SP Energy Networks

Community Energy:
State of the Sector Regional Report

SP Energy Networks

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About this report

Community energy organisations are playing an increasingly important role in the transition to net zero. As trusted, embedded members of their communities, they are uniquely positioned to engage local people and deliver wide-ranging environmental, economic, and social value.

This report provides an overview of community energy across SP Energy Networks' licence areas, which include Central and Southern Scotland, North Wales, Merseyside, Cheshire, and North Shropshire. It focuses on the progress made throughout 2024 and aims to offer insights that will help improve support for the sector, enabling community organisations to maximise their potential.

The findings are based on research conducted as part of the annual Community Energy State of the Sector UK project, using data gathered between February and May 2025, along with historical data from previous surveys and desk-based research.

The 2024 survey focused on:

- Community energy activities during the year
- Key motivations and challenges faced by community groups
- The value community energy delivers to people and places
- Funding and investment trends
- The outlook for the sector in 2025 and beyond.

This report was produced by
Community Energy England, Scotland and Wales, the voices of the community energy sector across the UK. We aim to create a supportive policy landscape for community energy and also help active community energy organisations to connect, collaborate, share expertise and overcome obstacles. Join us to show your commitment to the sector and strengthen our collective voice:

Community Energy England

Ynni Cymunedol Cymru Community Energy Wales

Community Energy Scotland

Sector Overview

Community Energy in Central and Southern Scotland, North and Mid Wales, Merseyside, Cheshire and North Shropshire.

In 2024:

69 community energy organisations operating across SP Energy Network's licence areas

37 organisations operating in Central and Southern Scotland (SP Distribution, SPD)

32 Community organisations operating in Merseyside, Cheshire, North Shropshire, North and Mid Wales (SP Manweb, SPM)

14 newly created FTE posts bringing the total FTE staff to 121 employed in the sector

32 MW of installed electricity capacity generating 64 GWh of community owned electricity

£625k development funding secured

£1.1m investment raised for new projects

Community Benefit Fund spending of over **£239k**

Organisations

69 community organisations working on community energy projects were identified across all SPEN regions in 2024: 37 in the SP Distribution (SPD) area covering central and southern Scotland, and 32 in the SP Manweb (SPM) area covering north Wales, Merseyside, Cheshire and North Shropshire. 48% are registered as Community Benefit Societies, Cooperatives or Community Interest Companies, with the remainder primarily made up of limited companies, charitable groups and unincorporated community organisations engaged in energy activities.

A total of 121 full-time equivalent staff were employed in the sector representing an average of just under 2 FTEs per organisation - an increase of 11 since 2023 - and 14 new full-time equivalent positions were created. There are significantly more volunteers and members supporting the sector: 1,165 volunteers and 11,695 members representing an average of 23 volunteers and 169 members per organisation.

- Scottish Charitable Incorporated Organisation
- Company Limited by Guarantee
- Community Interest Company
- Company Benefit Society
- Co-operative Society
- Unincorporated
- Other

