



February 2022

Dear Constituent,

Thank you for contacting me about the Local Electricity Bill.

There is no doubt that communities are key to decarbonising the UK economy and the Government is supportive of community energy.

The Local Electricity Bill is a Private Member's Bill which seeks to enable electricity generators to become local electricity suppliers. The Bill, introduced by David Johnston MP, has its Second Reading scheduled for the 18th March 2022.

While the Government agrees with the broad intentions of what the Local Electricity Bill seeks to achieve and wants to see more local energy schemes as part of delivering a net zero energy system, it does not support the Bill as the means to enable local energy supply.

The Bill seeks to alter the licensing provisions and Ministers have expressed their concern that changing the licensing framework to suit specific business models risks creating wider distortions elsewhere in the energy system, which could increase costs for other consumers and further unintended consequences.

Ofgem has existing flexibility to award supply licences that are restricted to specified geographies and/or specified types of premises. Furthermore, following a consultation process, Ofgem has announced that from February 2022 it plans to welcome applications from community-interest groups, co-operative societies and community-benefit societies to the industry voluntary redress scheme. This will enable groups to apply for funds to deliver energy-related projects that support energy consumers in vulnerable situations, support decarbonisation and will benefit people in England, Scotland and Wales.

To support community energy projects, the Government funds the Rural Community Energy Fund. This £10 million funding scheme is delivered through the Local Energy Hubs which support rural communities in England to develop renewable energy projects, which provide economic and social benefits to the community. Since its launch in 2019, the fund has received 1,668 enquiries, 203 applications and awarded millions of pounds worth of grants to projects focusing on a variety of technologies, including solar, wind, low-carbon heating and electric vehicle charging.

The Energy White Paper, published in December 2020, committed government to review the overall retail market regulatory framework and, through this review, the Government will assess what changes may be needed to allow for new supply propositions to come forward. I understand the Government will engage with community stakeholders as part of the review. I will follow any developments closely.



Chris Heaton-Harris
Member of Parliament for Daventry
House of Commons, London SW1A 0AA
Tel: 020 7219 7048

Thank you again for taking the time to contact me.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Chris'.

CHRIS HEATON-HARRIS MP
MEMBER OF PARLIAMENT FOR DAVENTRY