



Energy Redress: Carbon Emissions Reduction

Priority

Just Transition Fund

Supplementary Guidance

October 2024

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Please note: This document provides supplementary guidance on the Just Transition Fund only. There are separate guidance documents covering the Main and Small Funds and the Innovation Fund and Carbon Emissions Reduction Fund.

Introduction

The Just Transition fund is a new targeted fund being piloted under the Energy Redress Scheme Carbon Emissions Reduction priority. The fund will support the development of community renewable energy projects which benefit energy consumers in vulnerable situations.

Fund Aims

The Just Transition Fund aims to accelerate the development of community renewable energy schemes which are in progress and build the capacity of the community energy sector to deliver impactful renewable energy projects. It also aims to encourage community renewable energy projects which bring tangible benefits to energy consumers in vulnerable situations demonstrating how a just transition to net zero can benefit everyone.

Context:

The UK has a target to achieve clean power by 2030. Achieving this goal requires unprecedented growth in renewable energy deployment. Enabling greater community ownership and social benefit from this historic change would bring lasting benefits to all energy consumers, empowering them to have greater influence over energy generation and share in the economic benefits from it.

UK Government policy to decarbonise electricity generation includes the “Local Power Plan”. This aims to develop up to 8GW of local and community-owned renewable energy schemes, backed by a significant portion of GB Energy’s £8.3 billion over this parliament. Delivering the Local Power Plan at speed and scale will require a pipeline of investment-ready projects. The Just Transition Fund aims to help community energy organisations progress projects to investment-readiness and build a pipeline of projects that benefit all energy consumers (including those in vulnerable situations) ready for deployment as the Local Power Plan is implemented.

What type of projects will be supported?

The Just Transition Fund will fund development work for community-led renewable energy projects that also benefit energy consumers in vulnerable situations. The fund will support staff time working on developing projects and associated costs including surveys and other preparatory work to develop those projects. This round of the Just Transition Fund is specifically for development costs and will not fund capital costs of renewable energy installations.

To be eligible for the Just Transition Fund, grantees must demonstrate how their projects will bring tangible benefits to energy consumers in vulnerable situations. Projects can also benefit other energy consumers but will need to explain specifically how they will benefit energy consumers in vulnerable situations. This benefit can take the form of direct financial support or empowerment through advice, training and involvement with governance.

Examples of how community renewable energy projects funded by the Just Transition Fund could benefit energy consumers in vulnerable situations are:

- A community wind or solar farm that directs profits towards creating a long-term fund to address fuel poverty (e.g. funding energy advice or energy saving measures for energy consumers in vulnerable situations).
- A community renewable energy project in a deprived area, designed to involve people in vulnerable situations in project governance, enabling them to own a stake in the project and ensuring local involvement in shaping the project.

Available Funds:

Funding details for Round 1 of the Just Transition Fund are:

- Total amount of funding available: £5 million
- Minimum grant: £20,000
- Maximum grant: £250,000

If Round 1 is successful and identifies demand for funds and potential to have positive impact, there may be additional funding rounds over the next year.

Guidance on applying

Just Transition Fund projects, like other Redress projects, can have a duration of up to 2 years (24 months). The normal rules for Energy Redress projects will apply to Just Transition Fund projects so applicants should refer to the [Guidance for the Carbon Emissions Reduction Fund \(CERF\)](#).

This specific **Supplementary Guidance for the Just Transition Fund** has also been produced and we strongly recommend that all grantees read and refer to this guidance, as well as the CERF guidance, before and during writing an application to the fund.

The Supplementary Guidance takes precedence over the CERF guidance where there are contradictions (e.g. the Just Transition Fund cannot be used for the capital cost of renewable energy installations whereas the CERF fund can).

What can be funded?

The Just Transition Fund can support staff time spent on developing your renewable energy project as well as the production of studies, business modelling etc required for your project (which may be carried out by consultants). The fund can also support other associated costs which can be directly attributed to the project such as venue hire for events, printing for public consultation and information purposes, software or other expenses directly related to the project. This fund is **not** currently providing capital funding for renewable energy systems.

Demonstrating progress

Your application should clearly explain what stage of development your project is currently at and what stage you plan to get to using Redress Funds. Assessors will use this information to help assess the likely impact of the funding so please be clear about what progress you aim to make.

To provide clarity and consistency across all applications please refer to the stages described below and explain what stage your project is currently at and what stage you aim to get to. Use the stages below as headings to provide clarity and include any additional information you deem appropriate.