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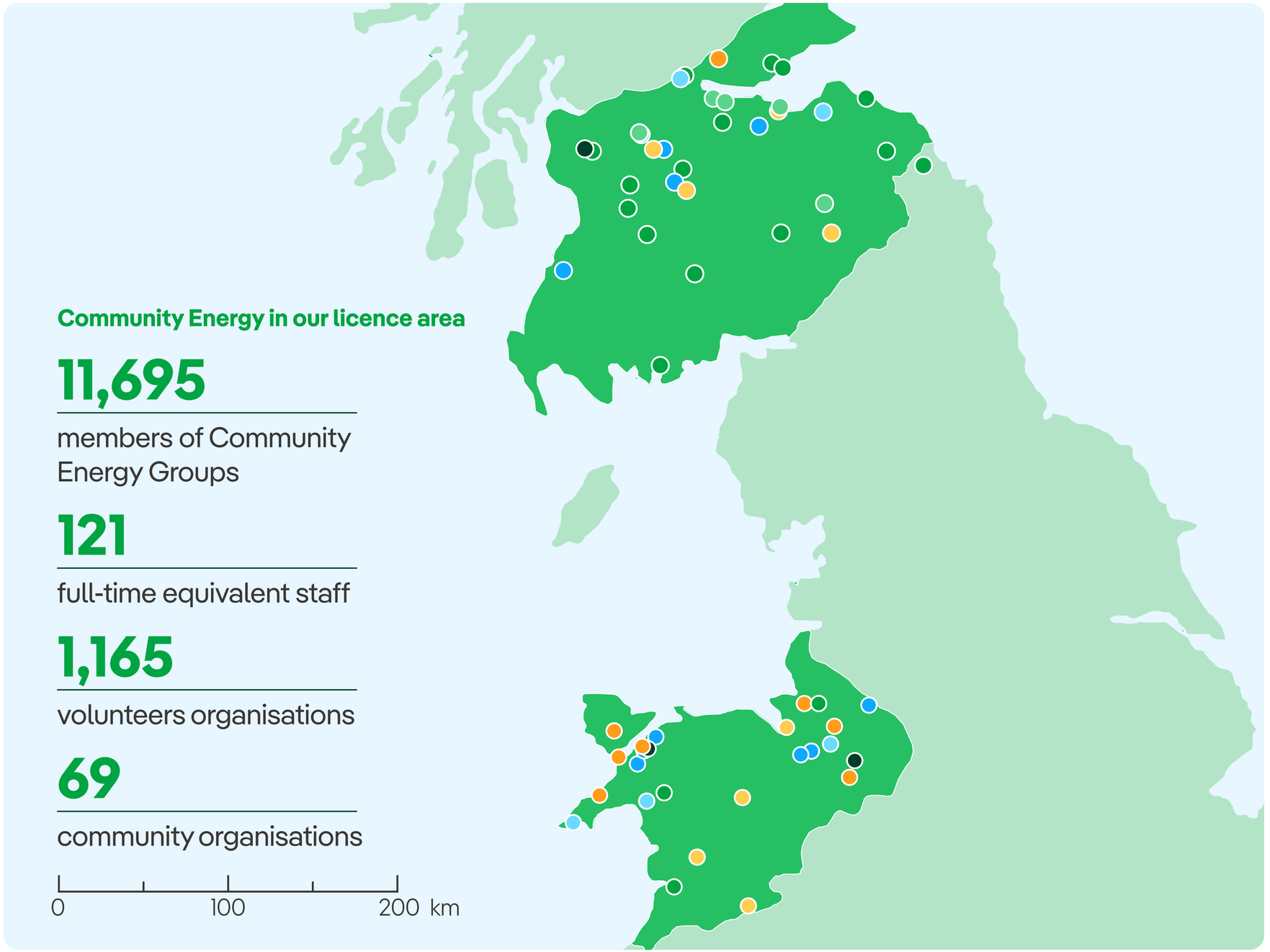
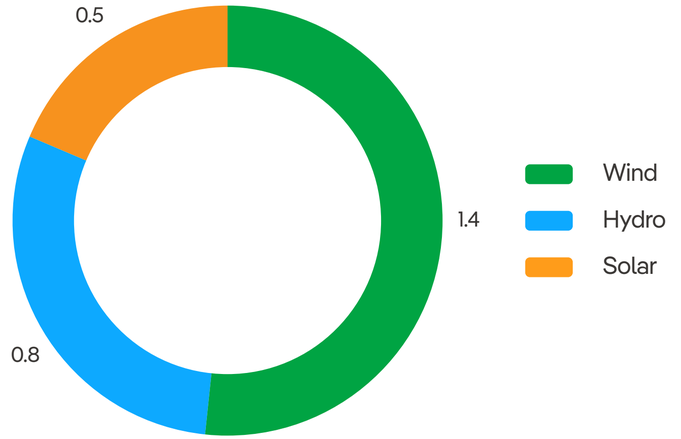


