COMMUNITY ENERGY

State of the Sector

2026



FOREWORD

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SP Energy Networks

Communities across the UK continue to drive forward local renewable energy initiatives, demonstrating the important role they play in creating a cleaner, more resilient energy system. Despite ongoing economic and policy challenges, community energy organisations continue to develop innovative projects that not only generate renewable electricity, but also deliver lasting social, economic and environmental benefits to the communities they serve.

As Community Energy Managers at SP Energy Networks, we have the privilege of working alongside community groups, representative bodies and stakeholders across England, Scotland and Wales. Through these partnerships, we've seen first-hand the passion, innovation and determination that exists across the sector, as well as the challenges that many organisations continue to face in bringing projects to life.

The Community Energy State of the Sector Report provides an invaluable snapshot of the sector, highlighting both its achievements and the opportunities that lie ahead. The insights gathered through this report help us better understand the evolving needs of community energy organisations, enabling us to shape our support, strengthen collaboration and continue removing barriers wherever we can.

At SP Energy Networks, we're committed to working in partnership with Community Energy England, Community Energy Scotland and Community Energy Wales to help communities realise their energy ambitions. By sharing knowledge, improving access to support and listening to the experiences of the sector, we can continue to create opportunities for community energy to grow and thrive.

We're proud to continue sponsoring the Community Energy State of the Sector Report and would like to thank everyone who has contributed to this year's report. We look forward to continuing to work together to support communities and help build a cleaner, more flexible and resilient energy system for the future.

Grace McGovern
Community Energy Manager – SP Distribution

Louise Taylor
Community Energy Manager – SP Manweb

INTRODUCTION

Community energy is a significant movement, with **660 organisations**, almost **90,000 members** and over **1,600 operational sites** across the UK. It represents a different model for our energy system, one that emphasises local agency and control. Community energy does more than generate power; it serves as a trusted local actor capable of **facilitating flexibility** and **enabling innovative, place-based solutions** that traditional models cannot match.

Some of the key trends are worrying. Total investment in community energy is going in the wrong direction: reported **investment in community energy has decreased by 19%** since last year. Net employment across the sector fell, adding to the substantial operational weight carried by the volunteer base. Difficulties associated with funding, recruiting and retaining staff and volunteers were listed as the top barriers to growth by survey respondents. Currently, the policy and regulatory environment is not enabling the sector to overcome these barriers.

The UK government has recognised the need for action. It has set out an ambition to oversee the **biggest expansion of community energy in British history**. The Parliamentary Energy Security and Net Zero Committee report 'How community energy can turbocharge the transition' also recognises the huge value of community energy and recommends urgent action to support it. The Energy Independence Bill, the Local Power Plan and the Warm Homes Plan represent opportunities to translate ambition into action.

Despite a difficult landscape, community energy remains a hugely important and impactful sector, delivering massive local benefits across a broad range of activities. These include clean electricity and low-carbon heat generation, energy efficiency and advice services, sustainable transport, and flexibility and balancing services. There are real opportunities for growth, particularly in shared ownership and local supply.

The UK government's ambitions for community energy and the ESNZ Committee's report reflect an understanding that the wider energy system also needs to change to deliver a low-carbon future that prioritises affordability and security. Local energy markets and flexibility can help to create a more decentralised and resilient system that keeps bills down. Shared ownership projects can ensure local people feel the benefit of larger energy infrastructure. **These are areas where community energy will be a crucial part of the energy transformation**.

This report is a snapshot of a sector which, like the UK's energy system, is in transition. Community energy has shown what can be achieved when power works for people and place. With a more favourable policy environment, it can play a key role throughout the energy system, **supporting low carbon electricity and heat generation**, retrofit and advice, flexibility and local energy markets.

