

Dear **(Insert name)**

We're contacting to urge you to take action on a regulatory modification related to local energy markets named P441 and explain why this is important for the community energy sector.

First and foremost, community energy projects have a proven track record of revitalising communities, providing good quality jobs, and inspiring other community wealth building projects within their locality.

Since the end of the Feed in Tariff however, new generation capacity for community energy has mostly stalled. Despite this, our sector has shown amazing resilience – finding novel business models that work within the current framework and diversifying to look at community transport and heating.

However, the case remains that many new generation projects are reliant on grant rounds. Allowing for a route to local energy markets would change this – providing a sustainable, self-sufficient business model for community energy organisations.

What this means in practice is the ability for community generators to lock in energy prices with local householders and businesses for a period of decades – providing income certainty to community energy generators to develop a business plan and secure project finance, and long term energy price certainty to customers so they will be insulated from energy price shocks. The impact of this on fuel poor households would be profound.

Pricing could also be set up to incentivise householders to use energy at the times when it is being generated locally, which would also lead to more efficient use of the distribution network, meaning that we are less reliant on developing the transmission network.

Local energy markets are a way to provide a viable business model for community generation, and a genuine way for communities to contribute and see the benefits from net zero targets.

Here is how you can help:

A regulatory modification called P441 is being considered by a working group in Elexon, which oversees electricity trading arrangements and is regulated by Ofgem. In brief, P441 would simplify the process of setting up a local energy market, put the concept on a more robust footing, and allow more electricity generators of varying sizes to enter beneficial arrangements with local people.

As our MP, please contact the Secretary of State for Energy Security and Net Zero Ed Miliband, and the UK Minister for Energy Michael Shanks to:

- Explain how the local energy market model could help address pressing problems, including fuel poverty and electricity system capacity;
- Urge them to direct Ofgem to implement a policy to establish local energy markets with an incentive for local balancing, in particular with respect to the P441 modification to the Balancing and Settlement Code, overseen by Elexon;
- Urge them to direct and remind Ofgem that achieving net zero and growth in renewables is part of its remit, and that this therefore this needs to be taken into account in all parts of their regulation, and to hold Ofgem accountable for this; and
- In the longer term, urge them to make it mandatory for licensed suppliers to support community energy

Many thanks,

(Insert name and organisation)