Stages of development of a community renewable energy project

Stage 1. Idea scoping

- Exploring and assessing an initial project idea to determine whether it is achievable and worth developing
- Tasks: Research, initial consultations, site identification, initial desk-based assessment of viability

Stage 2. Understanding the potential

- Once the initial idea has been established, more in-depth feasibility work is needed, details of the project are refined, and the project finances are appraised
- Tasks: conducting a full feasibility study, determining the project size, securing a site, confirming costs and likely energy yield, developing a business case, financial appraisal

Stage 3. Permissions, Procurement and Financial close

- The project looks viable, and no barriers have been identified, formal permissions are now needed before procurement and financial close
- Tasks: Securing planning permission, ensuring grid connection consent is in place and connection can be completed, procurement, achieving financial close

Stage 4. Implementation

- Construction of the project and generation begins
- Tasks: Installation and construction, commissioning, operation commences

Note that these stages are for guidance only, we understand that some areas of work may stretch across more than one of these stages or the order of delivery may change in some cases.

Therefore, please note the stages you will be working on but also describe the specific activities (e.g. planning and promoting a share issue, carrying out environmental surveys, planning and securing a finance package) you aim to deliver under the project as well.

Other funding

Please consider whether there are other funds available to support your project. There are currently three schemes available from government to support the development of community renewable energy projects:

- England: The Community Energy Fund ([CEF](#)) available through the regional Net Zero Hubs. Community Energy England has collated information on the funds managed by all the regional hubs. [Click here](#) to go to the page on the Community Energy England website.
- Scotland: The Community And Renewable Energy Scheme ([CARES](#))
- Wales: The Welsh Government Energy Service ([WGES](#))

Please ensure that you are aware of the support currently available from the scheme which is relevant to your project and explain in your application either:

- What support you have already had from the relevant scheme (including advice as well as funding) and explain how the Redress funding adds value to that.
- Why you have not accessed support from that scheme and therefore need funding from Energy Redress.

If you are aware of or making use of other sources of funding, please include information on those funds as well.

Making an application:

The following section provides additional guidance on how to complete the application form for a Just Transition Fund project. The guidance is set out under the headings from the application form. It does not cover every question on the application form, only those questions where additional information would be helpful. For any questions not listed here please refer to the CERF guidance.

This guidance should be read alongside the [Carbon Emissions Reduction Fund guidance](#) which also applies to the Just Transition Fund.

Aim

This section should describe your vision for how the project will impact a Just Transition to Net Zero. This should include what you aim to achieve with your renewable energy project and the funds it generates (including benefits to energy consumers in vulnerable situations). You should also include any longer-term plans to build a portfolio of projects (or expand an existing portfolio) and how this funding will help those plans.

Beneficiaries

This section should cover who will benefit from your project both directly and indirectly, including direct financial beneficiaries, vulnerable energy consumers and any other indirect beneficiaries.

Please be specific about:

- Who will benefit directly (especially financially) from the project, including who will own the project (e.g. will there be a share issue? And who do you plan to own the shares). Include information on shared ownership if applicable.
- Please provide information about any planned community funds as a result of the project
- Please ensure you have clearly explained how energy consumers in vulnerable situations will benefit from the project (including information about any specific groups who will be supported)

A note about **Shared Ownership**: The Just Transition Fund can, in principle, support shared ownership Renewable Energy projects however, you should ensure that your project can comply with the Redress rule on avoiding benefit to Ofgem regulated energy companies (see page 5 of the [Innovation and CERF Energy Redress guidance](#)). In general, you should ensure that Redress funding is focused on activities on behalf of and which benefit your community rather than any commercial shared ownership partner. All Redress projects must comply with this rule so please consider whether it is possible for your project to do so before applying.

Objectives

Use this section to describe what your project plans do to deliver its aim?

Applicants should explain what stage their project is currently at and where they plan to get to with Redress funding. Please refer to the Demonstrating Progress section.

Outcomes

In this section applications should cover the immediate direct outcome from the project in progress towards the development of your project.

It should also include longer-term outcomes including scale and technology of the planned installation and potential energy generated and carbon savings if known. Note that this information will be used in assessing the likely impact of the project and therefore cost effectiveness (which reviews cost against likely impact). Please also include information on any future plans for further installations so that this can be considered in the cost effectiveness assessment.

This section can also include outcomes for your organisation such as improved capacity to deliver further projects in future.

Outcomes for energy consumers in vulnerable situations should also be included in this section providing clarity on what tangible benefits will be delivered. Other social or environmental benefits can be included as appropriate.

