



electricity
north west

Bringing energy to your door



Community and local energy

RIIO-ED2 strategy, March 2024

1. Welcome



I am very pleased to be able to introduce this, the latest edition of our community and local energy strategy. We are proud of its track record in supporting and enabling the communities in our region to reach their energy ambitions. We see it as an important part of our role in the net-zero energy transition to enable communities across our region to take advantage of the benefits of low carbon energy. It is also a priority for us to make sure that everyone can realise the benefits, we want to make sure that 'no-one gets left behind' and everyone has the opportunity to take part.

In this strategy we present feedback from stakeholders and customers about the barriers community and local energy faces and the strategy and action plan we propose to respond to those barriers. We intend to take action on the top three areas that communities identified as barriers: funding and finance; regulation; and grid connections.

- The actions we propose include continuing with our award winning Powering our Communities Fund;
- working with communities to take advantage of the Strategic Innovation Fund;
- and to deliver tailored advice through our Pre-application Connections Engagement (PACE) team.

We will continue to show leadership in our support for the sector and to use our position within the energy industry to advocate for community energy in conversations with Government and Ofgem. We will build on this position to develop in-depth knowledge of the barriers facing communities that are not already taking part in energy projects. This will help us support all our customers to take part in the low carbon energy transition and feel the benefits of the net-zero energy transition.

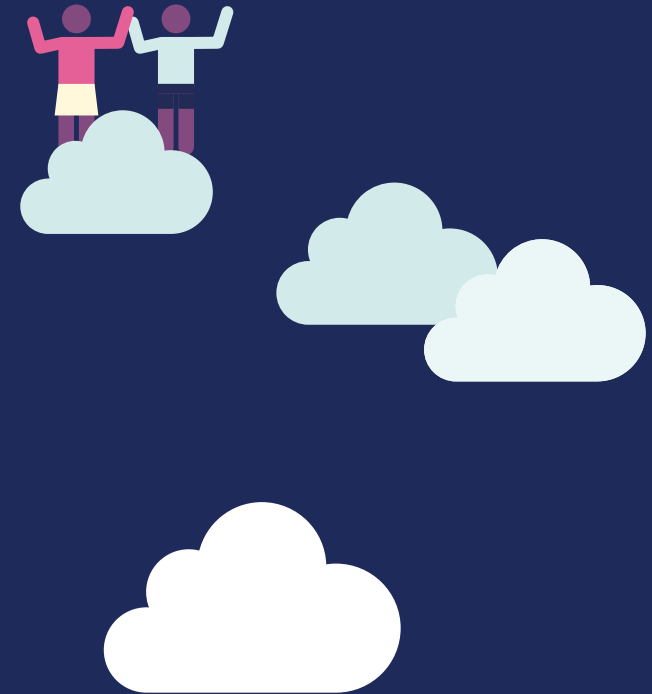
As part of our ongoing engagement please give us your feedback via the survey at the end of this document.

Stephanie Trubshaw
Customer and connections director.



Contents

1. Introduction to Electricity North West	4
2. What is community and local energy?	5
3. Our track record	6
4. A new investment plan	8
5. Engagement tools	9
6. Vision for ED2	10
7. Tailoring our service	11
8. Funding and finance	12
9. Powering our Communities fund	13
10. Energy sector regulation and local energy supply	14
11. Grid connections	15
12. Enabling a just transition	17
13. Strategy on a page	18
14. Key performance indicators	19
15. How to keep in touch	20



1.

Introduction to Electricity North West

**Electricity
north west**
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Who is Electricity North West?

Electricity North West is the regional distribution network operator for the North West of England. We operate £13bn of critical infrastructure including 13,000km of overhead lines and 44,000km of underground cables. Our network supports the economic powerhouse of the North West of England covering Cumbria, Lancashire, Greater Manchester and parts of Cheshire and Derbyshire.

We support the 2.4m properties connected to our network which is the most reliable in the UK. We are also one of the most efficient networks, with our charges coming in at around 30p a day. Our customer service scores are around 90% and we invest in tailored support programmes to help customers in fuel poverty or who need extra care.