Organisations

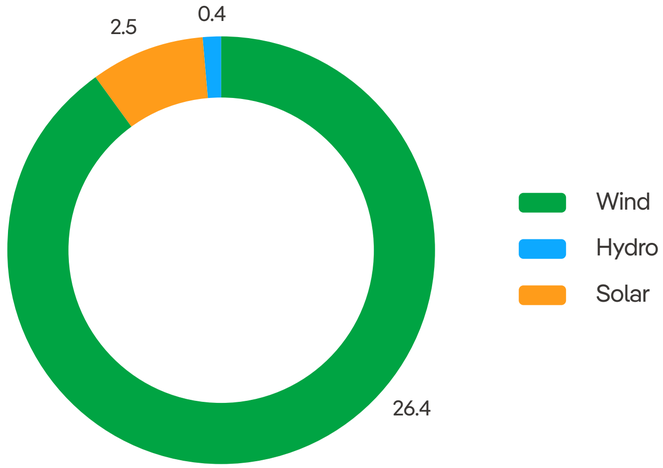
There are 27 community organisations involved in electricity generation projects across both license areas: 15 in SPD and 12 in SPM. The total electricity capacity across both areas in 2024 was 32 MW, a significant increase of 12 MW since 2023, largely due to the commissioning of the Kirk Hill Wind Farm in Scotland which alone added an additional 10.8MW of community-owned wind capacity to the SPD licence area. Electricity generation across both SPD and SPM is dominated by wind power, which has a total installed capacity of 27.8 MW, representing just over 21% of community-owned wind capacity in the UK.

Total renewable electricity capacity in SPM is 2.7 MW. Virtually all of this is wind and hydro capacity located in north Wales with a small amount of solar PV found in England.

SPM Electricity capacity (MW)



SPD Electricity capacity (MW)



In SPD, there is 29.3 MW of installed electricity capacity with just under a third contributed by the new Kirkhill Wind Farm and another quarter owned by organisations supported by Energy4All, an umbrella organisation that helps communities to develop and manage renewable energy projects. The dominant technology is wind (26.4 MW) with smaller amounts of solar (2.5 MW) and hydro (0.36MW).

Based on the installed capacity, the amount of electricity generated across both licence areas in 2024 is estimated to be around 64 GWh, equivalent to the energy demand of 23,700 UK households (assuming Ofgem's annual average household usage of 2900 kWh) and providing carbon emission savings of 13,440 tonnes.

generating **64 GWh**

saving **13,440** **tCO_2e** annually

powering **23,700** households

Community-owned heat projects are less common than electricity projects and the sector has highlighted the high capital costs involved in heat network projects as well as a lack of technical expertise and problems securing investment as significant barriers to development. As a result, there was only one new reported heat project developed in 2024 - a solar thermal asset owned by the Ore Valley Association.

The benefits afforded by energy storage projects are becoming increasingly more attractive to communities looking to reduce their reliance on grid imports and maximise their consumption of local, onsite generated electricity. Energy storage technologies allow communities to be more flexible about when they consume energy which can balance out peaks and troughs in demand and enable more low carbon generation to connect to the grid.

At present, there are 4 electric battery systems operating in the SPD area, with a total storage capacity of 183 kWh - this has not changed since 2023. There are 2 electric battery system operating in the SPM area, with a total storage capacity of 434 kWh. These installations were both reported in 2024 and are operated by organisations based in Wales.

There are also 3 organisations, all in SPM, developing energy storage projects as part of wider flexibility and local supply innovation projects, which may lead to future capacity being developed.

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Low Carbon Transport

Low carbon transport projects are becoming increasingly attractive to community energy organisations which are moving away from developing energy generation projects generating 64 GWh saving 13,440 tCO_2e annually powering 23,700 households Community Energy Scotland 8 following the removal of government subsidies in recent years. Across the UK, only 8% of all stalled projects in 2024 were transport projects, compared with 69% for electricity generation projects, indicating there are fewer significant barriers to development than for other project types.

Growth of Low Carbon transport projects

Community organizations in SPD and SPM have been increasingly involved in the rollout of low carbon transport (LCT) projects with 29 groups reporting their involvement in 2024, representing 23% of all UK organisations involved in LCT project delivery. This is an increase of 7% in the total number of SPEN organizations involved on LCT projects since 2023.

Community Involvmenet and expansion

EV ownership is still a prominent part of LCT activities within the community energy sector, with 45% of all LCT activities across the SPEN regions focussing on deploying EVs within communities. The total number of community-owned LCT assets across both licence areas in 2024 was 125, 74% of which are located in the SPD region which hosts 16EVs, 12 EV chargers and 65 E-bikes.

Electric ownership and deployment

In SPD, 5 new EVs were purchased by community organisations and in SPM 5 new EV charging points were installed and an additional e-bike was added in the last year.

