

# Community Energy: State of the Sector 2024

### Introduction

The Community Energy State of the Sector research has provided insight into the UK community energy sector since 2017. This infographic tells the story of what community energy is, what the sector does, and the impacts and benefits it delivers. Keep scrolling and you will learn about the sector's progress, potential and challenges, and discover ways of supporting the sector to develop and grow.

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## What is community energy?

**A ENERGY INDEPENDENCE**  
Community energy promotes local energy independence, reducing reliance on imports from outside the UK by producing and managing energy within local communities.

**B DEMOCRATIC DECISION MAKING**  
Community energy organisations take concrete action to transform the energy system based on democratic decisions, participatory governance and co-operative principles.

**C PRIORITISING COMMUNITY BENEFIT OVER PROFIT**  
Community energy organisations are motivated by more than profit; they are social enterprises that return profits to communities and ensure local people benefit from the energy transition.

**D COMMUNITY ORIGIN**  
Community energy organisations use asset locks and democratic or co-operative governance structures to empower people to deliver, own and benefit from energy infrastructure and services in their local area.

**E COMMUNITY RESILIENCE**  
Increasing community asset ownership, offering local control over new services, and engaging whole communities in the energy system increases community resilience and supports preservation of cultural identity and heritage, e.g. Welsh language.

**F FOR ORDINARY PEOPLE**  
Local people working on locally-driven and decentralised solutions, building hubs of expertise and creating a people-centred energy system.

**128** community energy organisations have a community benefit fund

**69%** of community energy organisations are co-op community benefit societies, community interest companies or companies limited by guarantee

**£4.6 million** raised in community share offers

**796 employees** (full-time equivalent)

**3,719** volunteers

## What does community energy do?

**A RENEWABLE ELECTRICITY GENERATION**  
Installing, owning and operating ground mounted and rooftop solar PV, wind, hydro, and anaerobic digestion generation across the UK.

**B ENERGY ADVICE SERVICES**  
Providing education, advice and guidance about the energy system and reducing energy use, engaging people and supporting communities through the cost of living crisis and directly combatting fuel poverty.

**C COMMUNITY-LED ENERGY EFFICIENCY AND RETROFIT SERVICES**  
Delivering a range of services such as building assessments, installing energy efficiency measures, education, and providing direct funding for energy efficiency actions.

**D LOW CARBON HEAT**  
Implementing community scale heat networks and stand-alone renewable heat systems such as air-source and ground-sourced heat pumps, and developing of heat-as-a-service models.

**E SMART LOCAL ENERGY SYSTEMS**  
Providing "flexibility" services to the electricity grid by increasing or decreasing demand when required, and working on innovative means to use technology and engagement to improve the efficiency of the energy system and put local people's needs at the centre.

**F COLLABORATIVE WORKING**  
Collaborating with other community energy organisations and a range of local and national project and service partners, including local authorities, network operators and commercial energy companies.

**G RETAINING PROFITS**  
Retaining profits locally, employing local people and returning spending and investment into the local economy.

**H LOW-CARBON TRANSPORT AND ACTIVE TRAVEL**  
Responding to community needs by installing electric vehicle (EV) charge points, facilitating e-bikes and other forms of active travel, providing car-sharing, EV education and infrastructural improvements.

**251 MW** solar PV

**133 MW** wind

**13 MW** hydro

**0.25 MW** anaerobic digester

**123** organisations providing energy advice and fuel poverty alleviation measures to local people

**319** organisations providing energy efficiency retrofit services to local people and businesses

**4.8 MW** community-owned heat generation capacity

**402** partnerships

**81** community energy organisations have provided mentoring to other community energy organisations

**£12.9 million** contributed to local economies from organisational expenditure and community benefit funds

**8** organisations providing flexibility services to the electricity grid

**111** projects

**387** charging points

**124** EVs

**298** e-bikes

## What are the impacts and benefits of community energy?

**A COMMUNITY ENGAGEMENT IN ENERGY SYSTEMS**  
Engaging local people in the energy system, giving them a feeling of ownership and a tangible stake in the energy system and the path to net zero.

**B BUILDING COMMUNITY TRUST**  
Trusted intermediaries become community anchor organisations that increase community connectedness and facilitate concrete behaviour change.

**C LOCAL ECONOMIC IMPACT**  
Motivated by "more than profit": creating local jobs and contributing to the local economy, distributing profits back directly to the community to be spent on their own priorities and needs.

**D RETROFIT INITIATIVES**  
Encouraging and enabling local people, businesses and community buildings to install their own retrofits to reduce energy demand.

**E POVERTY REDUCTION**  
Providing advice services, free energy efficiency retrofit measures and distributing funding to reduce fuel poverty and enable vulnerable people to navigate the energy system.

**F ATTRACTING INVESTMENT**  
Bringing in investment from communities and other investors to accelerate the path to net zero at the local level, and making a significant contribution to national targets.

**69,500** members

**75,000** on mailing lists

**76%** of members and supporters of community energy organisations say their relationship with a community energy organisation helped them to get involved in other sustainable energy initiatives

**94** new jobs created full-time equivalent

**35** organisations that have developed a pathway to employment in the community energy sector

**102** new jobs created full-time equivalent

**£11.7 million** spent locally by community energy organisations

**£1.5 million** community benefit fund spending

has supported a range of local projects focused on education and skills, the environment, community health and well-being and heritage and culture.