We're the most innovative network operator and are investing £2bn from 2023-2028 to ensure sustainable growth for the region. We're supporting local authority ambitions on climate targets and enabling customers to connect and use low carbon technologies such as solar panels, electric car charging points and heat pumps.

We care about the people in our region our place in their lives, and the prosperity of our region.



2. What is community and local energy?

Community energy refers to local and community-led projects or initiatives to reduce, manage, generate or purchase energy. And this covers so much, from providing energy saving advice to installing solar panels, heat pumps and electric vehicle charging points.

At the heart of all community energy projects is the importance of working with communities and bringing benefits to the local area.

As the name suggests, community energy projects are often run by local community groups. Local energy has the same objectives but includes a wider group of organisations such as local authorities, housing associations, intermediary or advisory organisations and local businesses. Some local energy projects may have a commercial aspect but are also likely to benefit their local area and community.

The most recent State of the Sector survey (published 2022) showed that there are 42 community energy organisations in the North West with a combined total of 17MW of community owned generation. It also showed that community energy organisations in the North West are working across a range of energy projects from energy efficiency, EV charge point installation, generation and heat decarbonisation and that 50% of the organisation are working on ambitious projects and plans.



We have seen an increase in community energy organisations across our region since 2018 when our first State of the Sector survey report was published. The first survey showed that there were 23 community energy organisations in the North West with 9.2MW of community-owned generation.

The State of the Sector survey, which is carried out by Community Energy England, gives us invaluable data and insights. Continuing to support the State of the Sector is a key part of our strategy and the next State of the Sector report will be published in 2024.



3. Our track record

Electricity North West was the first DNO to publish a stakeholder-led community and local energy strategy (2018). We produced a refreshed strategy in 2020 setting out 25 commitments in an action plan to support the community and local energy sector in the North West.

We have delivered against all those commitments. Notable highlights include:

- Delivering an award-winning seed fund for communities called Powering our Communities which has, to date, supported 40 projects with a total of £500,000.
- An extensive stakeholder engagement programme which delivered over 3000 individual engagement activities to ensure we fully understand the ambitions of our communities and the barriers they are facing to achieve them.
- Resources to support communities including 46 newsletters and 23 events attended by over 1000 people

If you want to find out more about what we've delivered to date you can read our [Community and Local Energy Strategy - ED1 Final Progress Report](#)



UtilityWeek AWARDS 2022

WINNERS



3.

RIO-ED1 highlights



<p>over 3000 individual engagement activities delivered</p>	<p>18,587 visits to community and local energy web pages</p>	<p>46 newsletters and engagement emails shared with over 377 stakeholders</p>	<p>23 Community Connects events held, attended by over 1000 people</p>
<p>£400K allocated to Powering our Communities fund grants</p>	<p>33 projects supported with a Powering our Communities Fund grant</p>	<p>Winners of the Utility Week Award Community Investor Award, 2022</p>	<p>Strategic Innovation Fund projects developed with two community energy organisations</p>