Addressing gaps in EV infrastructure

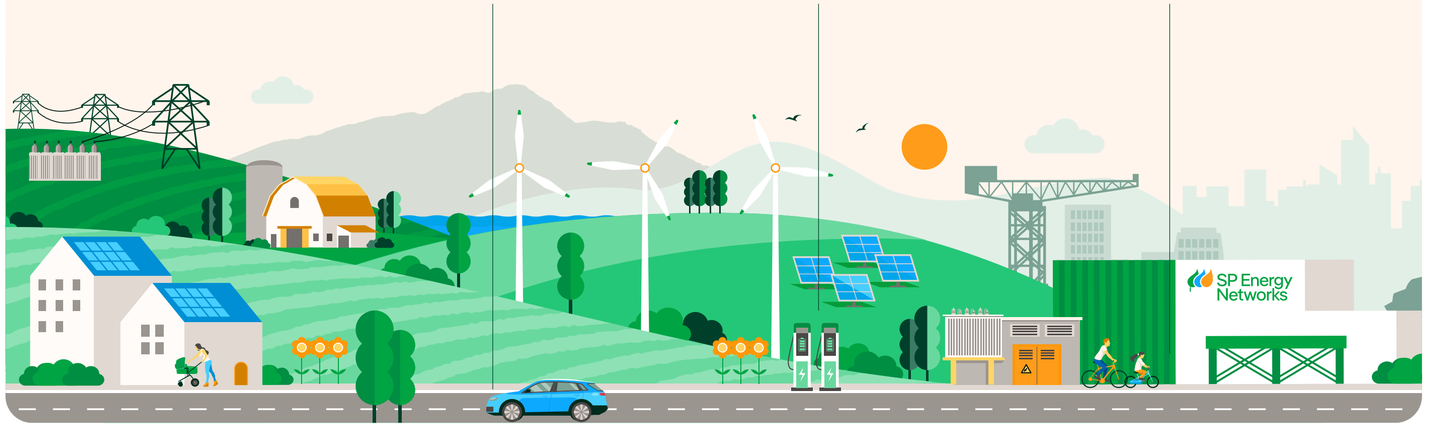
The SPEN licence areas are comparatively underrepresented in EV charger ownership. Of the 401 community EV chargers currently operating in the UK, the SPEN regions accounts for just 7% of that total. EV charging points can provide real benefit to communities by offering charging facilities to people who are unable to install their own, and allowing organisations to generate revenue to support their activities. This income stream can be even more significant if a renewable energy asset such as solar PVs or wind turbines is used to power the chargers. A total of 30 EV chargers are now owned by community groups across all SPEN regions, with 18 chargers in the SPM area and 12 in SDP.

Projects represented by those who responded to the survey in **SPD**:

16 Electric vehicles

12 Electric vehicle charging points

65 Electric bikes

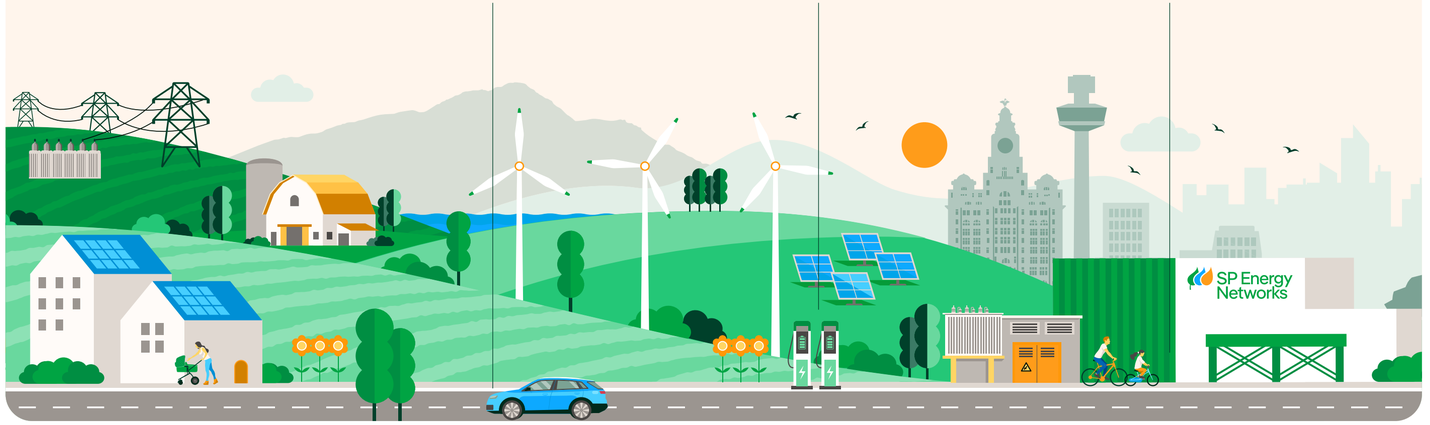


Projects represented by those who responded to the survey in **SPM**:

