

Local Power Plan

Key Points

- **£1 bn investment supporting community owned energy projects**
 - **Grants, loans, advice etc.**
- **GBE Capital Toolkit being released Summer 2026**
 - **GBE Community Fund**
 - **Partnership Fund**
 - **Local Investment Fund**
- **Specific focus on SLES**
- **Working with Ofgem, NESO et al. to remove barriers to community-owned energy**

Purpose

- Aim to drive forward support for community ownership
- £1 bn investment in a combination of grants, loans, advice, expert help etc.
- Vision: by 2030, every UK community will have the opportunity to own a local energy project
- Approximate current pipeline for community energy groups and local government: 1.9 GW
- Building on existing devolved government schemes:
 - CARES - Scottish Government
 - Energy Service - Welsh Government
- Page 8 gives a (high level) diagram explaining how the LPP intends to deliver
- Shared ownership models discussed:
 - Split ownership - community owns a physical portion of the project
 - Joint venture - community group and developer co-own a special purpose vehicle (SPV)
 - Shared revenue - community purchase a share of the project's future revenue

Progress so far

- £16 million Mayoral Renewables Fund
 - Funds the installation of solar & complementary technologies across 14 MCAs
 - Expected to save £50 million over the next 30 years
- £5 million for GBE Community Fund
 - Early-stage funding to >60 community energy projects
- £6.8 million for Local Net Zero Hubs
 - Expertise and resources for local authorities to develop clean energy projects
- £21.5 million in partnership with devolved governments

- Funding to >80 community energy and public building schemes across Scotland, Wales and NI
 - Up to £255 million in Solar Partnerships Scheme
 - Solar and complementary technologies for >250 school, 260 NHS sites and some military sites
 - Expected to save £520 million over the next 30 years
 - Raised the Transmission Impact Assessment limit from 1 MW to 5 MW for smaller generation projects in England & Wales
 - Published a Working Paper to help communities with shared ownership and community benefits for low carbon energy infrastructure
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GBE Local funding commitment

- Up to **£1 bn through Spending Review period**
 - Support solar, onshore wind, hydro etc.
 - LPP is for:
 - Members of the public
 - Community energy groups
 - Local government
 - Other public sector organisations
 - GBE providing:
 - a combination of grants, loans and local investments (Support Type 1)
 - expertise, advice and support (Support Type 2)
 - repeatable business models and exploration of e.g. aggregation (Support Type 3)
 - DESNZ will tackle policy/regulatory barriers to local energy projects (Support Type 4)
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Support Type 1: Direct Funding and Finance for Projects

- Funding for all stages of project life cycle
 - Targeted grants, loans and project finance
- For community energy groups
 - Grants to support early-stages - feasibility studies, construction loan
- For local government
 - *“Understand how you could buy into a clean energy project run by your local community or council - or even a larger-scale commercial project”*
- Full details **including investment allocation** to be published in GBE Capital Toolkit - Summer 2026
 - Will comprise 3 sets of interventions:
 - *emergence and development grants*
 - Great British Energy Community Fund for community energy groups
 - Partnership Fund, for joint local government/community energy group projects

- Funds aim to increase project viability and increase confidence
 - *construction and operation finance*
 - Loan schemes for construction and shared ownership (enabling communities to buy stakes in larger renewable projects in their area)
 - Working alongside private investment and community share offers
 - *local investment funding*
 - Local Investment Fund - direct investment into local projects
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Support Type 2: Capacity and Capability Building through Expert Advice and Support

- Act as convener and coordinator for communities, community energy groups, local governments et al.
 - First priority in 2026: build a new service model for anyone at any level to access the right level of advice
 - Community feedback shows need for standardised templates and access to commercial, financial and technical expertise
 - “Community energy in a box” toolkit on the way
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Support Type 3: A long-term plan to unlock wider investment in community and local energy

- Explore ways to make it easier for communities to benefit from local energy projects
 - *“The energy system isn’t structured to recognise, encourage or financially reward locally produced energy”*
- Community energy revenue models
 - Sell to market (via an off-taker e.g. local business, energy supplier etc.)
 - Power Purchase Agreement (PPA)
 - Local energy supply models (sell electricity to local properties)
 - Private wire networks (sell electricity to a consumer via a direct link)
- Throughout 2026, GBE will:
 - Explore innovative revenue models, focusing on:
 - consumer-led flexibility
 - local flexibility arrangements
 - Smart Community Energy
 - virtual PPAs
 - Expand the Local Energy Platform to make it easier and provide options for communities getting involved with local energy
 - *“End-to-end business solution for local energy projects to address the barrier of a lack of standardised and repeatable models for delivering projects”*
- **Smart Community Energy**

- *“Smart Local Energy Systems are designed to reflect local needs and resources, enabling communities to take a more active role in their energy future. A SLES is a way to bring together different energy assets and infrastructure in a local area, and make them operate in a smarter way, in which more value is retained locally. GBE will explore, with stakeholders and expertise, the future potential of generating and sharing power locally, in a smart way, and which products could be developed to unlock this at greater scale”*
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Support Type 4: Policy and Regulatory Changes

In 2026/27, DESNZ will:

- Develop detailed proposals on a mandatory shared ownership offer
 - Following **Community benefits and shared ownership for low carbon energy infrastructure** consultation
 - Will use existing powers in the 2015 Infrastructure Act and will be consulted in 2026
- Work with Ofgem and Elexon on key code modifications P441, P442, P444 and P415
 - Aim to *“make it easier to establish local energy communities, share locally generated power and benefit from community energy”*
- Explore opportunities in supply licence legislation to support market access for communities
- Engage across the public sector to unlock PPAs between community energy groups and public buildings
 - Builds on November 2025 decision enabling public-private partnerships for decarbonisation
- Collect evidence on how communities are disadvantaged by current market arrangements
 - Forming the basis of case for future reforms including possible price support for community projects
- Clarify **Class A supply exemption** (Jan 2026) via:
 - Defining “Community Energy Group”
 - Addressing informational, cost and incentive barriers for licensed suppliers to provide services/tariffs for community energy schemes
- Make grid connection easier:
 - Work with Ofgem to implement its **Connections End-to-End Review** - e.g. obligatory response times from DNOs
 - Explore tailored support for community energy projects that need grid connections
 - Explore models for whole system optimisation as part of **Regional Energy Strategic Plans**
- Build an evidence base and identify cost effective models for SLES based on current pilots
 - Building on EnergyREV’s **Prospering from the Energy Revolution** programme

- Call for Evidence in 2026 to assess the role of community batteries and identify measures to scale deployment
- Develop scalable investment models for place-based net zero solutions
 - Building on **Net Zero Accelerator Programme**
- Accelerate the planning process through the **Planning and Infrastructure Bill**
 - DESNZ funding Regen in 2026 to upskill planning officers on renewable energy and storage technologies
 - Government is consulting on a new **National Planning Policy Framework** to include clearer, rules-based policies for decision- and plan-making

GBE Next Steps

