

Energy Bill [Lords]

Consideration of Lords message

Clause 272

Local supply for community energy

14:22:00

The Parliamentary Under-Secretary of State for Energy Security and Net Zero (Andrew Bowie)

I beg to move, That this House disagrees with Lords amendment 274B. Lords amendment 274B was added to the Bill during consideration in the Lords of Commons amendments. As was set out, the Government did not agree with the inclusion of the amendment and, after further careful consideration, we remain of the same view today. The amendment commits the Government to a consultation

“on the barriers preventing the development of community energy schemes”

and sets out whom we would consult. It also commits the Government to bringing forward proposals to remove identified barriers to community energy.

However, as a result of working closely with colleagues who have made representations during the passage of the Bill, on 5 September I set out the Government’s commitment to consult on the barriers that the sector faces when developing projects. As a part of that process, we are involving the community energy sector in designing the consultation, through our community energy contact group. The group has already had constructive discussion on this work at its meeting earlier this month. The Government have already made a clear commitment to the consultation—I announced that commitment at the Dispatch Box in September. We therefore think it is unnecessary, and of no additional value, to put the specifics of it in primary legislation.

Sir Jeremy Wright (Kenilworth and Southam) (Con)

I thank my hon. Friend for all the work he has done to put in place not just this consultation but the fund, which will be tremendously useful for these purposes too. Does he accept that there is a sense of urgency here; that there is a need to get on with removing these barriers? If he is not content with the timetable set out in this amendment, will he give the House an indication of what he thinks the right timetable is, so that community energy companies and others can know where they stand and get on with the good work that he and I are both in favour of?

Andrew Bowie

I thank my right hon. and learned Friend for his intervention. Of course, I agree with him that pace is of the utmost importance in supporting community energy groups around the country, which is why the contact group has already met earlier this month and is engaging already on identifying the barriers that the consultation will seek to address and, thus, informing the Government as to what we need to do. That work is ongoing, which is why we do not feel that this amendment is required; we have begun that process already.

There are other issues with the amendment that mean we cannot support its inclusion in the Bill. The amendment would place an additional obligation on the Government to bring forward proposals to remove these barriers within a specific timeframe. As I just said, we cannot be sure what barriers will be raised in the consultation, or what the proper response to those barriers should be, until we have carried it out. We therefore cannot create a legislative obligation to remove barriers within a six-month timeframe when we are not aware of the nature of the barriers and have not yet properly analysed them.

Chris Skidmore (Kingswood) (Con)

I appreciate the Minister’s argument, but that is technically not what the amendment says; there is no requirement for legislative reform, only one to bring forward proposals. It is unfair to mislead the House—

Madam Deputy Speaker (Dame Eleanor Laing)

Order. It is not misleading the House; the Minister might possibly have done so inadvertently, but he would not have been misleading the House.

Chris Skidmore

My apologies to the Minister. I did not mean to make accusations so strongly. The challenge here is that subsection (4) of the new clause set out in the amendment contains no reference to legislation such as the Minister suggested. That is my point.

Andrew Bowie

I thank my right hon. Friend for his intervention. It is the Department's view and mine that the amendment would result in legislation being required. As I said, we absolutely understand the importance of this, which is why I launched the consultation process as I did. It is why we are engaging so closely with the sector and all interested parties so that we can get this consultation up and running and out as soon as possible, and identify those barriers preventing community energy groups from accessing the market. I know that he has a passion in this area and holds strong convictions on it. I would be happy to continue to work with him, alongside the community energy contact group, as we develop our proposals for the consultation.

I also wish to reassure the House that we will continue to work closely with the sector to support its important work, both through our existing support, including, for example, the £10 million community energy fund, and in carrying out the consultation, to which we have already committed.

Madam Deputy Speaker

I call the Opposition spokesman.

Dr Alan Whitehead (Southampton, Test) (Lab)

That was a disappointing and specious defence by the Minister of his intention not to proceed with these proposals from the other place. He knows perfectly well what the barriers to developing community energy are; we have debated them at length during the passage of the Bill. So I am not sure it is going to take a forensic panel of inquiry to find out what those details are before the Government can act on any of these things.