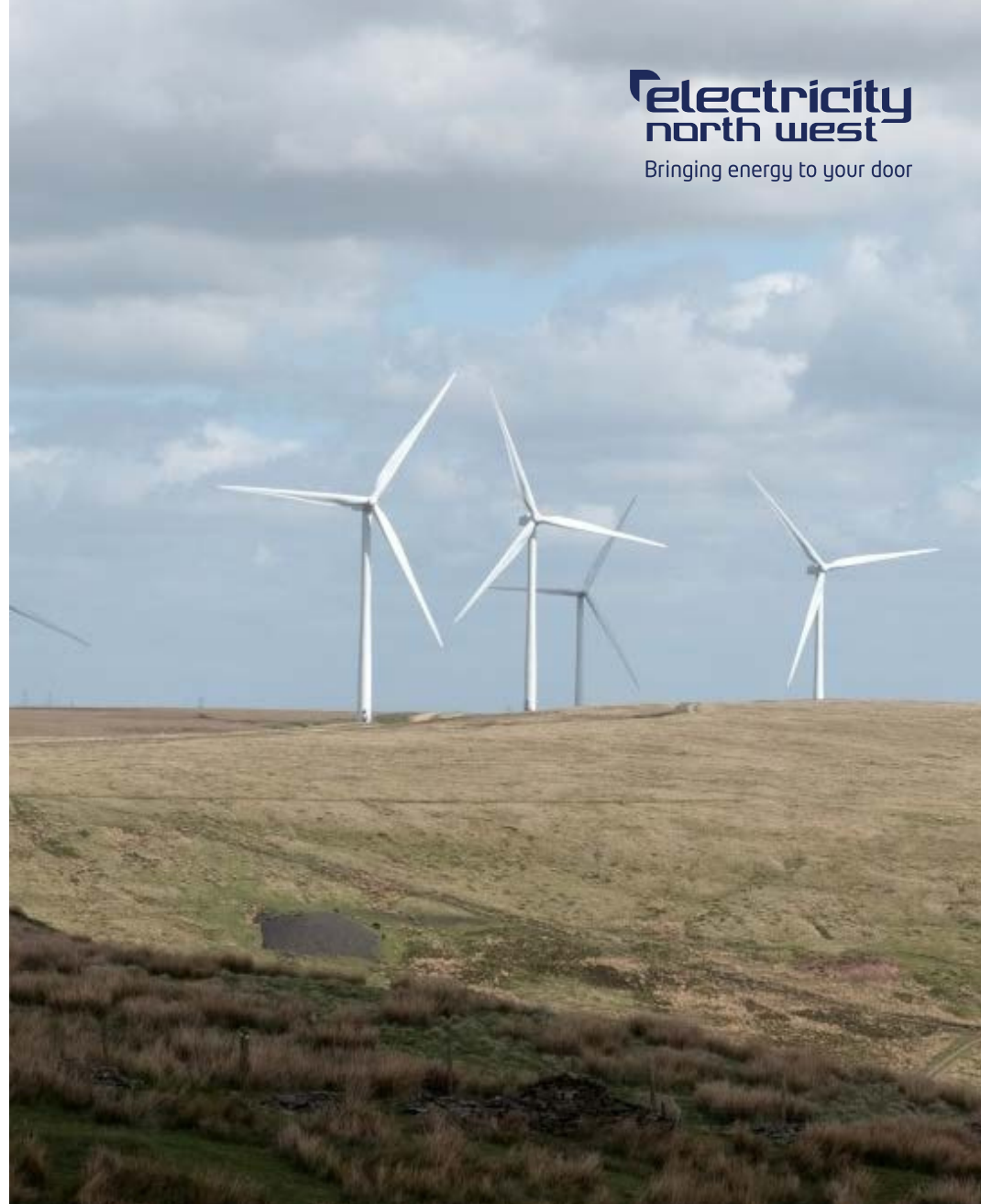


4. A new investment plan

Every five years we must submit a plan to Ofgem on everything we want to deliver, based on the views of stakeholders and customers. Our latest plan began in April 2023 and runs for the next five years until March 2028. In that time we will invest £2bn in the region's network.

Responding to feedback in the development of our plans, we now have an even greater focus on enabling customers to install low carbon technologies and protecting customers in vulnerable circumstances. There is also a particular focus on how we can support customers who face barriers to access the benefits of low carbon technologies.

These are all things community energy cares about and therefore we need a new strategy for our community and local energy stakeholders which aligns with the new investment plan.



5. Engagement tools



We have used a wide variety of engagement tools to find out what is important to our stakeholders and to make sure we understand the issues you face.

We have developed strong relationships with the sector in our region which helps make our conversations relevant and meaningful. Our community energy manager is on the board of Community Energy England and we are members of Regen which help to give us insights into the issues affecting the sector nationally.

To inform the development of this strategy we have:

- consulted with customers and stakeholders via a Community Connects webinar;
- consulted with our [Sustainability Panel](#), which is a panel of experts who meet regularly to feedback and challenge our plans;
- carried out a customer survey;
- commissioned a 'State of the Sector' survey for our region;
- analysed over 400 customer enquiries and correspondence we have received;
- used industry insights and research; and
- produced community and local energy newsletters and promoted our dedicated email address and web enquiry forms to enable direct contact with our team.