12 Electric vehicles

18 Electric vehicle charging points

2 Electric bikes



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Energy Efficiency

Energy efficiency services have increased steadily within the community energy sector in recent years, no doubt as a direct response to growing levels of fuel poverty caused by increasing energy prices. It is also an area where groups can make an impact with relatively limited resources.

In 2024, **22** organisations across both licence areas were delivering services in areas such as building improvement and advice and education – an increase of **6** in the last year. This means that **32%** of all organisations in SPD and SPM are involved in delivering energy efficiency services, a little higher than the UK average of **24%**.

12 organisations delivering energy efficiency services in SPD

10 organisations delivering energy efficiency services in SPM

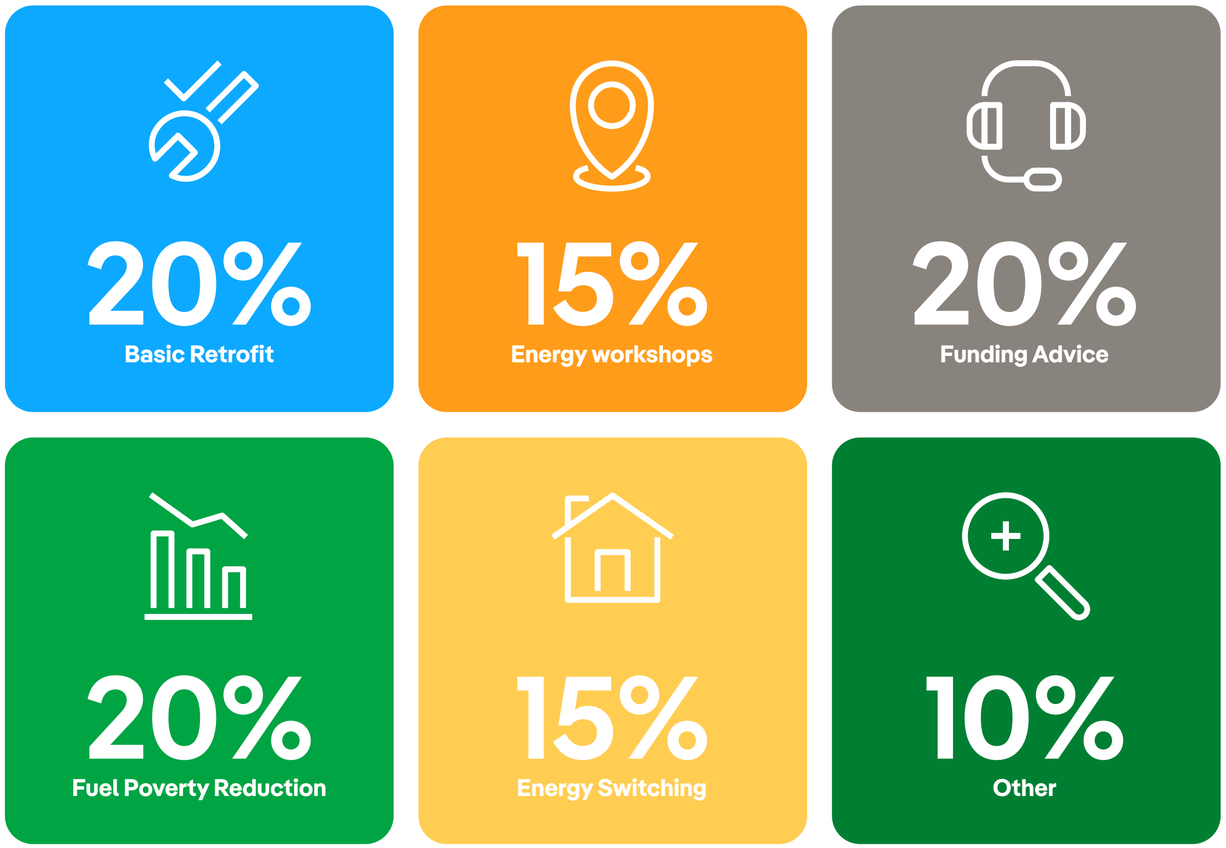
Support Focus Areas

18 organisations delivered building improvement services such as the installation of insulation, draught proofing and energy efficient lighting, while 10 organisations provided advisory and education services. Organisations highlighted the importance of these activities to improve community understanding of energy usage, energy losses in buildings and to encourage behavioural change.

In terms of energy advice, organisations across both license areas spend most of their time supporting communities with community workshops and advice focused on fuel poverty reduction, basic retrofitting, energy switching and funding.

18

organisations delivered building improvement services - below represents the average percentage of time these organisations gave to specific activities:



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Funding & Finance