Targets

Applicants should list the specific targets or milestones they will use to monitor progress, which should demonstrate success in moving through the stages of development indicated in the Objectives section.

Please consider what targets will be most appropriate to support the monitoring of your project's progress and success.

Within your targets please include:

- What progress you plan to make on delivery of your project and what milestones do you plan to achieve? (e.g. what stages of development, studies etc will be completed)
- Any measurable targets which can help to demonstrate success, e.g. numbers of people engaged or signed up to participate, finance secured etc.

The advice targets table and scope of advice sections can be left blank unless your project does include an advice component (any advice included in the project should be directly linked to the renewable energy project you are developing and deliver against the prioritise of the fund).

Additionality

In this section, please explain why you need Redress funds with reference to other sources of funding for Community Energy including:

- In England – the Community Energy Fund (CEF) funded through DESNZ and administered through the regional Net Zero Hubs: [Link to Community Energy England's page on the scheme](#)
- In Scotland – the Scottish Government's Community and Renewable Energy Scheme (CARES) www.localenergy.scot
- In Wales – the Welsh Government Energy Service (WGES) [Energy Service \(for public sector and community groups\) | GOV.WALES](#)

If you have not accessed these schemes, please explain why they are not appropriate for the activity for which you are requesting Redress funding. If you have accessed support from any of these schemes, please explain why you need additional funding from Energy Redress.

In addition, please explain why the funding is needed overall and how it will add value to any existing work you are already carrying out. Please also explain how you will work with any similar initiatives in your locality for mutual benefit and to avoid clashes over issues such as network connection or take-up of share issues.

Scope for replication and learning

This section provides an opportunity to explain whether and how the project you plan to develop could be replicated by others and how you will share information and insight with other organisations developing similar projects.

If you are developing or plan to develop a portfolio of similar projects, please provide information about that in this section as it will help assessors to understand the full impact of your project.

Next steps

Please use this section to explain what you plan to do once your Redress funding ends to ensure the delivery and successful operation of the project you are developing.

Cost effectiveness and budget

Please follow the guidance for the CERF programme in completing this section. All the rules for that fund apply to the Just Transition fund with one exception:

The Just Transition Fund does **not** currently fund the capital cost of renewable energy systems or their installation so such costs **cannot** be included in applications.

Please be as specific as you can about the costs you would like to be funded from an Energy Redress grant.

When reviewing your application, assessors will compare the cost with the likely impact. Therefore, they will consider the scale and value of installations that are being developed as a result of the grant funding. Please ensure that you have quantified installations that could happen as a direct result of your project (including the technology, capacity in kW/MW and any further information you have on likely energy generation and carbon emissions savings). Also include any longer-term plans you have that could be supported indirectly by this grant.

The level of grant requested will be cross-referenced with the likely capital cost of installed measures to ensure that the scale of development grant is proportionate to the scale of the likely installation.

Important: When completing this section please refer to page 17-19 of the Guidance for applicants to the Innovation Fund and Carbon Emissions Reduction Fund for information on scheme rules around eligible costs. Please refer to the information on the correct way to charge staff costs. The guidance can be downloaded [here](#).

Key things to remember when writing your Just Transition Fund application

Checklist:

- Have you checked what other funding is currently available and included relevant information in the application (see additionality section above)?
- Have you provided sufficient clarity within the body of the application form about the type and scale of renewable energy systems you plan to install? (including technology, kW/MW capacity of the system, likely energy generation and carbon savings if known?)
- Have you provided clear information about what stage of development you are currently at and what stage the Redress funding will help you to reach?
- Have you cross-referenced the scale of installation(s) you plan to deliver with the cost of your project?
- Is it clear that the funding requested now will deliver significant progress towards installation?

Useful resources

As noted above there are government funded programmes to support community energy. As well as grant funding these programmes provide a range of other support such as online resources, advice and information events.

Information on these schemes is linked below as well as in the additionality section:

- For England: Community Energy Fund (CEF): [Link to Community Energy England's page on the scheme](#)
- For Wales: Welsh Government Energy Service (WGES) [Energy Service \(for public sector and community groups\) | GOV.WALES](#)
- For Scotland: Community And Renewable Energy Scheme (CARES) www.localenergy.scot

The representative bodies for community energy organisations in England, Wales and Scotland can be a valuable source of information and peer to peer support as you develop your project. Links to their websites are provided below:

- [Community Energy England](#)
- [Community Energy Wales](#)
- [Community Energy Scotland](#)