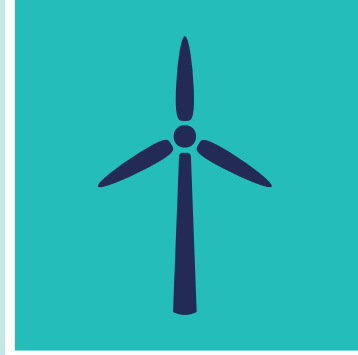
We have used feedback gathered from the above engagement to develop this plan and we hope it a true reflection of what we've heard and meets the needs of our communities. The following pages tell you what we heard and how we think we can help.



6. Vision for ED2

This is the vision we developed with customers and stakeholders as part of our ED2 Business Plan development process. Throughout the recent engagement stakeholders agreed it is still the right vision for our strategy.

“To continue with our dedicated service to maintain an in-depth understanding of the issues and barriers facing the sector; and to continue to use this intelligence to develop and shape our services. This will ensure we are meeting our customers’ and stakeholders’ expectations that Electricity North West supports them with their journeys towards net zero.”



The three main steps we will take to deliver the vision are:

1. Understand the barriers to community and local energy.

We will do this through customer and stakeholder engagement, keeping up to date with industry developments and research and sharing best practice using our engagement networks and our convening power.

2. Tailored service and offer to overcome these barriers.

We will continue to work in partnership with our customers and stakeholders to shape and test our service.

3. Continual improvement and feedback to ensure we are delivering a first class service to our customers.

We will report progress annually and continue to consult with stakeholders on our service to inform its continual development.



7. Tailoring our service

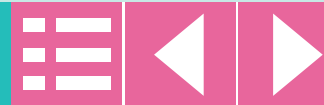
How we can help

We have listened to our customers and stakeholders and through our engagement process we have identified the following barriers that are currently slowing down and hindering community energy in our region. This list was developed through triangulation of research, surveys and engagement and then tested with stakeholders at our Community Connects consultation event and survey and with our Sustainability Panel. This process has confirmed that these are the top three barriers facing community energy in the North West where our customers think we can help.

Top three barriers facing community energy

1. **Funding and finance**, especially for early stage project development and help with making business plans viable
2. **Energy sector regulation** and the barriers it puts up to local supply models and the route to market for local generation
3. **Grid connections** – price and time frame

These topics have not really changed over time. They are the same barriers identified by stakeholders when we first started our engagement process in 2017/18. However, the detail behind the issues have changed, progress has been made in some areas but there is still work to be done. The following pages go into each area in a more detail.



8.

Funding and finance

The funding and finance barrier relates to both the issue of funding project development and making business plans viable.

We have worked alongside external funding such as the Rural Community Energy Fund and the new Community Energy Fund which is being run by the North West Net Zero Hub to seed fund activity and support groups to get ready for applying for these larger pots of money. We have also played a role in supporting groups to develop viable business models. We do this in a number of ways including:



providing pre-connection advice so groups can understand the price of their connection and feed that into their business plan;



hosting our Community Connects events to provide an opportunity for groups to share best practice and support each other to understand the latest developments and tools available to help them to develop projects; and



supporting groups to understand the energy sector regulation and how it relates to their aspirations, particularly as it relates to local supply.

We will continue to provide support to help community and local energy to overcome their finance and funding barriers by:

- delivering a £100,000 Powering our Communities Fund which will provide seed funding to community energy activity;
- partnering with community energy groups to deliver Strategic Innovation Fund projects
- providing pre-application engagement advice through the Electricity North West Pre-Application Customer Engagement team;
- offering surgery session with our community energy manager to discuss business plans and energy sector markets and regulation;
- putting on Community Connects events to network and share best practice;
- publishing a quarterly newsletter to share news and developments relevant to community and local energy; and
- publishing quarterly regulation and policy updates

What is the Strategic Innovation Fund?

The Strategic Innovation Fund (SIF) is designed to drive the innovation needed to transform gas and electricity networks for a low carbon future. It is part of the price control period and is expected to invest £450 million by 2026. It is a competitive fund to which gas and electricity transmission and distribution network companies can apply to in partnership with other organisations.



