PURPOSE OF REPORT

This report provides a summary of two grant-funded initiatives designed to support Greater Manchester’s community energy sector – one which has been delivered over the past twelve months, the other has just commenced and will be delivered over the next four and a half years.

RECOMMENDATIONS:

The Board is requested to:

- Note progress on the development of the community energy sector across GM
- Receive future update reports on COALESCCE and other initiatives.

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1.0 COMMUNITY ENERGY INNOVATION PROJECT

1.1 GMLCH received £65,000 in March 2016 from DECC to fund a 12-month community energy sector booster project.

1.2 The project comprised two stages:-

- An innovation competition which made funding available to community energy organisations to develop new business ideas

1.3 The successful innovation fund bids were as follows:-

- Carbon Co-op – “My Home Energy Planner” tool for householders
- Bury Hydro – Virtual Private Wire network approach
- Oldham Community Power – models to engage low income households
- Biomass Energy Co-op – new biomass fuel supply chain using coffee

1.4 Quantum Strategy & Technology were engaged to support the development of the four innovations. Additionally, each of the groups engaged their own consultants using the innovation grant to provide specialised support.

1.5 Carbon Co-op has now successfully developed their “My Home Energy Planner” (MHEP) tool, which has been developed as an open source online resource. The tool enables trained assessors to deliver audits which empower householders to effectively plan home energy efficiency retrofits using sound technical parameters. It is aimed at an able-to-pay, early-adopter market. Carbon Co-op has explored Social Franchising as a means to scale up and roll out the use of MHEP in other areas and developed costs and processes for training and quality assurance of assessors. Market testing in three areas has been carried out (including in Salford for a not-able to pay market). They have secured REACH fund business development support to develop and resource the next stage of the social franchise.

1.6 Bury Hydro is the most challenging of all of the four projects, facing multiple issues associated with low Feed In Tariff rates, damage to the Chamberhall weir from the floods of December 2015, limited customer options for the generated electricity, and technical design of the Archimedes screw itself. The innovation project has not yet been conclusive for this group, but they continue to be supported by Electricity North West who is working with them over the longer term on the Virtual Private Wire concept. The project has enabled learning on the value of virtual private wire to community energy organisations, vs private wire.
1.7 Oldham Community Power (OCP) has used a number of focus groups and engagement workshops, along with financial modelling delivered by Sharenergy, to develop a preferred approach to engaging low income households in share ownership which is compatible with the standard Rules of most Community Benefit Societies. OCP plan to offer the model as part of their new Community Share Offer which they will launch on 1 April 2017. Research into Islamic Finance principles and community energy shares has been prompted and is being further investigated by Quantum to be shared in the toolkit report.

1.8 Biomass Energy Co-op has successfully tested and certified to RHI standards the 50kW boiler from their range of “Multibio” multifuel solid fuel boilers with their new fuel pellet made from waste coffee grounds. The boiler has now received the official DEFRA exemption from Clean Air Act regulations due to its low emissions for the new fuel, and Biomass Energy Co-op plan to gain the same exemption for a number of different models of boiler from the same range. Financial modelling on how to roll out the boilers using social investment and community shares has been delivered. Biomass Energy Co-op can deliver at below the gas price using waste coffee fuel. Work is continuing to build up a supply chain and customer base for the new technology.

1.9 Quantum Strategy & Technology facilitated two workshops to support the innovation projects, share early lessons and identify future needs from GM and NW community energy organisations. A strong desire was expressed to support the sector through a resourced network providing training events on specific topics. The Tyndall Centre, University of Manchester was a collaborator in the lesson-sharing workshop, and one of their researchers used the workshop for his research project, demonstrating good cooperation between the community energy practitioners and academic researchers. Stronger links have been enabled between community energy groups and Electricity North West, which we hope will continue. There is an opportunity to develop such links, to use Network Innovation Allowance funding to develop new business models in community energy to support electricity storage, grid balancing and demand side management to drive down emissions and reduce costs for end users.

1.10 Quantum Strategy & Technology will capture the learning from the innovation project and use it to produce a toolkit which will aim to enable other community energy groups from across GM and the UK to replicate the successes and lessons from this initiative.

2.0 COALESCE PROJECT

2.1 COALESCE stands for Community Owned And Led Energy for Security, Climate Change and Employment. The premise of the project is that international and national energy markets are skewed towards large corporations which focus mainly on the fossil fuel supply chain, and that (as has been demonstrated in Germany), community energy is better placed to
deliver carbon emissions reduction, generate local employment and provide energy security. The project sets out to catalyse a step change in the community energy sector in the participating regions.

2.2 The project was approved by the EU INTERREG secretariat in autumn 2016, and is a seven country partnership from UK (Greater Manchester), Spain, Italy, Germany, Hungary, Romania and Bulgaria.

2.3 The project had a 1st January 2017 start date, to last nine semesters (four and a half years). The first five semesters comprise Phase 1 of the project and the final four semesters comprise Phase 1 of the project. Phase 1 is the ‘doing’ phase of the project, culminating in production of Action Plans for the participating regions, and Phase 2 is the implementation phase where the desired step change in the community energy sector is demonstrated.

2.4 Phase 1 of the project focuses on research, peer review and Action Plan development. The Action Plans can make any recommendations and actions can be owned by any organisation in the local stakeholder groups, but one important aspect is that they should influence regional policy (such as the Greater Manchester Climate Change Strategy) and the local EU Structural Funds in terms of providing financial interventions to address barriers in the community energy marketplace.

2.5 Phase 1 activity aims to establish the current state of the community energy sector in each region, the barriers and opportunities currently affecting the sector, and the potential for expansion if these barriers and opportunities are effectively addressed. This will be established via a series of interviews with the following types of organisations:-

- Community energy co-ops
- Private sector installers and suppliers
- Consultancy companies providing services to the sector
- Universities and higher education establishments
- Colleges and further education establishments
- Local authorities

2.6 The organisations interviewed will form the local stakeholder group for each region. The local stakeholder groups will be an integral part of the Action Plan development process, being consulted via two physical stakeholder workshops and also virtually. The Action Plan will be developed using the intelligence gathered during the interview process, plus input from the interregional Peer Review visits.

2.7 Once the Action Plans have been developed and implemented at the end of Phase 1, progress on a number of key performance indicators will be monitored for the four semesters of Phase 2 to demonstrate the step change in the community energy sector arising from the Actions.
2.8 Experience so far from the interviewing process in GM is showing that simply the creation of a local stakeholder network is yielding innovative ideas and approaches which have the potential to boost the sector, even before the Action Plans have been developed or implemented.

3.0 RECOMMENDATIONS:

The Board is requested to:

- Note progress on the development of the community energy sector across GM
- Receive further update reports on COALESCE and other initiatives