation, which means that suppliers have no incentive to purchase from independent generators such as Brixton solar energy.

The Bill should be amended to increase the fixed feed-in tariff threshold for community projects, guarantee a market for community energy schemes and set a minimum annual target for new generation capacity from community schemes. I should like to see local authorities incentivised to lower overall household carbon emissions in their area, which they could do in part by supporting projects such as Brixton solar energy.

The Government should recognise the benefits of co-operative energy generation projects in tackling fuel poverty and promoting sustainability, but instead of acting to help them expand to areas such as Croydon North, which have relatively high levels of fuel poverty, they have introduced a Bill that I fear will damage those initiatives.

Peter Aldous (Waveney) (Con):

I welcome the investment and commitment shown by companies such as EDF, ScottishPower, Vattenfall and SSE, but it **is important that we ensure the market is open to smaller community providers.**

Tom Greatrex (Rutherglen and Hamilton West) (Lab/Co-op):

Also missing from the Bill are measures to support the type of co-operative and community energy about which my hon. Friends the Member for Edinburgh North and Leith and for Cardiff South and Penarth spoke so eloquently, as did my hon. Friend the Member for Croydon North (Steve Reed), with his experience of what happened in Brixton. Members will be aware that his predecessor was one of the most thoughtful and serious contributors to energy debates in the House; in this, as in many other respects, he has a worthy successor.

The Secretary of State recently said that he wanted nothing less than a community energy revolution. I say to him that the Bill is an opportunity that we will help him to use to encourage that.

Caroline Lucas (Brighton Pavilion) (Green):

I am worried also about the future of community energy, on which Ministers deliver platitudes and promises but no policy. As a result, the Bill prolongs the uncertainty faced by small electricity generators, including community-owned renewables. What we need is a radical change in ownership—a move towards many more independent generators, smaller companies located in the UK, and community and co-operatively owned energy generation. Many hon. Members will have in their constituencies projects similar to Brighton energy co-operative that offer a real alternative.

I hope we can work together to change the Bill so that it does not disadvantage such schemes, by supporting, for example, the creation of a purchaser of first option to provide a guaranteed market for community energy schemes and other smaller generation projects; an increase in the fixed feed-in tariff threshold to allow funding certainty for community projects; and a minimum annual target for new generation capacity from community renewables schemes.