Powering our Communities fund

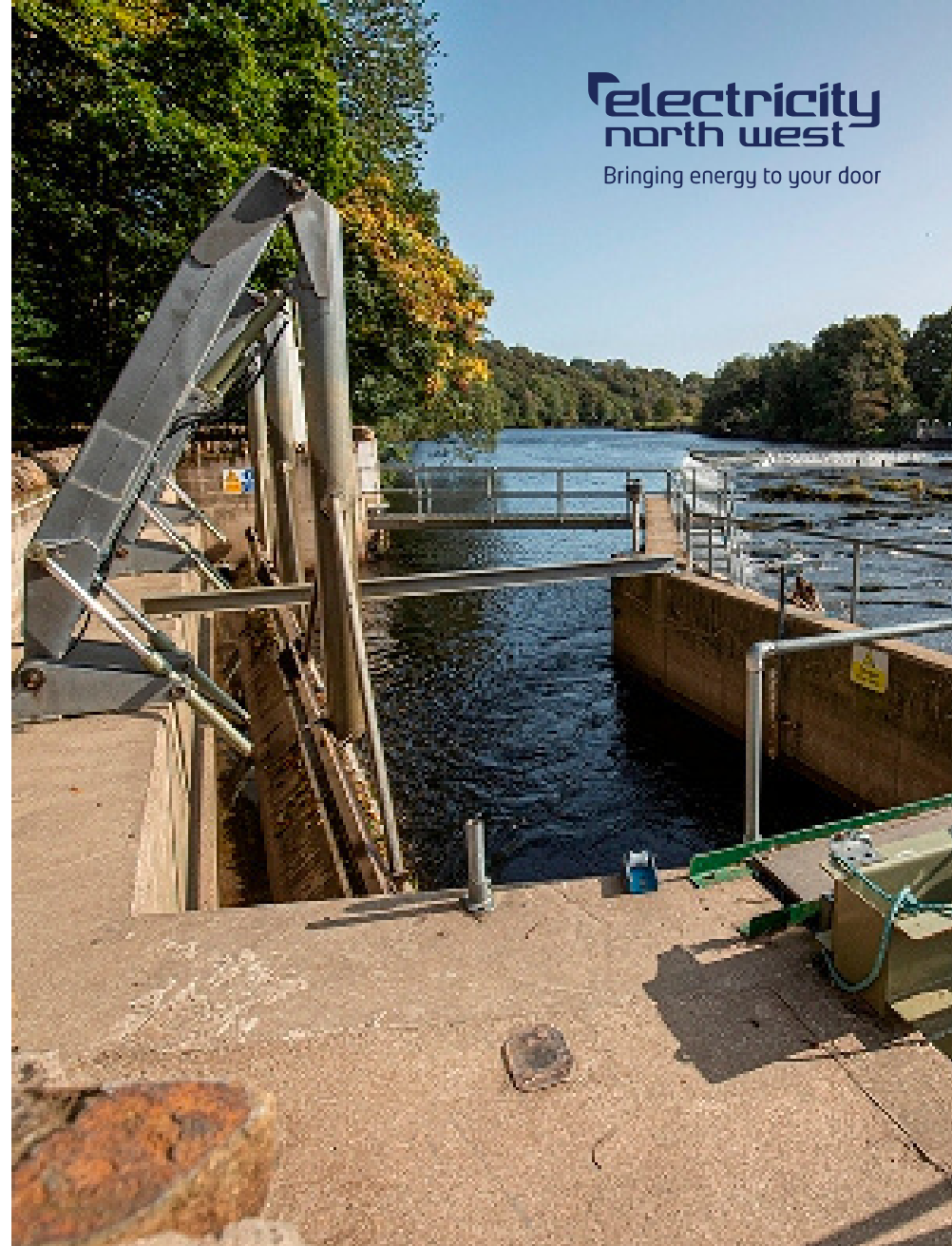
The aim of the Powering our Communities fund is to provide seed funding to support the development of community and local energy in the North West of England.

We developed the fund in response to stakeholder feedback which told us that there is a capacity gap in the community and local energy sector which is preventing it from reaching its full potential. The aim of this fund is to support community and local energy groups to grow and address the barriers the sector is facing and enable it to take action to meet net zero.