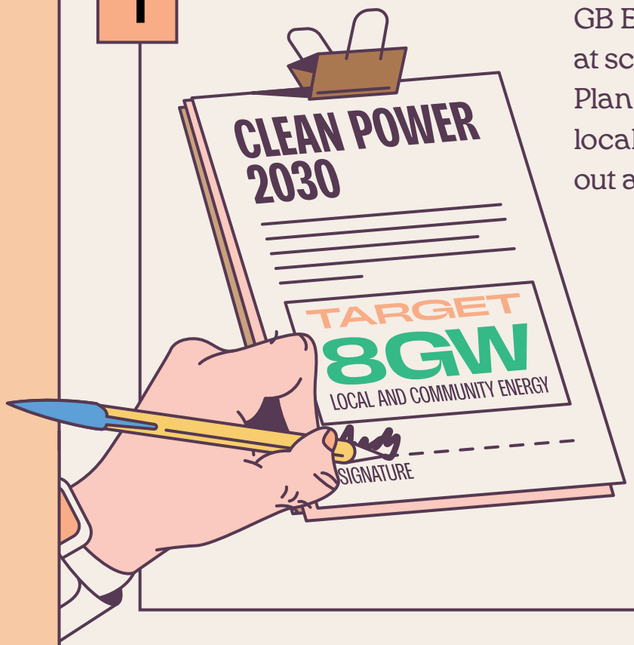


POLICY RECOMMENDATIONS

This is what governments and regulators across the UK should prioritise to unlock the potential of community energy.

ESNZ *endorsed by the ESNZ Committee report*

1



GB Energy must provide financial, legal and technical expertise at scale to community energy initiatives through the Local Power Plan. The UK government should recommit to the 8GW target for local and community energy in the Clean Power 2030 plan and set out a roadmap and responsibilities to achieve it. **ESNZ**

321 community organisations with a combined renewable electricity generation operational capacity of **452 MW**

462 MW pipeline capacity in development representing an estimated **£53m** in potential generation revenue

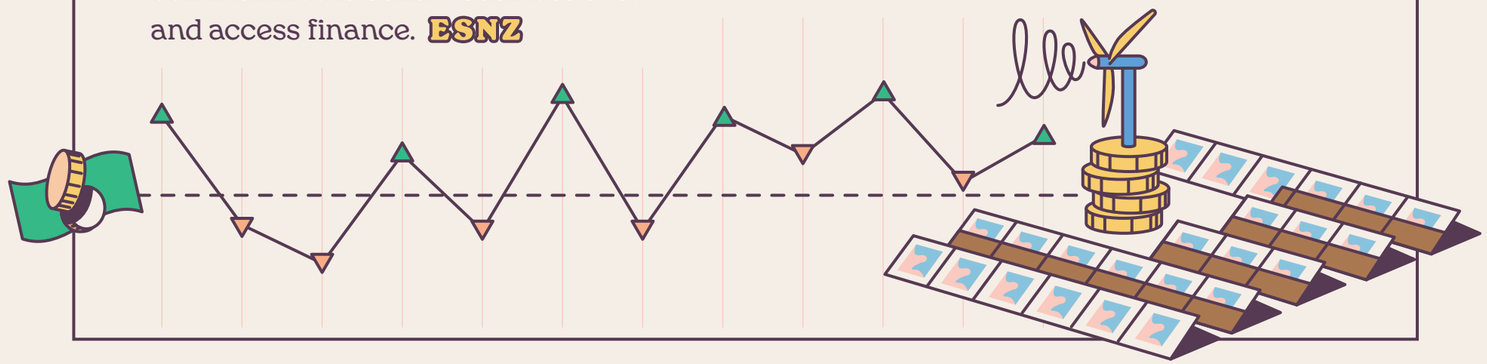
£27.6m capital needed with **100+** projects needing finance by end of 2026

2

Introduce a mechanism to provide a minimum floor price for community electricity sales, such as a community energy export guarantee. This would provide long-term security of income for community energy projects, to enable communities to build a business case and access finance. **ESNZ**

49 pipeline projects seeking long-term PPAs – the sector wants revenue certainty but has no mechanism to secure it.