We are on the last lap of the Energy Bill and it is particularly disappointing that we are hearing what we are hearing today about this Lords amendment. The Bill, which has been with us in both Houses for well over a year now, puts into place many of the essential tools that will enable energy to progress towards a low-carbon, net zero future. The Opposition have consistently supported the Bill, while endeavouring during its passage to strengthen it in its low carbon mission. We have tried to place into the Bill further elements to make it the best it can be in pursuit of its low-carbon mission, and there have been some junctures during its passage when the Minister has endeavoured to take on board those suggestions for strengthening it, in some instances by drafting a Government amendment that meets the purport of our amendments. I am grateful to the Minister for those changes to the Bill and for the collegiate way in which the Bill has been debated and decided upon.

However, there are exceptions to that, one of which is in front of us today. As the Minister states, it relates to community and local energy, which I am sure Members will agree is and will be an important part of the future low carbon energy landscape. It has the potential to make a serious contribution to our local carbon arsenal of plant, while being funded and supported by the community in which that plant is situated, making it easier to develop and able to restore the benefits of its operation to the community itself.

Labour has committed to providing strong support for community energy, including the assistance of Great British Energy, the company we propose to set up to support the development of local low carbon plant with community energy schemes. The potential for such schemes to contribute to the overall installation of low carbon systems in the UK is immense, with perhaps 8 GW of install capacity added to the national stock through such local schemes. I remind the House that that is getting on towards the equivalent capacity of three nuclear power stations such as Hinkley Point C.

14:30:00

We know that at the moment there are substantial legislative and administrative obstacles to the development of community energy, most notably the ability of community schemes to trade their output effectively. During the passage of the Bill, we tried to introduce clauses to address those problems. Indeed, when the Bill first came to the House from another place, their lordships had inserted clauses to the Bill to that effect. Unfortunately, the Government deleted them during the Bill's Commons passage.

As I am sure the House will appreciate, their lordships quite rightly feel very strongly about the issue, so they attempted to restore those passages to the Bill when it returned to the Lords for ping pong. However, again, just recently, the Government rejected those proposals.

John Redwood (Wokingham) (Con)

One of the barriers will be the shortage of grid and cable capacity to link into. Is the hon. Gentleman envisaging some kind of privileged access or some solution to the grid shortage?

Dr Whitehead

That is not quite the subject of our debate, but the right hon. Member can see that we envisage an energetic and far-reaching proposal to develop the grid in such a way that those grid shortages are overcome, so that the grid is able to service the low carbon economy in the way we would all want it to do. In the context of what we are discussing, I remind the right hon. Member that this would be about distributed grids at a local level, rather than the national high-level grids. We need to take further action to strengthen and sort out grids at that level.

The Lords clearly continue to feel strongly about this issue; as we can see, they have sent back to us today a modified version of the original amendment, requiring the Government to consult on changes to assist community energy and, importantly, to set a timeline for proposals to be brought forward to remove barriers to the development of community energy.

Of course, there are others in this House who feel strongly about this issue. The proposals that the Lords have now twice tried to have inserted into the Bill are essentially the wording of a group called Power for the People, which suggested wording for a community energy enabling Bill for which it campaigned to secure signed-up support from parliamentarians. It did indeed secure substantial support from parliamentarians who feel strongly on the issue of community energy. Some 325 Members signed up in support, including 130 Conservative Members and, perhaps most remarkably, 22 members of the Government, including six Treasury Ministers, the present Chancellor and the Minister himself, as I often seek to remind him. There is no lack of support in the House for the principles and practice of community energy.

The Lords amendment seeks to acknowledge and further that support by putting forward very reasonable and, one might have thought, pretty non-contentious wording to add to the Bill. It is inexplicable to me that the Government should seek to resist these proposals in the way they have. Yes, they will say, as the Minister has said, that they have set up a community energy fund of £10 million over two years, which is welcome, and they have verbally indicated that, at some stage, there will be a consultation on barriers to supply, but there are no timelines for that and no commitment to move positively forward from it. That is what this amendment seeks to put right.

As I have said, the Minister appears already to be a signed-up supporter of community energy action, and I would fear for his own emotional wellbeing if he were forced today to perform another policy backflip and acquiesce in yet another Government repudiation of themselves in rejecting this latest Lords amendment. Instead, let us end the extended passage of the Bill on a high note, and all around the House agree on both the importance of community energy and the measures we will need to take to ensure it thrives in the future.

