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Community Energy  
Wales

## Community Energy Wales commits to working for a just transition to net zero carbon

### The context

Our energy system is currently centralised and dominated by commercial players. The core mission of Community Energy Wales is to support and accelerate the transition to a fair, equitable net zero and community-led energy system. Communities should not only shape the energy system through participation, but also, Welsh communities should retain the benefits of transition.

The history of energy in Wales is one of much suffering. The visible and hidden poverty that is entrenched in so many of our communities today can be traced back to the failure to retain the energy benefits of the past. We must not allow history to repeat itself.

Government targets commit us to reaching net zero carbon emissions in energy. This commitment follows various COP summits, scientific reports on climate change and public / political pressure.

Community Energy Wales and the member groups we represent are committed to working with both governments to help achieve their energy decarbonisation targets.

### What needs to change?

A just transition cannot be achieved unless people and communities are at the centre of our energy system. A just transition is not possible with the current energy model. The whole system needs to change.

### Just transition - a definition

For Community Energy Wales, a just transition provides people with the opportunity to use local natural resources to generate and trade power from community-owned renewable energy generation, storage and distribution assets.

There are barriers preventing local trading at scale. A transition that overcomes these barriers - of market regulation and distribution infrastructure ( eg the National Grid, a private, profit-driven company) - will significantly reduce the injustices in the current energy system.

### What is energy justice?

The recent energy price driven cost of living crisis has exposed the injustices in the energy system. While many households have faced unaffordable energy price rises, plunging them into fuel



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poverty, some of the corporate players in the energy system have made record-breaking profits. (Centrica, the company that owns British gas, posted record profits of £3.3bn for 2022, Shell reported profits of over £32bn, BP reported £23bn for the same year).

People should be the primary beneficiaries of efficiencies achieved through smart technology, grid balancing and reduced use at peak times (Energy Local is an example of a concept that under different market conditions could do this). With access to their own data, people should be able to make the most efficient use of local infrastructure by matching demand to supply.

A just transition facilitates distributive and procedural justice. As well as being able to benefit from community owned energy generation and distribution, we want to maximise citizens' involvement and shared participation in energy decision-making and governance. People's active involvement in their local community energy groups helps to do this and we are working for more people to get involved.

Furthermore, the community energy sector addresses both energy and social justice through community benefit funds in response to identified local need. The community projects funded are often catalysts in providing a wider range of local sustainability initiatives in communities.

### A two tier energy market

Community Energy Wales recognises that to reach net zero at scale, large scale projects both on and off-shore will need to be developed. These will require significant investment and new transmission infrastructure.

However, to achieve a just transition, we advocate the development of a two tier market, with community renewable energy, tier one, supplying as much local energy demand as possible. Energy that is consumed locally to where it is produced can be produced at a significantly lowered price and in a way in which behaviour change drives down demand. This 'tier one' would help to build maximum resilience and energy security into our energy system.

'Tier two' would be the larger commercial renewable energy sector and its developments. In the urgent context of climate change, this tier needs to be developed simultaneously alongside tier one, but Tier two must not be allowed to encroach on the democratising power of Tier one.

For people and communities to be able to participate in both Tier one and Tier two development on equal terms, examples of shared ownership projects between local communities and larger renewable energy developers will need to evolve rapidly to secure this element of a just transition.



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### Public / community partnerships

Community energy groups would be able to install generation at scale if public bodies committed to buying their energy from them. Local councils, Welsh government and other public bodies should prioritise community energy procurement in recognition of the added value from our sector. This can be achieved through a flex power purchase agreement, sleeving contract and / or a larger scale Energy Local agreement.

### Energy Security

People and communities must be given the opportunity to protect themselves from the impact of global market volatility by generating and trading energy locally at long term, stable prices (maximising Tier one). Access to energy data empowers choice about how much of the more expensive Tier two power to consume and when.

### Connections with other policy areas

Energy cross-cuts and connects with many other policy areas - for example - housing, transport, land use and planning and access to nature and wider natural resources linking to health and food systems. Connecting and understanding the implications of a just transition between energy and these wider policy areas will be crucial for our success.

### Home energy demand reduction

Retro fit and heat pumps should be installed more rapidly and deployed together, as well as promoting building awareness to reduced energy demand and consumption.

Optimising retrofit and improved housing standards must become embedded within a policy programme for a just energy transition. This would begin with a tailored "worst first" approach, targeting the most energy vulnerable groups first.

### Achieving the possible

In many other parts of Europe, it is possible for community energy to supply local homes directly. Eco power in Belgium are one good example of what is possible. There, the community owns wind and solar installations, supplying 50k customers who are genuinely engaged in energy efficiency.

The ability to trade community energy locally would change the game for the community energy sector. We ask our supporters to join our movement of community energy champions to help us change the conditions achieve this. Join our Rhan Ni network here: [RhanNi](#)