Funding for the development of new projects increased in 2024. **£625K** was secured across both licence areas - an increase of **47%** from the **£425K** secured in 2023. Most of this funding was sourced from UK central government, Welsh Government and local authorities accounting for **£347K**, **132K** and **£95K** respectively.

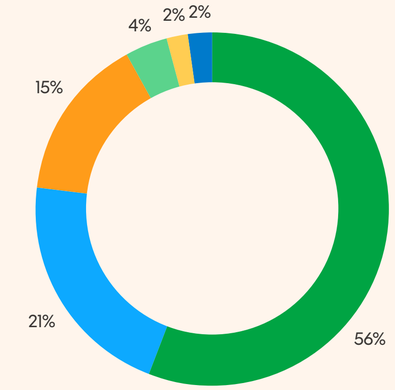
In SPD, development funding increased significantly in 2024 with **£481K** being secured - over 8 times more than was secured in 2023 (**£56K**). The majority of this went to East Lothian Climate Hub (**£125K**) and West Lothian Climate Action Club (**£170K**) - all from central government funding.

In SPM, development funding decreased by almost **60%** from **£368K** secured in 2023 to **£143K** in 2024. As in 2023, the Welsh Government contributed a significant amount of this - **£132K** – which was almost entirely shared between Datblygiadau Egni Gwledig (DEG) & Ynni Ogwen - Menter Cymunedol who reported **£90K** and **£42K** respectively.

In terms of investment, community energy projects across both licence areas reported approximately **£2.08M** in 2024, a significant increase compared to the **£91K** figure reported in 2023. **£497K** was reported by organisations in SPM and **£1.58 million** in SPD.

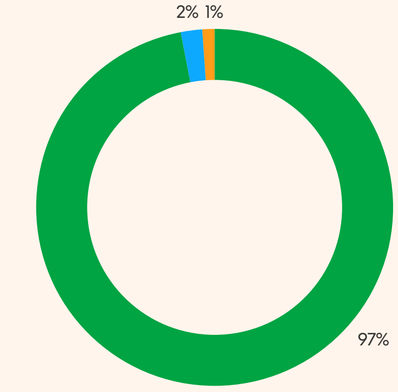
Grants formed the largest portion of investment with **£2.02 million** and the remainder came from loans (**£50K**) and self-funding (**£8K**). Most of the investment received within SPD was secured by a single organisation - KPT development Trust – which secured **£1.06 million** of grant investment. In SPM all investment was reported by just two organisations - Datblygiadau Egni Gwledig (DEG) & Ynni Ogwen - Menter Cymunedol - who contributed **£450K**and **£47K** respectively.

SPD & SPM Development Funding



- Central Government - £353,554
- Welsh Government - £133,922
- Local Authority - £95,000
- Level Up - £22,980
- CARES - £11,400
- Lottery Funding - £10,000

