Community Energy Scotland

REGEN

Briefing note

Three changes to unlock the grid for community energy in Scotland

Summary

The community energy sector in Scotland and the UK has a strong track record of delivering substantial social and economic value to people and places across the country – unlocking new revenue for local development, creating jobs, tackling fuel poverty, delivering household decarbonisation and building wider support for the net zero transition.[1]

However, the sector faces distinct grid connection challenges, limiting its ability to scale to meet the UK government's commitment to realise 8GW of locally and community-owned energy by 2030.[2]

Due to their comparatively limited financial resources, community energy projects can struggle to compete with established commercial developers for connections. With the Clean Power 2030 pipeline already almost full, it will be challenging for new and repowering community energy projects to connect before the end of the decade.

In Scotland, community generators must also navigate the extremely low Transmission Impact Assessment threshold of 200kW (or just 50kW on islands), meaning that even some smaller projects must join the lengthy transmission queue before they can connect, slowing timelines and increasing project risk.

The National Energy System Operator (NESO), the UK Government and Ofgem must take urgent action to overcome these challenges so that the sector can deliver this substantial social and economic value at scale as a key component of the wider Clean Power mission.

We recommend the following changes be implemented to unlock the grid for Scottish community energy projects, enabling them to scale to meet the UK Government's critical 8GW target and the far deeper value on offer:

- → **Solution 1: Designate community energy projects as 'needed'.**
- → **Solution 2: Ensure consideration of both SSEP and RESP when allocating grid connections.**
- → **Solution 3: Increase the Transmission Impact Assessment threshold in Scotland to 5MW where feasible and 1MW where it is not.**

[1] Energy Learning Network, 2025. The value of community energy: a digest of supporting evidence.

[2] UK Government, 2024. GB Energy founding statement.

The opportunity

As the UK accelerates its Clean Power mission, there is clear recognition that community energy has a critical role to play. Community-owned renewable projects bring unparalleled value into local areas, helping tackle fuel poverty, create skills, and redistribute profits for local needs.

Community energy is also popular: polls show that 64% of the Scottish population support community-owned renewables, compared to only 33% on average who support typical commercial developments.[3] Beyond individual projects, community ownership increases buy-in for the overall clean power mission by enabling communities to hold a direct stake in its success.

Recognising this, the UK Government has set an ambitious 8GW locally- and community-owned energy target by 2030 – to be backed via £1 billion funding from the Local Power Plan and GB Energy. Scottish Government has long had its own local and community-owned energy target (2GW by 2030), supported by the Community and Renewable Energy Scheme.

Social value facts

- **Local and national support for community-owned energy projects is higher than support for commercial projects**,[3,4] helping to increase public buy-in to the transition and accelerate net zero
- **Community renewables deliver significantly higher financial return per MW** to communities than community benefit funds,[5,6] helping to fund local initiatives and build community wealth
- **Community energy profits support local economies,** with over 70% of expenditure in the local area and over £25 million generated in the last year[7]
- **Community energy projects have saved UK households over £4.4 million on their energy bills** since 2020 through fuel poverty support, advice and installing energy efficiency measures[8]
- **Community energy generators can anchor local energy systems**, matching generation with demand, providing new flexibility services and reducing network constraint costs[9,10]
- **Community energy projects increase participation** in demand reduction, energy efficiency and household decarbonisation, particularly among less engaged citizens[11]

[3] Common Wealth, 2025. The public is enthusiastic for community energy.
[4] Hogan, J. 2024. Why does community ownership foster greater acceptance of renewable projects? Investigating energy justice explanations.
[5] Equitable Energy Research, 2025. Social value from renewables in the highlands and islands.
[6] Aquatera, Voar and Community Energy Scotland, 2025. Analysis of Shetland community benefits.
[7] Community Energy Scotland, 2025. State of the Sector report.
[8] Energy Learning Network, 2025. The case for community energy.
[9] Regen, 2024. Lessons from EnergyREV: The role of smart local anergy systems in a net zero future.
[10] Energy Local, 2025. About Energy Local.
[11] Fell, M. J., Schneiders, A., & Shipworth, D. (2019). Consumer demand for blockchain-enabled peer-to-peer electricity trading in the United Kingdom: An online survey experiment.

The challenge

Community renewable projects face distinct challenges in securing a grid connection. Because most of the capacity needed for the UK government's Clean Power Action Plan is already in the transmission connections queue, there is limited space for new or repowered community energy projects to progress. **This presents a fundamental threat to the UK's 8GW by 2030 local and community energy target.**

This problem is particularly acute in Scotland, where even smaller-scale projects (anything over 200kW, and over 50kW in most islands) must undergo a Transmission Impact Assessment (TIA) before they can connect to the distribution network. Under this process, community generation projects must effectively join the back of the lengthy transmission queue, even where projects are unlikely to connect at the transmission level, delaying project timelines and increasing risk and uncertainty.