New projects earn **~7p/kWh vs ~15p/kWh** for Feed-in-Tariff-era. A guaranteed floor price would unlock finance for the remaining



3

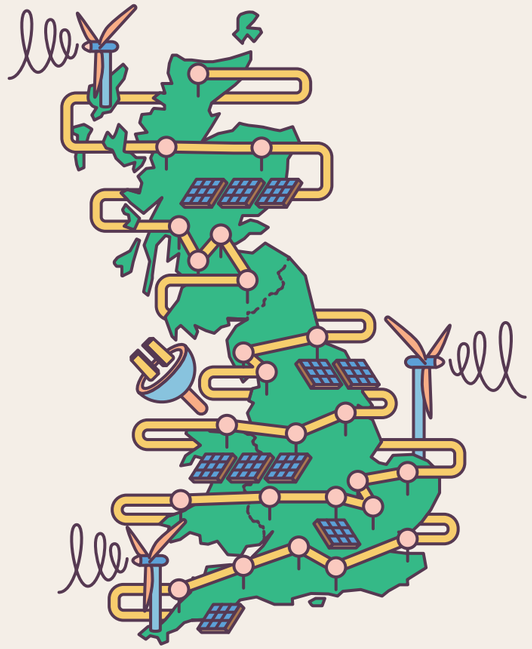
Enable more community energy projects to connect to the grid by designating community energy as a strategic priority, and directing regulators and network distributors to remove barriers to connections and codifying a legal definition of community energy. In Scotland, changes to the Transmission Impact Assessment thresholds are also needed to reduce disproportionate barriers to community energy connecting to the grid. **ESNZ**



359 MW of electricity generation capacity currently stalled = **£29m/yr** of potential revenue locked



Grid connections = 2nd barrier to project development reported nationally by **38%** of organisations



4

Enable local supply as swiftly as possible. Local energy markets mean better rates for energy generators and cheaper bills for energy users, leading to a profound change for people living in fuel poverty. Incentives should be introduced for demand and generation to be matched as much as possible within a local energy market, allowing small-scale generators to develop viable business models, and reducing the need for large scale infrastructure upgrades. **ESNZ**



13 orgs developing local supply projects. New projects could earn **10–15p/kWh** vs **7p/kWh** on PPAs.



45% of operational generation is FIT-accredited with contracts expiring from the 2030s. Without action, sector revenue drops from **~15p/kWh** to **~ 7p/kWh** on more than half its output.

31%

31% of organisations cite lack of viable business model as a barrier to project development

5

Change national procurement frameworks to enable and/or require public bodies to buy at least some of their electricity from local community energy organisations. **ESNZ**



73% of community energy expenditure is spent locally, so when public bodies procure from community energy, the money stays in the local economy



6

Give community organisations priority access to public land and rooftops and leases for renewables. Support community energy organisations to take on leases for existing developments at the point of repowering through Community Asset Transfer.



96% of community owned solar PV sites are rooftop solar



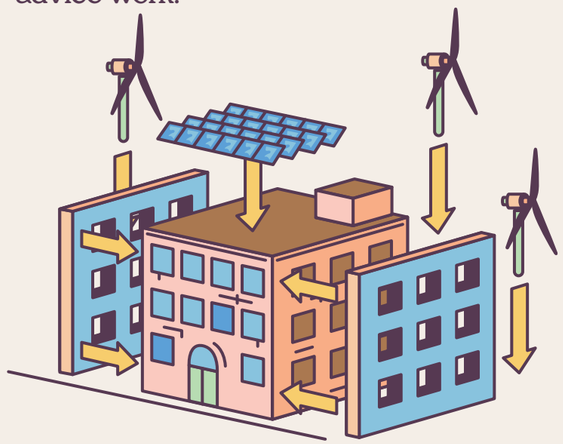
7

Reduce barriers to the repowering of community energy projects by working across governments, departments and agencies to find bespoke solutions, to avoid losing the community energy that currently exists.