SPD & SPM Investment



- Grants - £2,024,662
- Loans - £50,000
- Self-funding - £8,000

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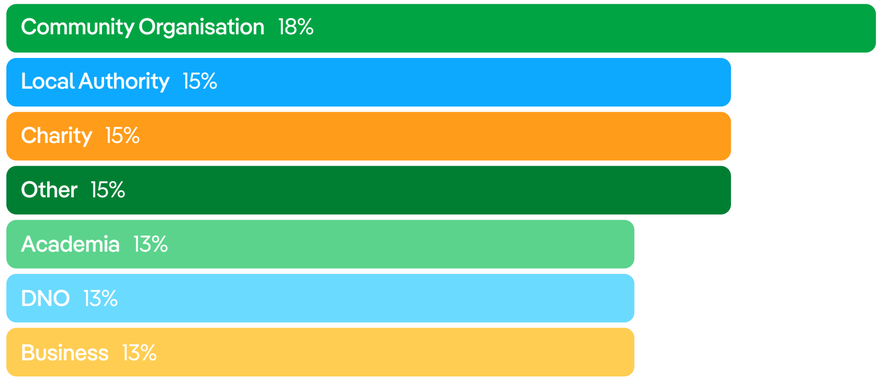
Networks & Partnerships

By collaborating, organisations can share knowledge and best practices, pool financial resources, and increase available staff time, strengthening their ability to deliver successful energy initiatives.

Community organisations in the SP Energy Networks licence areas highlighted the importance of engagement and collaboration with key stakeholders with just over a third reporting new formal or informal partnerships in 2024. Partnerships were embarked on with housing associations, the distribution network operator, academia and local government but the most common new type of partnership, accounting for **18%** of all those reported, was with other community organisations - a trend mirrored across the UK. This is perhaps unsurprising as community energy organisations face similar, unique challenges and the knowledge and expertise of fellow community organisations is particularly relevant. In 2024, **6** organisations across SPD and SPM provided mentoring support to other less experienced organisations.



Shared ownership is where communities take a stake in a commercially owned onshore or offshore renewable energy asset, investing in the project and entering into an agreement to share ownership of that asset with a private developer. While there are very few credible community shared ownership arrangements in place in Scotland, there is a growing desire in the sector from organisations hoping to reap the benefits that shared ownership brings. In SP Energy Network's licence areas, **2** organisations reported being currently involved in a shared ownership project and a further **8** reported they were planning to become involved.

Community Energy Impact

Community energy organisations offer a broad range of economic, social, and environmental benefits to their local areas. The revenue generated from these projects is often returned to communities through community benefit funds, which are typically distributed as grants or loans to support local development initiatives.

In 2024, **19** community energy organisations reported a total community benefit fund (CBF) value of **£204k** and total expenditure of **£239k**. Broken down by licence area, SPM had a CBF value of **£34k** and distributed **£32k**, while in SPD the CBF value was **£169k** with a spend of **£207k**.

In terms of wider economic benefit, an average of **66%** of organisational expenditure was spent locally across both licence areas which is slighter higher than the UK average of **63%**. This amounted to **£1.65** million being directly used to support local economies across SPD and SPM. The community energy sector also created 14 full time equivalent jobs bringing the total FTEs employed by community organisations to **121**.

£1.65m of community energy income spent locally supporting local economies

£239k of community benefit fund income given as grants to community initiatives

14 new full-time jobs created in 2024

64 GWh of electricity generated by community-owned assets, satisfying the demand of approximately 23,705 households, and avoiding an estimated 13,440 tCO_2e

