

Report of the Cabinet Member for Economy and Skills

Local Electricity Bill

1. Introduction

I have been asked to report by Councillor Atkinson as follows:

Will the Cabinet Member for economy report on whether the Council would support the Local Electricity Bill, currently supported by a cross-party group of 115 MPs, and which, if made law, would make the setup and running costs of selling renewable electricity to local customers proportionate by establishing a Right to Local Supply; as part of measures to tackle the climate emergency and how this would affect potential operators and the supply of green electricity in Devon.

2. Background and Overview

The Local Electricity Bill has been drafted by an organisation called Power for People - <https://powerforpeople.org.uk/>. Power for People is a not-for-profit organisation, campaigning for the UK to rapidly transition to 100% clean energy and for local communities to benefit from this great transition. Much of this report uses words from the Power for People website to explain the Local Electricity Bill.

Devon County Council has long recognised the potential for community-scale and community-owned renewable energy to help raise awareness of local energy issues and enable communities to work together to reduce energy consumption, fuel poverty and decarbonise Devon – directly supporting the current climate emergency. Supported by Devon County Council since 2011, Devon now has over 20 community energy organisations collaborating through the Devon Community Energy Network - <https://www.devoncommunityenergy.org.uk/>. Community energy organisations have installed over 12MW of renewable energy, invested £14m, created 33 full-time jobs and avoided over 6,000 tonnes of carbon dioxide emissions.

The vision for many of these organisations is local people buying locally-generated renewable energy that supports the local economy, jobs and environment. But maximising this opportunity is very difficult.

3. The Problem

If you want to buy your electricity from local renewable sources, such as the local school and the church that has solar panels on their roofs, you cannot. We all buy our electricity from a utility company that sources it from anything connected to the National Grid, be it a field of solar panels in Wiltshire or a gas fired power station in Yorkshire.

Putting it the other way around – a community with local renewable generation, e.g. housing estates with solar panels or a hydro plant in the local river – cannot sell the energy they generate to local people but must sell it to a utility who sell it on to customers.

This is happening because becoming a supplier of energy to customers requires engaging with highly complex industry codes and network agreements that result in set-up costs of millions of pounds. Running costs are also enormous because regulations require companies supplying energy to customers to contribute to the national and regional energy grid networks.

4. The Solution

The costs and complexity of being able to sell locally generated energy to local people needs to be made proportionate to the size of the community energy companies' operation. It would then be financially viable for current and potential renewable generators to set up as local energy suppliers, selling their energy to local people.

Power for People have drafted the Local Electricity Bill which lays out a mechanism that will do this. If enacted by Parliament, it would give generators of electricity the right to become local suppliers, i.e. sell their energy to local people. It gives the task of setting up this right to OFGEM, the energy market regulator. Critically, it requires that OFGEM ensures that this right means that local suppliers face set-up and running costs and complexity proportionate to the scale of their operation.

5. What would this mean for Devon?

The Local Electricity Bill would allow the successful community energy sector in Devon to implement new business models and grow by continuing to engage local people on local energy issues and take ownership over their energy futures and local carbon emissions.

Commercial renewable energy operators would also be likely to benefit although some commentators are requesting that the Bill could be improved by adding a detailed requirement on OFGEM to involve allow not-for-profit companies to become local energy suppliers.

Councillor Rufus Gilbert

Cabinet Member for Economy and Skills