The TIA process was recently changed for England and Wales through Connection and Use of System Code (CUSC) modification CMP446, which lifted the threshold for this assessment from 1MW to 5MW – in theory enabling community energy generators below 5MW to connect to the distribution network more quickly. **The threshold in Scotland has not changed and currently sits at 200kW (and just 50kW on most Scottish islands), limiting speed and scalability in the Scottish community energy sector.**

Because community energy projects are also typically run by boards of volunteers without consistent investor backing, it is challenging to secure a grid connection and provide securities well in advance of the connection date. Unlike commercial developers, communities are also tied to their geography and cannot reserve space elsewhere or easily relocate. Due to the lengthy nature of the connections queue, even smaller scale projects must thus take disproportionate risk to secure a connection in Scotland.

Case study: Outer Hebrides

Community Energy Scotland are aware of community-owned generation projects totalling approximately 130MW in Lewis and Harris in the Outer Hebrides, which have been awaiting a connection since 2019. Connecting these projects relies on Scottish and Southern Electricity Networks installing a 1.8GW interconnector to enable more capacity in the area.

The interconnector is now in progress. However, capacity has been quickly earmarked by commercial developers, who have been able to post securities and reserve space for speculative projects, leaving no room for new community-owned generation. This is despite a rich legacy of community-owned generation in the Outer Hebrides, totalling 25.3MW of power and £3 million per year in community benefit.

Strategic planning

The **Strategic Spatial Energy Plan** (SSEP) will supersede the Clean Power 2030 Action Plan in setting the blueprint for the GB energy system, outlining which technologies and capacities are needed and where to achieve the UK's 2050 net zero goals. Projects will have to be 'strategically aligned' or designated by NESO in order to connect to the grid. However, the SSEP is developed through a top-down approach without consideration of local need or community ambition.

Alongside this, the National Energy System Operator (NESO) are developing **Regional Energy Strategic Plans** (RESPs). These plans use bottom-up modelling and analysis, based on more granular data and engagement, to provide a regional view of the energy system and ensure regional needs are reflected in the transition overall. It is expected that the SSEP will set out the national ambition and strategic need (modelled technologies and capacities required around the country), and the RESP will identify the projects which meet local ambition and need.

The Gate 2 Criteria methodology which is used to identify if projects are eligible to be allocated grid connections requires projects to both be ready and needed - i.e. they need both to be sufficiently progressed and they need to meet 'Strategic Alignment' criteria that show that they are in line with overarching strategic priorities. These may be through a) being in alignment with strategic priorities outlined within the Clean Power 2030 Action Plan, SSEP or other strategic plans, or b) through the project designation process (projects that are 'designated' can have priority access to available grid capacity and/or earlier grid connection dates). It is not clear to what extent the RESP, informed by local stakeholders and ambitions, will be formally reflected within the SSEP nor the Gate 2 Criteria Methodology and therefore subsequent connections decisions. This could have the adverse effect of regions highlighting community energy as a priority but being unable to progress this due to a lack of 'strategic alignment' with the SSEP.

Without a joined-up process that ensures community energy is a core consideration across both SSEP and RESP in all regions, there is further risk that community energy is effectively locked out of future capacity, jeopardising the UK Government's 8GW target.

The solution

To overcome these challenges, we propose three key solutions which NESO, Ofgem and the UK government can implement to enable community energy projects in Scotland to progress more quickly overall, realising the immense value for local people and the net zero transition in the process.

Solution 1: Designate community energy projects as 'needed'. The project designation process lets NESO give priority to certain kinds of projects in the connections queue if they can show that they are critical for energy security or system operation, would significantly reduce network constraints and costs for consumers, involve innovative or new technologies, or have unusually long development times. In the short term, NESO and Ofgem should implement a community energy category within the Project Designation Methodology to enable NESO to designate community energy projects as 'needed', enabling them to secure a grid connection, as suggested in Ofgem's TMO4+ connections reform proposals (p. 76).

Solution 2: Ensure consideration of both SSEP and RESP when allocating grid connections. To ensure that regional priorities are reflected, RESPs (which are developed through a bottom-up process) must be a core consideration for allocating grid capacity, enabling Scotland and other regions to progress community energy as a priority. To support this, there is a need for a coordinated process between the SSEP and RESPs (which are still in development) to ensure community energy is made a strategic consideration, in line with UK Government targets. This could include establishing separate targets for community energy for each region in the SSEP, for example.

Solution 3: Increase the Transmission Impact Assessment threshold in Scotland to 5MW where feasible and to 1MW where it is not. NESO should convene Scottish network operators and community energy representatives to understand current blockers and what is technically feasible to bring the Scottish community energy sector closer to parity with England and Wales. This would then require NESO to raise a CUSC (Connection and Use of System Code) modification to implement.

This briefing note was prepared by Community Energy Scotland and Regen.

Community Energy Scotland is the voice of the Scottish community energy sector, supporting members to deliver low-carbon, sustainable, democratic solutions that unlock social, economic and environmental value.

Regen is a non-profit centre for energy policy, system, markets and regulatory expertise, delivering evidence, analysis and engagement to drive a fast and fair net zero transition.

To discuss these recommendations further, please contact:

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