

## Rural Community Energy Fund – How it can be used to develop local renewable energy projects

### What is the Rural Community Energy Fund?

- The Rural Community Energy Fund (RCEF) is a government grant that enables rural communities to pay for feasibility studies on renewables projects. It supports rural communities in England to develop renewable energy projects which provide economic and social benefits to the community. The funding is the first step on a clearly defined journey which can lead to a community –owned renewables installation becoming operational.
- The grant of up to £20,000 (with no match needed) can cover technical feasibility, community engagement, legal structures, business planning, and financial forecasting. The objectives are to:
  - Determine whether a project is feasible
  - Determine whether it can be developed under community ownership, and
  - Provide the information required to support pre-development funding. This is all the work needed before a project can be commenced. It includes such things as obtaining planning permission, reaching legal agreements with landowners, securing contractors, and obtaining permission to connect to the electricity grid. Pre-development funding can come from the RCEF as well, as a loan of up to £130,000.
- The applicant can be a Town or Parish Council or a community group which is registered as a company, among other organisations.
- The RCEF funding can be used to develop other aspects of a project including:
  - Community engagement. The importance of this is often underestimated. People in the local community need to have the chance to be involved in a low carbon project from its earliest stages. This: improves the quality of the project shares its workload (because people bring time, skills and knowledge to it); reduces the likelihood of people opposing it, and provides a pool of potential investors.
  - Choosing a legal structure. There are several possible legal structures which could be adopted by the community company, with varying advantages and disadvantages, and professional advice is needed to choose the correct one.
  - Business planning. A successful project needs the right management team, project plan timeline, contractors and operations and maintenance providers. The feasibility study can provide detail on all of these.
  - Financial modelling. An element of the business plan, but listed separately because of its importance. As well as cash flow forecasts and profit projections, this shows how much money is needed of the project, where it will be sourced, and what it will cost.
- The RCEF is an excellent way to determine whether there are any viable renewable energy projects in the Parish. If there are, the funding can underpin pre-development financing to take projects to the point of a community share issue, or seeking other finance.
- The Town/Parish Council can be the applicant for projects. There is no obligation on the Parish Council other than to successfully deliver the feasibility studies.

To learn more about how the RCEF can help your local community please call Ben Eardley on 07979 344555/01271 815643 or email [ben@energyanalysis.co.uk](mailto:ben@energyanalysis.co.uk)