

Community Energy  
Executive Summary  
Policy Position Paper

July 2014



## Executive Summary

Community energy is a broad term that describes citizen and local ownership and participation in renewable energy generation, distribution and energy efficiency. It is about embracing the advantages that our natural resources provide for generating energy, and allowing the benefits, economic, social and environmental to flow to all of our people in our communities.

Communities all over Europe are creating projects where they own and are actively involved in running an energy resource. This could be a wind farm near the area, solar panels on the roof of local buildings, a biomass fed district heating system, an anaerobic digester fed from local farms, or a collective insulation project, the list is extensive. In Ireland, there is a small but growing industry of community and transition groups. Unfortunately there are significant barriers which hinder the success of these groups and projects, and as a result community led or community owned renewable energy in Ireland represents only a tiny fraction of overall energy generation and potential.

This 'Policy Position Paper on Community Energy' has been developed to outline some of the main barriers to the development of Community Energy projects in Ireland. Recommendations for removing these barriers are presented, and suggestions for national supports are provided.

The recommendations in this paper have been developed in consultation with practitioners, consultants, researchers and community workers in Ireland and around Europe who are actively working on community energy, energy efficiency, renewable energy policy and community engagement.

The main barriers to the development of Community Energy in Ireland could be removed by implementing the following measures;

- Facilitating access to the National Grid for communities, micro-generators and auto generators.
  - A bias towards community owned projects, and priority access to connect to the grid within Gate 3 & 4 where existing grid capacity holders do not have planning permission or have 'speculative' developments.
  - Mandate electricity suppliers to enter into Power Purchase Agreements (PPAs) with small generators, with a low cost / admin model, so that small generators can receive payments for the electricity they export to the grid.
- Fair and secure payments to support community energy, micro-generation and auto generation, at a price that balances the long term socioeconomic costs of this

generation (including reduction in transmission losses, the long term costs<sup>1</sup> of CO<sub>2</sub> and the balance of trade improvements) with the total net metering price and ensures the Public Service Obligations (PSO) levy is maintained at close to current levels:

- REFIT scheme for community owned renewable energy, micro-generation and auto-generation;
- REFIT scheme for solar electricity (solar PV); and
- REFIT 3 should be amended to further incentivise renewable heat installations.
- Funding and Finance Support to support groups in initial stages of development, feasibility, planning and construction – in particular to bridge the gap during first round financing between feasibility and planning.
  - Grant and grant to loan funding structures for Community Energy projects to fund initial development costs;
  - Support access to finance through cheap credit, special Government guarantees, or by facilitating local loans through appropriate investment vehicles (green funds/ strategic investment funds or credit unions etc.)
  - Encourage tax efficient structures and incentives for local ownership of renewable energy for the installation/construction of developments or as per the Danish model where income earned up to a point from Community Renewable Energy is tax free. Currently, the Irish revenue allows people to write off tax when investing in “business expansion” or for energy efficiency upgrades in businesses. This could be a significant additional incentive for community owned energy generation projects;
  - Grant aid from the Sustainable Energy Authority of Ireland through Better Energy Homes, Better Energy Communities etc. should not be limited to energy efficiency measures, and should include renewable energy generation, particularly solar energy, wood energy and heat pumps.
- Facilitate the development of Community Microgrids through the smart grid program.

In addition, there are a number of proactive steps that could be taken in order to encourage, incentivise and facilitate the development of Community Energy in Ireland. The White Paper on Energy Policy (expected this year, 2014) is an ideal opportunity to ensure some key policy supports allow the community energy industry to reach its full potential.

- Develop a National Community Energy Strategy that includes;
  - Specific targets for Community Energy ownership, as in Scotland where there is a target to generate 500 MW of renewable energy from community owned projects

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<sup>1</sup> The Department of Public Expenditure and Reform estimates the cost of carbon post 2015 as €39/tCO<sub>2e</sub> (2009) <http://www.per.gov.ie/reports/>. In the UK the Department of Energy and Climate Change estimates the price of carbon in £70/tCO<sub>2e</sub> in 2030 and in £200/tCO<sub>2e</sub> <https://www.gov.uk/government/collections/carbon-valuation--2>

- Co-ownership models, between developers, communities and local people, with a requirement that a minimum proportion of all renewable energy projects are owned locally. This could be modelled on the Danish system where 20% of all wind energy development must be locally owned. The take up of local ownership shares (with safeguards to ensure diversity of owners) should be a condition after which the development can proceed, and without which the development cannot and should be sufficient to ensure community consultation and acceptance is a key consideration from the outset.
- Funded competent intermediary bodies that can support and empower Community Energy projects with feasibility, technical, practical and finance advice and support, such as the Local Energy Agencies, or Local Energy Scotland.

Facilitated public engagement and public participation in national energy policy is also considered fundamental for the required energy transition, including workshops, public meetings and debates around the country. For a transition of this scale to take place, it needs to be an endeavour that all the citizens of Ireland play an active role in. A defining feature of those countries in Europe where successful energy transitions are underway, is the public and political space that is provided to debate the challenges, options and solutions to making this transition happen.

In Ireland, the Green Paper/White Paper process offers the opportunity for a national debate on energy policy, giving people the opportunity to play an active role in developing meaningful solutions to answer the big picture question on energy policy: *How do we achieve security of supply, reduce fuel poverty and decarbonise our energy system in a way that is mindful of communities and the environment?*



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