**65,065** energy advice appointments

**7,180** people engaged in energy efficiency activity

**£4.4 million** in energy bill savings

**SHARES RAISED**

**2023**

**£6.6 million** Take shares raised

**75%** of members and supporters of community energy organisations say their relationship with the community energy organisation has increased their confidence in investing in community-based projects

**80%** say they have gained confidence in investing in renewable energy projects

## What is holding community energy back?

**A KEY FACTORS IN STALLED PROJECTS**  
Numerous barriers make it difficult for community energy organisations to develop and deliver projects and services that respond to local needs and contribute to national targets.

**B ENERGY ADVICE OBSTACLES**  
Providing energy advice services is a key pillar of community energy organisations' local impact but a range of factors are holding them back from creating or expanding these services.

**C FUNDING INSECURITY ISSUES**  
It can be difficult for community energy organisations to obtain sufficient feasibility and development funding to enable them to grow and deliver new projects. Lack of secure, ongoing revenue can also hold back community energy organisations from diversifying their range of projects and services.

**D KEY BARRIERS TO THE GROWTH OF ORGANISATIONS**  
Community energy organisations have strong entrepreneurial drive, but face a range of challenges to growing in size and activity, engaging staff and ensuring governance remains strong.

**E COMMUNITY SUPPLY RESTRICTIONS**  
Supplying electricity to local homes and businesses (local supply) is a fundamental enabler of a democratic energy system, but government regulations regarding energy trading lack clarity and definition, hindering local energy supply and the ways it could alleviate distribution network bottlenecks and facilitate balancing.

**79** stalled projects: mostly electricity generation

**270 MW** total capacity

**35** organisations reported energy efficiency activity held back by lack of capacity in retail energy service

**16** reported difficulty in securing funding

**Key barriers to community energy organisations' growth:**

- Identifying/identifying a viable business model
- Challenges with grid connections
- Funding past staff (relating to salaries)
- Challenging market conditions
- Lack of access to the government's Contracts for Difference scheme or lack of floor pricing

**17** new community organisations identified

**SECTOR ACTIVITY AND ENGAGEMENT CONTINUES TO GROW**  
The sector continues to grow in scale, range of activities, reach across the country and the number of people and businesses engaged in the pathway to net zero.

**STRONG PIPELINE OF ELECTRICITY GENERATION PROJECTS**  
Community energy organisations are actively developing a strong pipeline of new renewable energy generation sites across the country, using a wide range of technologies tailored to local circumstances.

**LABOUR LIFTS WIND BAN**  
The effective ban on onshore wind in England has been removed by the new Labour government, opening the door for a new generation of community-owned wind turbines and the potential for significant growth in this form of renewable energy.

**ORGANISATIONS BROADENING PARTNERSHIPS**  
Community energy organisations are increasing their scale, impact and contribution to local economies by actively working on partnerships with a wide range of organisations.

**COMMUNITY ENERGY DIVERSIFICATION**  
Increasingly, community energy organisations are getting involved in a wider range of activities and services.

**29%** Charities

**5.5%** Property developer

**36%** Academia

**47%** Local government

**13%** Housing association

**29%** Business

**23%** Other

**50%** Other community energy organisation

**16%** Commercial renewable energy developer

**21%** of community energy organisations intend to start energy efficiency retrofit services

**24%** of community energy organisations intend to start energy efficiency services

**23** community energy organisations are working on providing local energy locally services

**14** community energy organisations are working on whole systems energy projects

**15** community energy organisations are working on flexibility services for electricity grid

## How can you help community energy to grow?

**A SHARED OWNERSHIP OPPORTUNITIES**  
Include local people in planning and benefiting from commercial renewable energy developments by offering a local community energy organisation the opportunity to become a part-owner of a new installation.

**B LONG-TERM INVESTMENT IN COMMUNITY SHARES**  
Help enable the activities and growth of community energy by investing in community shares or bond offers. As well as usually earning interest, you can participate in the governance of the organisation.

**C SHORT-TERM LOAN FINANCING**  
Provide short-term loan financing and feasibility funding to enable community energy organisations to develop and deliver new projects.

**D COMMUNITY INVOLVEMENT IN ENERGY PLANNING**  
Involve local community energy organisations in the development of a Local Area Energy Plan (in England) or Local Heat and Energy Efficiency Strategy (in Scotland).

**E POWER PURCHASE AGREEMENTS**  
Buy electricity from your local community energy organisations via a power purchase agreement (PPA).

**F RENEWABLE ENERGY GENERATION SITES**  
Offer sites for renewable energy generation to your local community energy organisations.

**G VOLUNTEERING OPPORTUNITIES**  
Volunteer with your local community energy organisation.

**26%** of organisations are interested

**29%** of organisations are potentially interested

**75%** of pipeline projects expected to sell electricity via long term PPA

**COMMUNITY ENERGY INVESTMENT PIPELINE**

**£157.2 million** Total investment

**Shares** £69 million

**Long-term debt** £71.2 million

**Bonds** £9 million

**Other (grants)** £1.2 million

**Short-term debt** £6.8 million