

Evaluation of the Next Generation Programme

Testing innovative post-subsidy business models for community energy – Mary Anderson, CAG Consultants – EEE, 29 Sept 2022



Role of community energy groups in energy transition

- Wide range of groups, from volunteer-only to professional not-for-profit organisations
- Many groups are passionate about climate change and creative/flexible in their approach
- Potential role as ‘trusted intermediary’ in energy efficiency, fuel poverty, flexibility
- Outreach/engagement role – raising awareness
- Benefits channelled back to local community



About the UK community energy sector:

495 organisations -
many run by
volunteers – a few
paid staff

271 groups have
installed renewable
energy

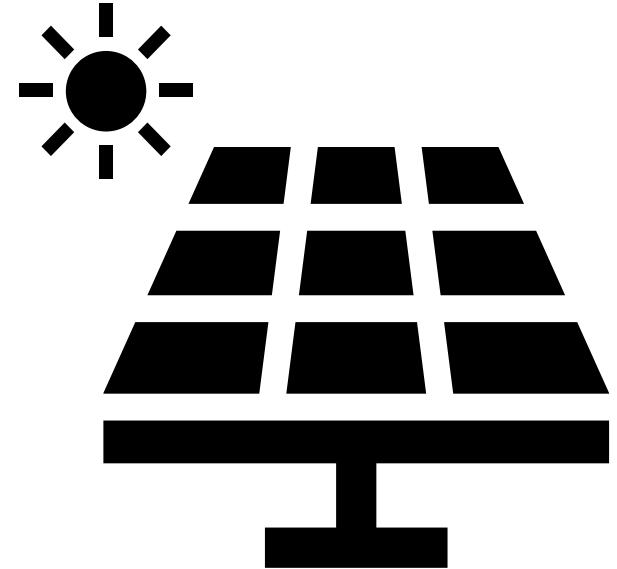
331 MW of
renewable electricity
capacity (2021)

Grew strongly with
support from Feed-in-
Tariff

Funded by
community shares
and bonds

Surplus used to fund
community benefits

Challenge to find new
business models
when Feed-in-Tariff
ended (2020/21)



Statistics: Community Energy,
State of the Sector Summary
Report (2022) – Community
Energy England et al

Next Generation programme – Power to Change:

- Support for innovation by community energy businesses
- Tested 11 ‘post-subsidy’ business models including:
 - EV car club
 - solar PV with EV chargepoints
 - community-led demand-side response
 - low carbon heat
 - low carbon microgrids for new housing
 - low carbon schools
 - energy efficiency in community buildings and schools
 - smart meter data apps



Developmental evaluation approach:

- Emphasis on learning rather than accountability
- Learn from successes and failures
- 6 monthly learning cycles
- Evidence: project documents, in-depth interviews, participative workshops, surveys



Developmental Evaluation: Applying Complexity Concepts to Enhance Innovation and Use (Michael Quinn Patton, 2006).

Examples of collaborative learning approach:



Early learning review stimulated research on the added value of community energy



Increasing resources dedicated to video case studies as evaluation has progressed



Evaluation recommendations used to inform better programme management



Learning outputs proactively shared with wider community energy sector, policy makers and funders



Emphasis on sharing learning through virtual and in-person events

Findings: emerging business models more complex and risky than investment in renewable electricity