8

Local government should treat community energy as a major delivery partner for its heat, energy efficiency and advice work.

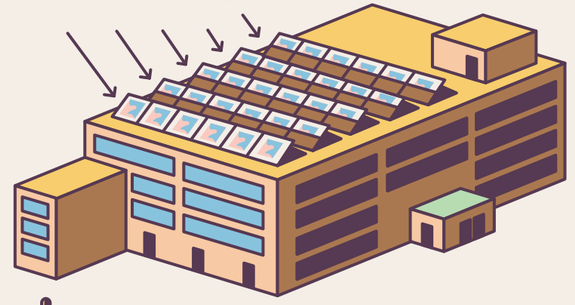


3/4

More than **three quarters** of community energy organisations offering basic retrofit services, do so for **free**

9

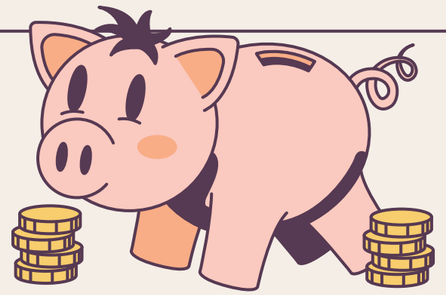
Update the planning and consenting systems across all four nations of the UK to allow planning authorities to prioritise community-owned energy. ESNZ



70% of orgs with stalled projects still developing – many switching from ground-mounted to rooftop solar PV to avoid planning barriers.

10

Require clean energy developers to provide community benefit funds, offer shared ownership and pay into a Community Wealth Fund for the nation where the project is located.

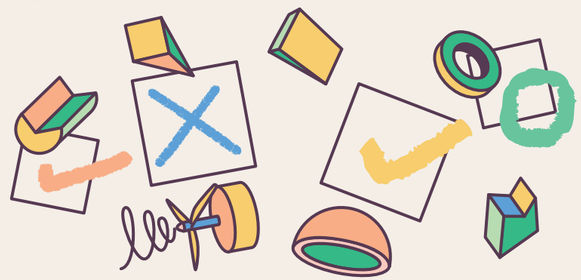




11

Increase support and access to finance for community shared ownership: where community organisations own shares in private energy developments, have voting rights, and reinvest returns into the community. ESNZ

£6.3m of community benefit funding was spent by community energy organisations in 2025

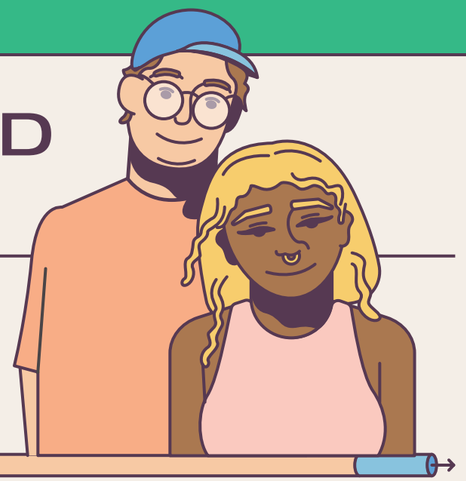


The numbers behind our recommendations

The figures that follow set out the state of the sector in 2026: its people, its assets, its impact and the barriers it faces.