Chris Skidmore

I rise in support of the amendment. It is very similar to an amendment that I tabled during the previous stage of the Bill in the Commons. I echo the comments that have been made about the amendment being uncontroversial. It calls for additional consultation—if the Government want me to do that, I will do it myself for the community energy groups.

The net zero review held several roundtables with a number of community energy groups across the country. Indeed, they were one of the reasons why pillar 4 in the final report, "Mission Zero: Independent Review of Net Zero", was

"Net Zero and the Community".

One of the key findings of the review was that over half of all net zero decisions will need to be taken not by Government or Parliament, but outside this Chamber. We can turbocharge our transition towards net zero if we can empower and support more community energy groups to take the action that needs to be taken.

Indeed, the only single wind turbine that has been built in the United Kingdom in the past year has been delivered through community energy. I am proud that it is in my home city of Bristol. Ambition Lawrence Weston has seen its 4.25 MW turbine built and it will now power 3,500 homes for the community energy project. The £4 million to pay for the project was raised by the group—it did not come cap in hand to Government—and now it will see an economic return of £140,000 a year as a result of the energy that will be sold to the grid. That is just one example of the myriad examples of net zero projects that demonstrate the economic opportunity that net zero can provide.

In Bristol, we also have the Bristol City Leap, which is a result of a £7 million investment from Bristol City Council. There has been £424 million of inward investment from the American company Ameresco Ltd to

decarbonise the city's district heat network. Community energy points the way for demonstrating that net zero is not a cost, despite what some may say, but an opportunity. We must seize that opportunity now, not just to tackle the climate crisis or reach our nationally determined contribution for 2030, because net zero is about 2030 not just about 2050. We cannot keep kicking the can down the road, somehow suggesting we are going to meet our carbon budgets. Meeting them now, today, is absolutely vital to ensure we can meet our climate commitments in future carbon budgets.

Community energy is here and now. We can get on with delivering net zero with the tools and technologies we have, and, above all, with the people we have—individuals and communities across the country. Community Energy England has 220 groups, a third of which would like to build onshore wind turbines, like Ambition Lawrence Weston. They want to get on with it. They are not often being paid to do this; they do it because they recognise what they can return to their communities. As a Conservative who believes in the power of local communities, we as a Government should be supporting local communities to the hilt to deliver on energy action.

When we look at the future of the grid, everything points to the fact that creating flexibilities on the edge of the grid enhances our energy security, allows us to return energy to the grid, frees up energy capacity elsewhere, and frees up our demand on oil and gas elsewhere. This is a no-brainer. I shall support Lords amendment 274B if it is pushed to a vote, although I will not push it to a vote myself. Nevertheless, it is vital that we send a clear message not just that we are committed to the net zero pathway—because it is the right and the economically important thing to do—but that we recognise that, when it comes to net zero, we need a big bang moment. We need to create little platoons of individuals and communities that are going out there writing their own net zero narratives and stories. For that reason, I will be supporting this Lords amendment today.

Madam Deputy Speaker (Dame Eleanor Laing)
I call the SNP spokesman.

Dave Doogan (Angus) (SNP)

“Specious”, said His Majesty's Opposition spokesperson about the arguments against this amendment, to which I would add, having listened to the Minister's defence of the Government's position on community energy, that it was also one of the more tendentious arguments that we have heard in this Chamber. I am not convinced that the Minister is absolutely fully signed up to that which he has been put out today to defend. I think he knows the importance of community generation and he is not content with the feet dragging that his Government are forcing him to come here to defend. This is another extremely negative decision by a Government who show no let-up in their disdain for community ambition for disaggregated generation infrastructure, or, in fact, for the climate. If we contrast that ambition with the Tories' now messianic devotion to the cult of nuclear, we see that next year everyone across these islands will be well shot of them, and nowhere more so will that be clear than in the energy space.