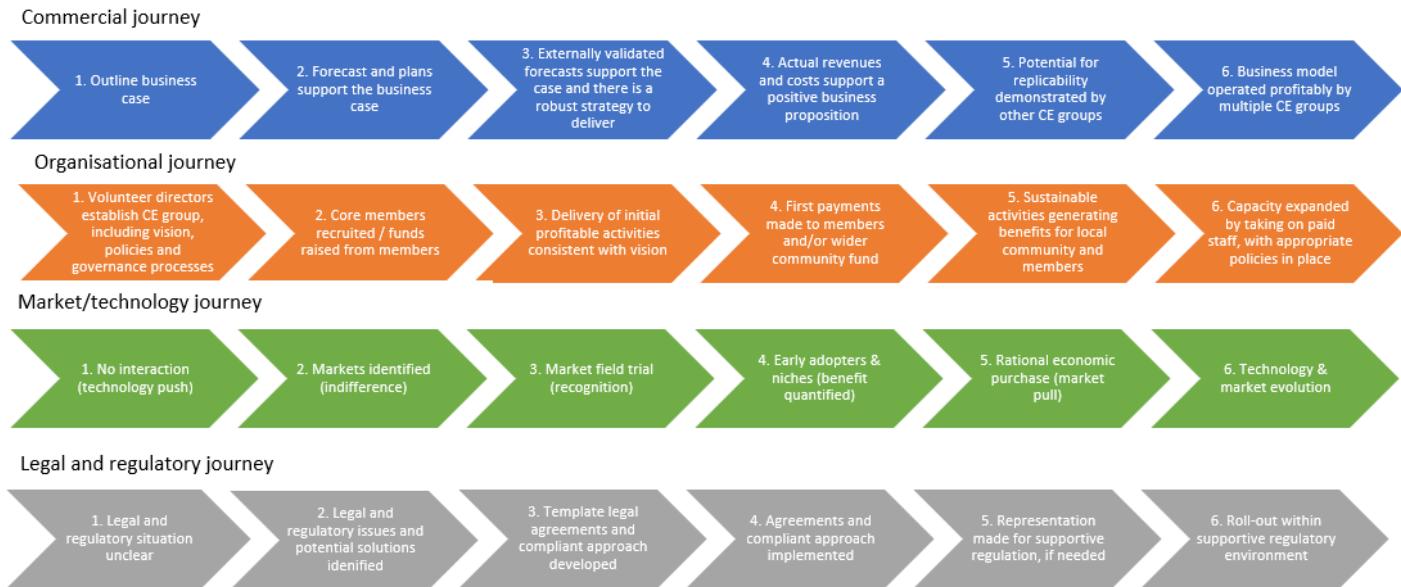
-  EV chargepoints linked to commercial-scale solar PV installations (Brighton CE)
-  'Pay as you save' scheme for LEDs in community buildings (Chester CE)
-  Data coop offering energy data apps (Carbon Coop)
-  Advisory and coordination services for renewable heat (CREW, Gloucestershire CEC)
-  EV car club (Nadder CE); affordable domestic-scale solar PV (Lockleaze)
-  Zero carbon schools (Green Fox)
-  Flexibility services (Bath & West); Community energy for new homes (PEC, Burneside)

Key learning points about CE business models

- Community energy groups cannot take major risks with community shareholders' money
- At scale, renewable energy generation can still be viable post-FiTs
- Some other options viable in certain circumstances (e.g. EV chargepoints, LED lighting) or with public funding/subsidy (e.g. fuel poverty/energy efficiency advice, heat pumps)
- More complex and risky business models only suitable for CE groups with significant organizational capacity and expertise
- New models likely to generate less surplus for community benefit
- But significant community interest in more complex models (e.g. community-led 'flex', community-owned micro-grids for new homes)



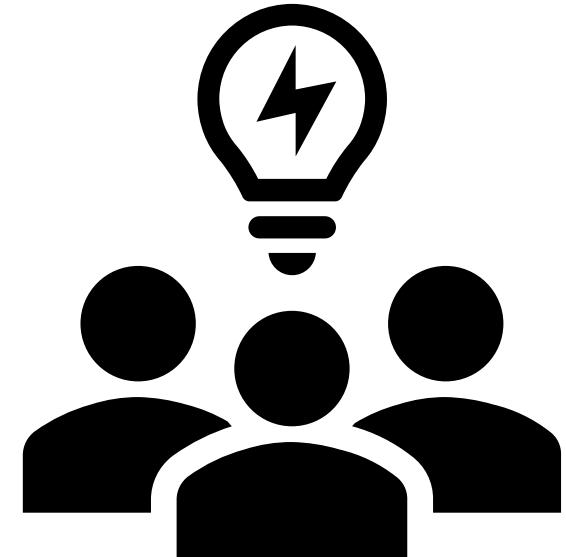
Learning about CE innovation programmes - 'four journeys' model



Source: Adapted from the Carbon Trust's four journeys model (2006, unpublished), which comprised a technology journey, company journey, market journey and regulatory journey. |

Key learning points about developmental evaluation

- Allowed flexibility to respond to programme and project changes
- Flexibility vital in evaluating an innovation programme
- Monthly drop-in sessions led by CSE, with CAG support, allowed immediate sharing of learning between projects
- Evaluator wore ‘two hats’: evaluating impact and identifying/sharing learning



For more information on the Next Generation innovation projects, see videos, case studies, webinars and reports at:

[www.next-
generation.org.uk/webinars](http://www.next-generation.org.uk/webinars)

[www.next-
generation.org.uk/resources](http://www.next-generation.org.uk/resources)





Discussion points

- What can community energy contribute to the energy transition, in the UK and other countries?
- When is a ‘developmental evaluation’ approach appropriate?