

The Rt Hon Chris Huhne MP

Secretary of State
Department of Energy
and Climate Change

To all leaders and chief executives of local authorities

9 August 2010

Dear Sir/Madam

UNLOCKING LOCAL POWER

When I spoke to the Local Government Association Annual Conference on 7 July, I undertook to remove the unnecessary restriction on local authorities selling renewable electricity by the end of this year. I have acted quickly to bring this into law and am delighted to write to tell you that this will take effect on 18 August (www.opsi.gov.uk/si/sis03-08).

This is just the first step in my vision to enable local people, communities and authorities to take a much more active role in the low carbon transition. I am committed to working with you and the LGA on developing an 'offer' for how local and central government can work together to meet our national climate change targets.

Giving local authorities the power to sell the electricity you generate from renewables is the right way forward. It provides a remarkable opportunity for local authorities to contribute further to meeting renewables targets while fully benefitting from renewables incentives, such as feed-in-tariffs.

My desire is to give local authorities the freedom to innovate and to benefit from taking a leading role in the low-carbon revolution. We are committed to allowing the local retention of business rates from renewable energy. I think we can go even further to ensure local communities benefit from a renewables 'double dividend' of a cleaner climate and a community cash-back. You should have the choice how this revenue is spent – whether it is investing in energy efficiency or local services, or putting money directly in the hands of local residents.

These measures are just a start. I'm also writing to you today to emphasise the vast potential role that your authorities can play in driving the UK's green energy revolution, and the real opportunities this brings for our local

economies. My colleague Eric Pickles has already written to you seeking expressions of interest to form Local Enterprise Partnerships. I am particularly keen to see how these Partnerships could help capitalise on the business opportunities from low carbon energy and energy efficiency.

I'm clear in any case that we can't just continue with the status quo. The unacceptable barriers mean that currently only 0.01% of electricity in England is generated by local authorities from renewable sources. I know that some of you, despite the obstacles, are already setting a great example through implementing a range of sustainable energy and energy efficiency schemes. We need to share your experiences more widely. The 'Community Energy Online' website which I announced in the Annual Energy Statement and which my department is launching in the autumn, will provide a hub for sharing some of the leading case studies, as well as offering support for the development and deployment of community scale, low carbon and renewable energy infrastructure.

I hope that you will welcome this as a first step to local authorities once again playing a leading role in generating and selling electricity and energy services. I want to hear from you about how we can do more to remove barriers to investment, through your plans for Local Enterprise Partnerships, directly or via the LGA. I have set up the email address localauthorities@decc.gsi.gov.uk and would welcome your comments.

Yours sincerely,



CHRIS HUHNE