Lords amendment 274B is a perfectly sensible ambition. It is a pragmatic amendment by their lordships. It is balanced and deliverable, works with the grain of local ambition, and is destined to unlock significant value in the green transition. It would unlock local enterprise and it would unlock value-add in the real economy and promote community wellbeing. There is nothing not to recommend about this ambition; it is quite clear that it has positives for the people and for our communities. It is no wonder, then, that this Tory Government will reject it out of hand. They have no interest in empowering the people or powering the green revolution. They would rather throw billions on to our energy bills to pay for nuclear, while they proscribed onshore wind in England up until September this year, leaving Scotland to do all the heavy lifting as usual.

Why will these Tories not follow the SNP Scottish Government's lead in this priority? The Scottish Government's community and renewable energy scheme promotes community energy ownership across Scotland. CARES continues to help communities engage, participate in and benefit from the transition to net zero. Since 2010, CARES has offered advice and support to more than 900 organisations and assisted in the delivery of 600 community and locally owned renewable projects throughout Scotland, offering funding in the process of £58 million. Just to clarify, that is just in Scotland, which rather puts in the shade the £10 million on offer from the English Government to English community generation—whenever that happens. CARES accelerates progress towards the Scottish Government's target of 2 GW of renewable energy to be locally or community owned by 2030. The scheme assists in the delivery of both the Scottish Government's energy strategy and heat in buildings strategy through the provision of loan finance, grant funding and specialist advice.

In Scotland, we see a Government of the people working with the people for their shared ambitions, but here in Westminster we see only the veneer of an Administration masking the infighting, bitter division and self-interest of that Tory party.

The Scottish Government's community good practice principles, which have been widely adopted across the renewables industry, promote the provision of community benefits at a national level. They promote the equivalent of £5,000 per installed megawatt per annum, index-linked for the life of the project. Over £22.8 million has been paid out in community benefits to Scottish communities in the 12 months since August 2021. England has a very similar scheme but—and it is a big Tory-shaped but—as these funds are in the greater part principally born of onshore wind development, and the Tories introduced a de facto ban on onshore wind in 2015, English communities have lost out on millions and millions of pounds in community funding thanks to this dysfunctional UK/English Government.

14:45:00

The Government's contorted priorities directly increase reliance on insecure and costly gas generation, and they are continuing to persist with the grotesque parody that they are on the side of working people by rowing back further on measures that would save households money and protect our planet by backtracking on home heating, insulation and electric vehicle targets. The Tories are busy damaging communities, damaging investor confidence and damaging the planet.

In the midst of an energy price crisis, when low-cost, clean, home-produced energy has never been more important, there is enormous potential across these islands for growth in small-scale renewable energy generation—especially by community groups that can provide cheaper, greener power and then reinvest the profits locally. Community energy schemes currently generate a mere 0.5% of the UK's electricity—it is depressing. This could grow twentyfold in 10 years, according to studies by the Environmental Audit Committee, but only if we get action from a Westminster Government. We must also bear in mind how much of that 0.5% of community generation is thanks to the foresight and financial investment of the Scottish Government—investment that the Scottish Government must find from elsewhere in their budget, because if the English Government do not spend it, it is not consequentialised.

That energy could power 2.2 million homes and save 2.5 million tonnes of CO2 emissions a year, while creating over 30,000 jobs. As Members on the Government's own Benches are pointing out, these things are not an impediment to economic growth, but a driver of economic growth. Furthermore, they would reduce dependence on energy imports, all the while reducing reliance on foreign energy.

A functioning UK Government would embrace this remarkable potential, accept the Lords amendment and seek to enable rather than disable local supply. The regulatory barriers that prevent community energy schemes from selling power to local customers are incongruous with both our climate emergency and the scale of current energy prices. The new £10 million community energy fund is nothing but a paltry smokescreen, which will not scratch the surface and is a veil simply for this Tory Government's inaction and hostility to the ambition of the people and their drive for net zero. The Government cannot hold a candle to the Scottish Government's record in this area, but it is high time they at least tried to do so.

Wera Hobhouse (Bath) (LD)

Let us remind ourselves what Lords amendment 247B is about. Within 18 months of the Act being passed, the Secretary of State would be required to carry out a consultation and publish a report on the barriers preventing the development of community energy schemes. It would also require the Government to respond and bring forward proposals to remove the barriers preventing the development of community energy schemes within six months of the consultation closing. That is the bare minimum that the Government could do. It would at least move the issue forward, and yet the Government still put forward a motion to disagree with it.