PEOPLE AND FUNDING



660
organisations

~7% increase from last year

89,023 **members**

Median of **100** per organisation

4,683 **volunteers**

Average of **7** per organisation

£59.9m
total turnover

69,203 **people reached**

Through events, advice and outreach



SITES AND GENERATION

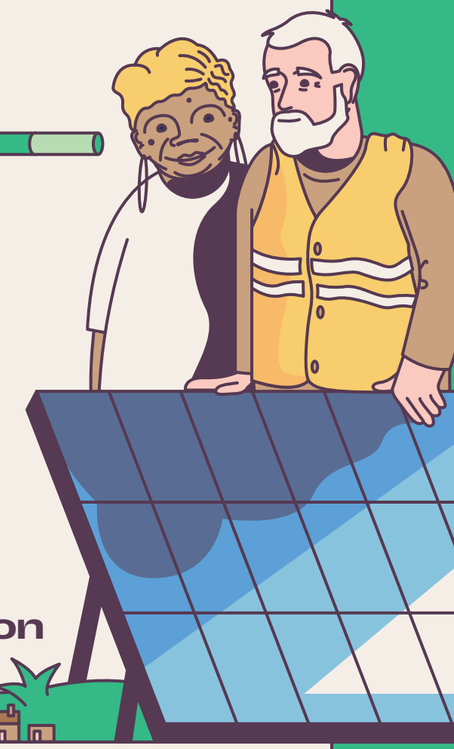
Over
1,600 **operational sites**

96% of which are fully community owned

452 MW

of **community owned electricity generation capacity**

39% increase since 2020



661 GWh Estimated **annual generation**

equivalent to **~244k homes**

£70m Estimated **total revenue**

from generation for 2025

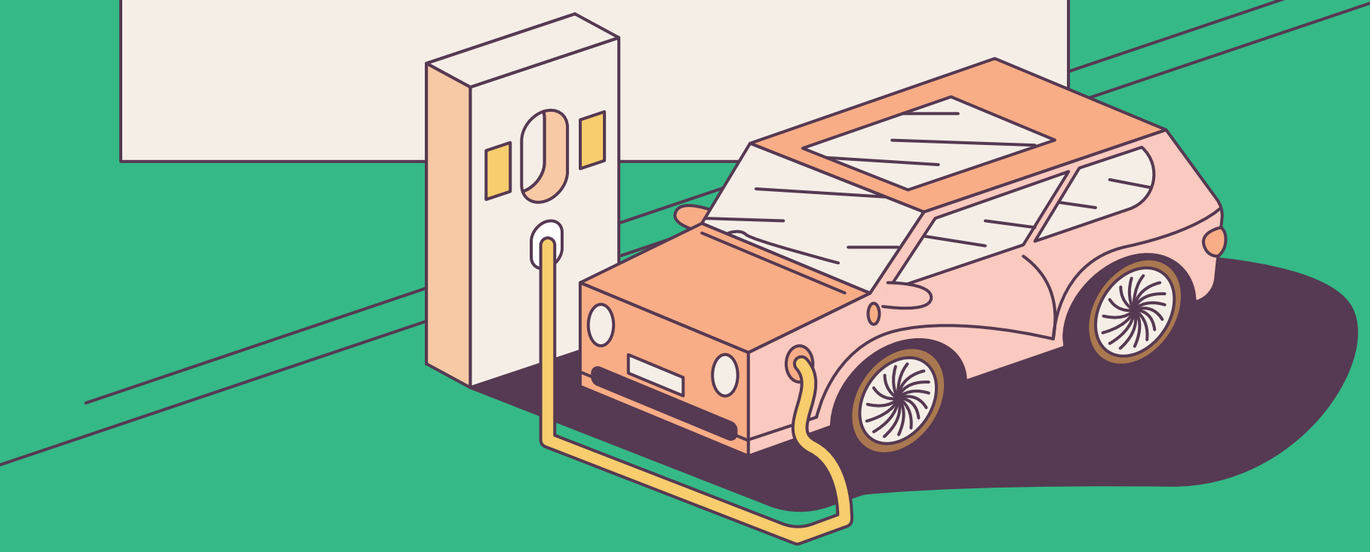
48 organisations with more than **5 sites** each account for **70%** of **all operational sites** and over **half of the total community owned capacity**