Each year we make up to £100,000 available to support projects up to the value of £15,000. The funding is awarded via a competition held for applications. The applications are judged against the fund's priorities and the projects that best meet the criteria and deliver the most impact are awarded funding.

We are looking for projects that will lay the foundations to enable communities to go on to deliver projects with significant impacts such as carbon savings, local economic benefits, enhanced community resilience and communities that feel more empowered to take action on climate change.

For more information about projects that have received funding and the latest round of funding visit [our website](#).



Energy sector regulation and local energy supply

Many community energy groups working on generation projects want to supply their own community. For some it is because this is a way of showing the benefit to the community of hosting the hydro, solar or wind project and it can also be seen as a way of making a viable business plan by getting a good price for their energy. Unfortunately, the way the energy industry in the UK is regulated it is not easy for small community energy businesses to become energy suppliers (eg sellers of energy to an end consumer). To become an energy supplier requires a licence from Ofgem which is a barrier most energy groups can't overcome. There are a number of initiatives that are working on ways to make the link between local generation and local customers and we are supporting them because we recognise how important it is to our stakeholders.

Our support for local supply:

- Powering our Communities Fund grant to Energy Local who are working with local generation in Cumbria to demonstrate how their model for local supply works and to train local champions.
- Powering our Communities Fund grant to Power for People and support to their campaign to get the Right to Local supply into the Energy Bill.
- Promotion of the P441 code modification working group to help get stakeholder support and engagement for this process which has the potential to help the roll out of the Local Energy model.
- Strategic Innovation Funding project, Net Zero Terrace which is developing smart local energy system (SLES) integrated into the local network and uses peer-to-peer trading.

We will continue with this support as part of this new Strategy.

The other feedback we have about energy sector regulation is that it is complicated and hard for community and local energy groups to keep up to date with it. They are aware that there are lots of changes being proposed such as review of electricity market trading arrangements (REMA) and

impact of wider sector reform on markets but it's not easy to understand how that might impact business model viability. We have been asked to help with highlighting what's important to the community energy sector which is why we produce a quarterly regulation and policy update and offer surgery sessions to help individual groups with their specific issues. We also use our understanding of the community and local energy sector in our engagement with industry stakeholders and we use our convening power and profile to advocate for the sector where we can.

We will continue to provide support to community and local energy with energy regulation by:

- using the Powering our Communities fund to support projects that address this issue
- offering surgery session with our community energy manager to discuss business plans and energy sector markets and regulation
- publishing a quarterly regulation and policy updates
- advocating for community energy within energy regulation discussions and consultations.



Grid connections

Grid connections are essential for solar PV, wind, heat pumps, electric vehicles chargers and battery projects and issues with grid connections are high profile. However, it was only ranked as the third barrier by our stakeholders because in the North West there is available capacity for the types of projects our community and local energy customers are currently developing.

That does not mean we are complacent and we are active in all the industry work programmes that are addressing the connections issues such as the [Connections action plan: speeding up connections to the electricity grid across Great Britain.](#)

We are also keen to support our customers with their projects by helping to identify the best point of connection as early as possible in the project development process. That way we can provide an early indication of a price for your business plan and identify any work that might need to be undertaken.

We will continue to support community and local energy projects with their connections to our network by:

- Pre connections application engagement advice .
- Working with Government, Ofgem and National Grid to implement the industry-wide initiatives that are taking place to reduce connection times.



11. Summary of actions

The following table summarises the barriers and how we can work with our communities to help overcome them



Top three barriers to community energy	Our tailored services
<p>1. Funding and finance, especially for early stage project development and help with making business plans viable.</p>	<ul style="list-style-type: none"> • Powering our Communities Fund to seed fund community energy activity. • Pre-application engagement advice . • Surgery sessions available with our community energy manager to discuss business plans and energy sector markets and regulation. • Community Connects events to network and share best practice. • Quarterly newsletter to share news and developments relevant to community and local energy. • Quarterly regulation and policy updates.
<p>2. Energy sector regulation and the barriers it puts up to local supply models and the route to market for local generation.</p>	<ul style="list-style-type: none"> • Develop partnerships with community and local energy groups for Strategic Innovation Fund projects. • Use the Powering our Communities fund to support projects that address this issue. • Quarterly regulation and policy updates and promotion of opportunities to support and get involved with relevant consultations. • Surgery sessions available with our Community Energy Manager to discuss business plans and energy sector markets and regulation. • Advocate for community energy within energy regulation discussions and consultations.
<p>3. Grid connections – price and time frame.</p>	<ul style="list-style-type: none"> • Pre connections application engagement advice. • Take part in the industry-wide initiatives that are taking place to reduce connection times.