The Government say that they have already committed to consult on the barriers to local supply, but we still have not been given a date when that will actually happen. The Lords amendment would stop the Government's current policy of dither and delay and require them to get on with taking community energy schemes forward.

Ultimately, the Government should not need to consult, because they are already well aware of what barriers face the sector; Community Energy England has told them repeatedly over the last five years. It is really disappointing, because there is even an all-party parliamentary group for community energy. Officials have engaged with the APPG, yet nothing has happened because the Government, despite warm words, are not really committed to community energy.

In 2021, the Environmental Audit Committee published a series of recommendations to encourage community energy. The only recommendation taken forward so far is the community energy fund, and even that does not yet have a launch date. I hope that the Minister will tell me when the launch date will be. When will we see the fund for community energy?

We are in the middle of an energy crisis. Bills have skyrocketed. Access to cheap, clean, home-produced energy has never been more vital. We need to secure our energy supply, protect consumers and reach net zero. As we have always said in the debate about reaching net zero, we need to take people with us. That is not about delaying targets, as the Government have just done, but about encouraging people to walk the difficult journey to net zero. Community energy does exactly that. Why are the Government not supporting it with all their might? Why are the Government not even supporting the Lords amendment? It is the bare minimum.

Community energy has the potential to power 2.2 million homes and save 2.5 million tonnes of carbon dioxide emissions every year. All it needs is a Government who give it the support that it deserves. I have seen at first hand the benefits that community energy can bring. In my Bath constituency, Bath and West Community Energy has installed enough renewables to power 4,500 homes. It has invested the money that it has earned back into my local community, donating nearly £330,000 to support environmental and fuel poverty schemes. That is what community energy can do. What is there not to support? Why are the Government not committed to doing all that they can to ensure that community energy projects can be delivered?

John Redwood
rose—

Wera Hobhouse

Unfortunately, the Government are unwilling to see the potential of community energy. Community energy schemes currently generate just 0.5% of the UK's electricity. That is because—we know all this; we have said it many times—the financial, technical and operational requirements involved in becoming a licensed supplier put initial costs at more than £1 million. That is a massive risk for any new start-up or small scheme. Any community energy projects such as the one in Bath can exist only because it has reached a certain size. That is one of the problems.

The Government are aware of that fact, but voted to remove Lords amendments to rectify it. The Government need to start matching their supportive words about community energy with action. The most effective step that they could take would be to enable local supply and remove the regulatory barriers that prevent community energy schemes from selling their power to local customers. That could include a community right to connect to the grid ahead of commercial projects that deliver little or no social and community benefit. I am sure that I have answered the question that the right hon. Member for Wokingham (John Redwood) was about to ask.

Community energy schemes are ready to provide clean, green energy that helps local communities. They are not asking for a huge amount of public money, just for the Government to stop blocking the system. In this time of energy uncertainty, having a reliable local supplier can only be positive. I fully support Lords amendment 274B to hold the Government's feet to the fire on community energy. I urge everyone in this House to do the same.

Andrew Bowie

I thank all right hon. and hon. Members for contributing to this afternoon's debate. I will first respond to some of the comments made by my constituency neighbour, the hon. Member for Angus (Dave Doogan). I know that he does not like it very much, and would like it if it were not the case, but he is absolutely wrong and I have to correct him: this is not the English Government; this is the British Government. We are the Government of the entire United Kingdom—a United Kingdom of which Scotland remains a part and, if the opinion polls are anything to go by, will continue to remain a part of for quite some time.

The hon. Member has an obsession with decrying the nuclear industry as something that the Tories alone are obsessed with. Tell that to the Governments of France, Sweden, Finland, Italy, Poland, the Czech Republic, Slovakia, Canada, the United States of America and more, who are reinvesting and restarting their own civil nuclear industry, as is the Labour Welsh Government, who are very much in favour of further investment in, and development of, nuclear. He raised the lack of funding for community energy projects; £10 million over two years is an incredibly generous offer. That is alongside other UK growth funding such as the

UK shared prosperity fund, which community energy groups can access by working in partnership with their local authorities.