BEYOND ELECTRICITY GENERATION

5MW Estimated **low carbon heat asset capacity**

4.9MWh Estimated **energy storage**

439 **EV charge points owned**



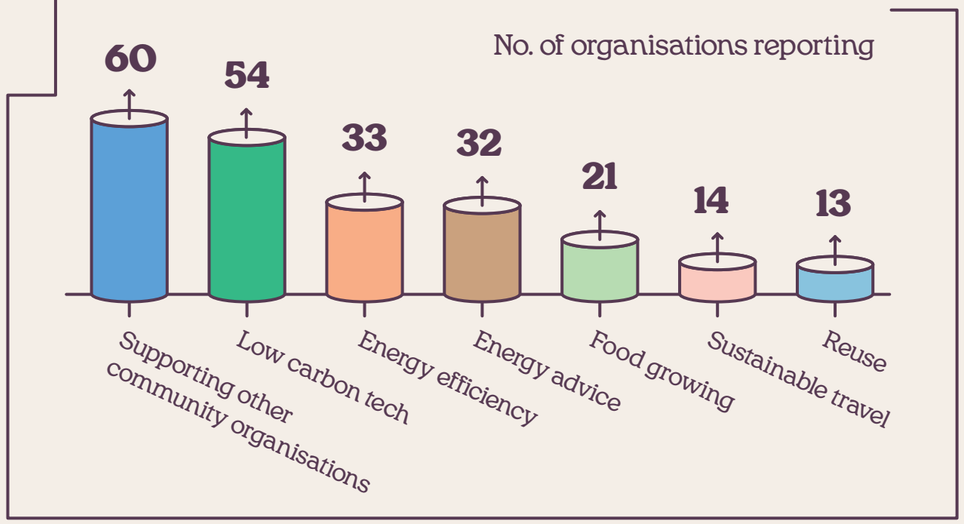
IMPACT AND INVESTMENT

73% of **expenditure is spent locally**

19% **decrease in reported investment since last year**

£6.3m **of community benefit funding spent in 2025**

90% distribution rate



CHALLENGES AND OPPORTUNITIES

462MW pipeline capacity

wind accounts for **257MW**

solar accounts for **201MW**

- **£53m** per year in potential generation revenue
- **£27.6m** of capital is required to deliver these projects

46 have stalled projects

- **359MW / £29m** of unrealised annual revenue



Top three barriers to organisational growth

1. **Staff funding**
2. **Access to the grid**
3. **lack of viable business model**

Non-generation projects in development

21 organisations developing energy storage projects

26 organisations developing energy efficiency and advice services

13 organisations developing local supply models

ABOUT US

We invite all organisations working on or supporting community energy to join us, to strengthen our collective voice and enable us to represent you in our work to develop and support the sector. Details of how to join us can be found below.

Community Energy Scotland is a community energy specialist dedicated to providing communities across Scotland with independent and ongoing support to develop their own energy projects. Our membership is free for all Scottish community energy organisations and individual supporters, and provides opportunities for organisations to consult with our team, network with other member organisations, and receive regular community energy-related information.

Contact us for more information:

07920 182308
info@communityenergy.scot
@cescotland.bsky.social
www.communityenergy.scot/membership

Community Energy England is the voice of the community energy sector in England, helping to create a supportive policy landscape for community energy. We also help active community energy organisations to connect, collaborate, share expertise and overcome obstacles, and facilitate new collaborations and investment into the sector. Join us to demonstrate your support for the broader interests of the sector and our work to create the conditions within which community energy is able to thrive and scale.

Contact us for more information:

033 3303 4126
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www.communityenergyengland.org/pages/ membership

Community Energy Wales is a not-for-profit membership organisation that provides assistance and a voice to community groups working on energy projects in Wales. We want to help create the conditions in Wales that allow community energy projects to flourish, and communities to prosper.

Our vision: People should be at the heart of the energy system.
Our mission: To support and accelerate the transition to a fair, low carbon and community-led energy system.

Contact us for more information:

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