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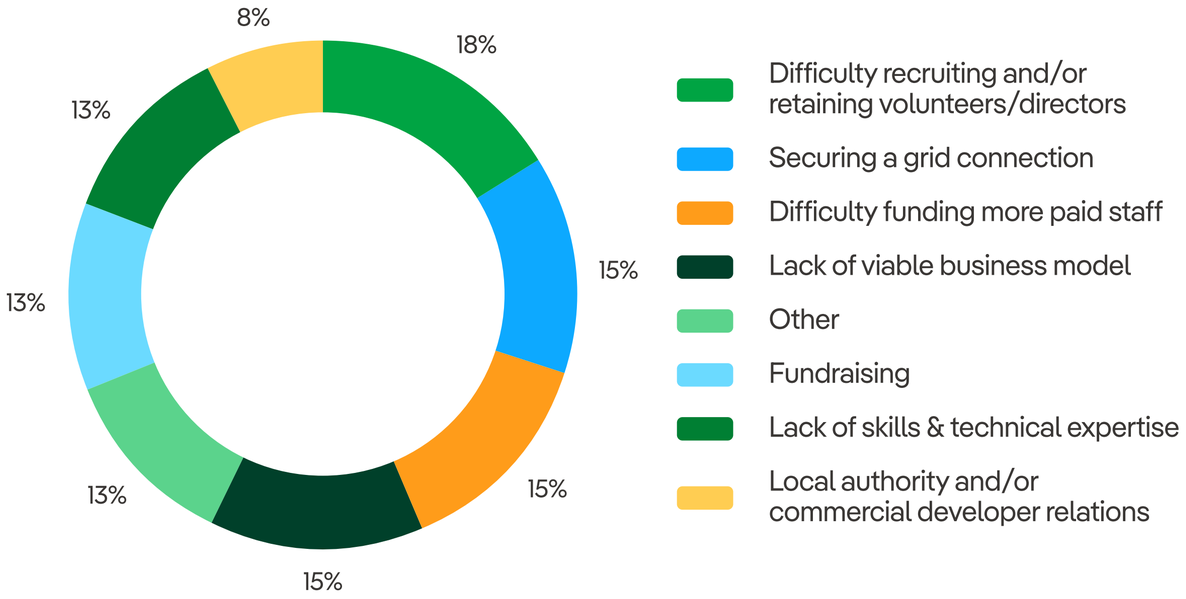
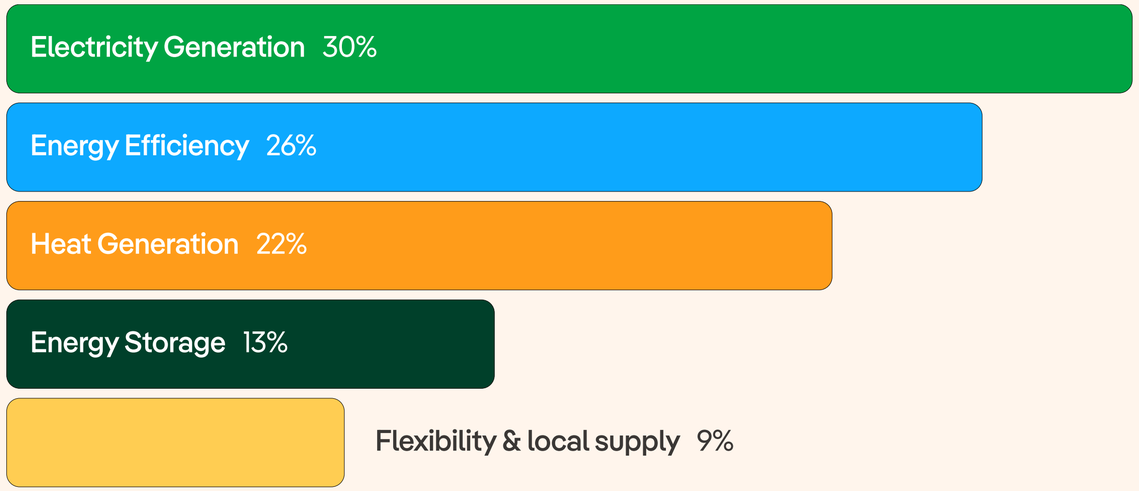
Overcoming Barriers

In 2024, the biggest barriers to the community energy sector in SPD and SPM relate to the recruitment and retention of staff and volunteers, difficulties securing grid connections and the lack of viable business models. These issues highlight the need for more revenue certainty for organisations to enable and scale up community energy project development by demonstrating long-term income streams to potential investors and retain staff and the need to find solutions to high grid connections costs and wait times.



Project Pipeline



Despite the many challenges associated with developing community energy projects, organisations across SP Energy Networks licence areas have reported a range of new opportunities they are actively exploring.

In terms of energy generation, organisations have reported **7** projects with **1.6 MW** of electricity generation capacity currently in development, most of which takes the form of rooftop solar PV with smaller amounts of hydro (**300kW**) and ground mounted solar (**300kW**). Of these, around **77%** are expected to generate revenue via a long-term PPA with the remainder utilizing short-term PPAs.

Of the non-generation projects, there are **5** low carbon heat projects, **3** energy storage projects and **8** other projects focusing on a range of areas such as local supply, grid flexibility, energy efficiency advice and retrofitting.

Organisations have estimated that **35%** of projects in development will require capital funding by the end of 2025 and around **50%** by the end of 2026. An estimated **£300,000** of capital funding is needed by end of 2025.

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