The hon. Member for Bath (Wera Hobhouse) asked when the community energy fund will be launched. It will be launched as soon as possible. We are aiming to launch applications to the fund as soon as we physically can.

My opposite number, the hon. Member for Southampton, Test (Dr Whitehead), is right that we have had a productive and constructive relationship when it comes to discussion of the Bill. The 72 hours that we spent together in Committee were beneficial to everybody's health, I am sure, and to the development of Government policy on this matter. We have come some way from where we were when we started discussing how we would support community energy. He rightly praised the role that the sector has played during the passage of the Bill. The community energy sector has been incredibly receptive to our commitment to a consultation and to the £10 million fund.

John Redwood

I am grateful to the Minister for giving way. Did he notice that the hon. Member for Bath (Wera Hobhouse) would not give way? She was arguing—the typical position of her party—that it knew all the answers before the consultation, yet it still wanted a very long, drawn-out consultation to avoid doing the answers.

Andrew Bowie

My right hon. Friend is absolutely right. I also noticed that—

Wera Hobhouse

Will the Minister give way?

Andrew Bowie

Two seconds. I will respond to the first intervention before I give way to the hon. Lady. I also noticed that she managed to answer a question that had not even been asked by my right hon. Friend.

Wera Hobhouse

The amendment also says that the Government should respond to the barriers and put forward proposals. That is really what we want to know: what is the response to any consultation? The Government have failed to give any response to that.

Andrew Bowie

We cannot respond to a consultation that has not been launched yet. We are in the process right now of working with the community energy contact group. In fact, it has already met. Work is under way right now to develop the consultation, identify what the barriers to market are, and get out there and support the community energy sector, as the Government are determined to do.

Dave Doogan

Will the Minister give way?

Andrew Bowie

Yes, of course—I am delighted to give way.

Dave Doogan

The Minister is very kind. He was re-emphasising the importance of the £10 million community energy investment that he is making in England over two years. The Scottish Government have been investing £5.5 million every year for the last 13 years. If he thinks that his investment is outstanding, how would he characterise the Scottish Government's investment?

Andrew Bowie

I welcome all Governments' investment in support of community energy projects across the United Kingdom, but this is a sharp change from the last time the hon. Member came to this place, when he was decrying the fact that we were not extending community energy packages across the United Kingdom. I think I had to inform and educate him that there was already a community benefits package in Scotland, operated by the Scottish Government. Yes, there are problems with that scheme, and we will learn from the difficulties that it has faced. That is why I am so sure that the scheme that we are launching—the £10 million to support community energy projects the length and breadth of the country—is the right one, working in tandem with the funds that are already available north of the border for community energy projects in my constituency and, indeed, in his.

The hon. Member for Southampton, Test spoke about previous amendments on community energy. We have been clear that they would not provide the best outcomes for consumers. A right to local supply already exists, and Ofgem has existing flexibility to award supply licences that are restricted to certain geographies. We continue to believe that it is a commercial matter left to suppliers.

Lastly, I turn to my right hon. Friend the Member for Kingswood (Chris Skidmore). Six months may be too soon, frankly, to adequately analyse the outcomes of the consultation. It must fully take into consideration wider interdependencies in the energy system. We will always aim to respond in a timely manner, but I would not want to put a strict timeframe in legislation.

The Government support our route to net zero. The Government are taking action to ensure that we are more energy secure and energy independent, and the Government are supporting community energy projects the length and breadth of the country. For that reason, we should disagree to the Lords amendment before us.

Question put, That this House disagrees with Lords amendment 274B.

Division 346

18/10/2023 00:00:00

The House divided:

Ayes: 293

Noes: 181

Question accordingly agreed to.

Lords amendment 274B disagreed to.

Ordered, That a Committee be appointed to draw up a Reason to be assigned to the Lords for disagreeing with their amendment 274B;

That Andrew Bowie, Joy Morrissey, Mark Jenkinson, Chris Clarkson, Dr Alan Whitehead, Christian Wakeford and Dave Doogan be members of the Committee;

That Andrew Bowie be the Chair of the Committee;

That three be the quorum of the Committee.

That the Committee do withdraw immediately.—(Julie Marson.)

Committee to withdraw immediately; reasons to be reported and communicated to the Lords.