12. Enabling a just transition



We want our Community and Local Energy Strategy to enable a just transition in our communities.

What this means is we want to deliver real benefits through our support for community and local energy beyond carbon savings. We recognise the power of community energy to engage with people and bring them with us as the energy system in this country changes massively to reduce its impact on climate change.

We also recognise that community energy delivers co-benefits as opportunities to develop new skills, find new jobs or develop relationship that help build healthy, friendly, resilient communities. We want to empower our communities to take action and to maximise the benefits of these projects to the community.

To help achieve this aim we aim to focus on making sure communities that might not otherwise take part are offered support. We will continue to work hard to understand any particular barriers faced by people not currently engaged with community and local energy and focus our efforts to enable them to feel the benefits of the energy transition.

We will enable a just transition in our communities by:

- Working in partnership with the community energy sector through the Strategic Innovation Fund and the Powering our Communities fund to understand the barriers faced by communities to get involved in the energy transition and the solutions available to overcome them.
- Developing our expertise in the barriers facing communities to taking part in the energy transition and maximising the benefits to their area to make sure we can advocate for them and include them in our future plans.
- We will work in partnership with community energy to investigate the feasibility of installing community owned generation on our assets and purchasing community energy via a sleeved Power Purchase Agreement (PPA).



13. Strategy on a page

Vision: To continue with our dedicated service to maintain an in-depth understanding of the issues and barriers facing the sector; and to continue to use this intelligence to develop and shape our services. This will ensure we are meeting our customers' and stakeholders' expectations that Electricity North West supports them with their journeys towards net zero.



No.	Our tailored support programme
1	We will deliver a £100,000 per year Powering our Communities fund to seed fund projects that help overcome barriers to the delivery of community based energy projects.
2	We will deliver pre application advice to help communities understand the process and develop their business cases and take part in industry initiatives to reduce connection times.
3	We will develop partnerships with community and local energy groups for Strategic Innovation Fund projects that help address the issues they are facing and support the delivery of a just transition.
4	We will continue to show leadership and support for our communities on the issue of local supply by: <ul style="list-style-type: none"> • publishing a quarterly regulation and policy update; • using our position to advocate for community; • offering surgery sessions with our community energy manager.
5	We will continue to deliver our programme of stakeholder engagement to maintain our relationships and understanding of the sector in our region. It will include: <ul style="list-style-type: none"> • quarterly newsletters; • community connects events; • surgery sessions with our community energy manager; • resources and case studies on our website.
6	We will publish an annual State of the Sector report to provide insights into the development of the sector in our region.
7	We will continue to develop our expertise in the barriers facing communities to taking part in the energy transition and maximising the benefits to their area to make sure we can advocate for them and include them in our future plans.
8	We will work in partnership with community energy to investigate the feasibility of installing community owned generation on our assets and purchasing community energy via a sleeved PPA.
9	We will produce an annual progress report to report back against these actions, the outcomes of our stakeholder engagement and any changes to our support as result. We will also report on the reach of our engagement, the number of groups we've supported and the outcomes of our support.



14. Key performance indicators

Target	Measure
Reach	Number of people reached through our promotion and awareness raising activities
Support	Number of enquiries responded to, and groups supported.
Outcome	Number of community energy groups and businesses Amount of community owned generation Amount of flexibility contracted with community energy Number of people engaged with North West community energy groups



15. Keep in touch

Keep in touch by signing up to our [newsletter](#)

Get in touch to tell us about your plans:
Communityandlocalenergy@enwl.co.uk

[Book a surgery session](#) with our community and
local energy manager

Contact the pre-application connections
engagement: pace@enwl.co.uk

Keep the engagement going, give us your [feedback](#)





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