

Assessing the case for community batteries

Citizens Advice response.



**citizens
advice**

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Executive summary

We welcome the opportunity to input into this consultation. We are responding as the consumer advocate for Energy, and have focused our answers on the most relevant questions for our role.

Overall, we are supportive of the proposals outlined in this consultation, and feel that there is a case for community batteries in areas where individual assets are either not feasible (such as blocks of flats), or out of reach for consumers (e.g. due to household finances).

There are, however, outstanding questions that we feel DESNZ should clarify in this programme of work, to better evaluate how these proposals could benefit consumers.

Interaction with the Warm Homes Plan and Warm Homes Fund

There is little detail in this consultation on where the funding for community batteries will come from, and how it will interact with the Warm Homes Plan. While the Warm Homes Fund (WHF) could offer an opportunity for loans for this technology (vital for supporting low income households), we would not want its core purpose to be diluted. Our preference would be for additional funding to be available specifically for community batteries under the WHF, or via GB Energy's Local Power Plan.

The consumer protection framework

One major issue in the low carbon technology sector is the fragmented consumer protections framework.¹ This risks consumer harm through poor-quality installations and an unclear redress pathway, and can result in a lack of trust from consumers, which in turn will slow the adoption of new technologies. As outlined in our previous research around consumer protections, the creation of a single, mandatory accreditation scheme, along with simple redress routes and access to advice, is vital. This is especially true for community batteries, due to the problems arising from multiple responsibilities (such as community energy groups, battery companies and electricity suppliers).

¹ Citizens Advice, [Low Carbon Home Upgrades Data Insights Report](#), May 2026

The context for this consultation is important. For millions of households the cost of living crisis has become a monthly reality. Following the surge in energy prices in 2022, millions were pushed into hardship just trying to keep the lights on, and their homes warm. Although average bills have dropped back from their peak, they are still far higher than they were 5 years ago. But incomes and bill support mechanisms have not kept up. In July 2026, the energy price cap rose by 28% for gas and 6% for electricity, driven by the conflict in the Middle East. Global instability continues to threaten consumers with unaffordable bills, with over a third of households worrying about affording their bills. The new PM has already signalled that he recognises the importance of tackling high energy costs, by temporarily cutting VAT for domestic electricity bills. This will give households some welcome respite while the Government works up more long term action to support households. We stand ready to work with the UK government and the rest of the energy sector to start turning the tide on the cost of living.

Our responses

Q1. Do you agree with the government's proposed definition of community batteries in section 1.2.1? If not, why not?

DESNZ is defining community batteries as 'batteries serving multiple homes with direct bill savings distributed to each home.' We welcome this definition, as it clearly links the technology with the intended purpose of the installation. We agree with a purpose that ensures that consumers (especially those without the means or ability to invest in their own home energy upgrades) can make a tangible financial benefit from community batteries.

Q2. Do you agree with our categorisation of community batteries into: shared behind-the-meter, microgrid, and virtual private network. If not, why not?

Yes. Breaking down battery types into where they sit on the electricity network will help to create an assessment of their suitability for different types of consumers, such as domestic versus non-domestic, different tenure types, and different fabric types of the buildings they will interact with.

The wider categorisation of community batteries also makes sense, as these can relate to existing policy on community benefits for energy infrastructure, such as solar or wind. We recommend that additional thought is given to how community batteries and community benefits will intersect in future consultations.

Q3-15: no answer provided.

Q16. Do you see community batteries as particularly suited to any type of tenure? If so, which, and how?

We agree with DESNZ that social housing could likely benefit from a community battery arrangement. Social housing landlords have a long-term stake in their building portfolios, as well as obligations to reach an Energy Performance Certificate (EPC) rating of C by 2030. As a sole decision-maker, social housing landlords would be capable of financing and installing community batteries, which could be either Type 1 (shared behind-the-meter) or Type 2 (microgrid) batteries across blocks of flats, with the option to install rooftop solar on each block. There is also a clear case for consumer benefit, as tenants in social

housing are disproportionately likely to be low-income or find themselves in vulnerable circumstances. In May 2026, we helped nearly 6,000 social tenants with energy affordability issues - nearly twice as many as the next highest tenure type (private renters).² This shows that, if designed well, community batteries could make a difference to the daily living costs of social tenants, and could bypass the financial barriers that can lock consumers on low incomes out of the benefits of smart flexibility. The government should be aware of the risk of mixed-occupancy housing, where leaseholders could be required to pay upfront costs that social tenants would be exempt from.

Additionally, we identify the private rental sector as an area of opportunity. It would likely work best for build-to-rent blocks of flats, or flats where the freehold is owned by the landlord. Without explicit provision for private renters, this sector is at risk of being locked out of the potential benefits of community battery rollout. They face two clear barriers to installation:

1. their landlords may not have a financial incentive to install a battery (before new Minimum Energy Efficiency Standards come in) as in most cases tenants pay their own energy bills), and
2. tenants may not have permission to install any technology within the home, or the prerogative to take it with them when they move out.

In light of this, this tenure type would be suited to Type 1 batteries (where appropriate in communal areas of flat blocks) or Type 3 (Virtual Private Networks) where physical rewiring behind the meter is not required.

Q17. Do you see community batteries as particularly suited to any type of property? If so, which, and how?

There appears to be a case for community batteries to be installed in areas of social housing and on blocks of flats. The consultation recognises that many homes lack the space for individual battery units, and may too lack roof space for private solar PV. Additionally, residents of flats may likely already be excluded from benefits of flexibility in other areas. For instance, they may lack EV charging spots that are considerably cheaper than relying on the public charging network. And they may lack the internal space for hot water cylinders and the external space for an individual heat pump.

² Citizens Advice, [Cost of living dashboard](#), June 2026

In flats, a Type 1 installation in a communal space or Type 3 on the grounds of the block could work to aggregate the building's load and potentially also maximise the use of shared rooftop solar PV. Community batteries in flats could therefore play a part in ensuring that residents are able to benefit from flexibility and not just picking up the socialised cost of grid upgrades required for other wealthier homeowners to install their own LCTs.

We would advocate for a prioritisation matrix to be deployed in the initial rollout of community batteries. While tenure types and fabric types will have to be taken into account, we would like a further analysis to take place identifying areas of the highest financial deprivation to first benefit.

Q18-24: no answer provided.

Q25. Are there any barriers in addition to those listed in section 3? If so, what are they?

We appreciate DESNZ laying out the potential barriers, and agree with all suggestions. We share the hope that the Warm Homes Plan will provide provision for those unable to make the upfront investment in this technology.

However, there are some consumer-facing barriers that have not been outlined in this consultation. Firstly, there is a barrier for digitally excluded consumers to participate. This goes beyond the need for a smart meter installation, as even if a smart meter is installed, consumers will need to interact with smart tariffs and revenue-sharing apps. This group will likely struggle to participate fully, as they may not be able to understand or verify their bill savings. Sufficient offline provision must be made available to ensure full inclusion.

Additionally, we have identified an issue in installing low carbon technologies, which is the lack of coherent consumer protection. The lack of a single, mandatory consumer protection framework means that consumers often lack trust in these technologies, as they are unsure where to go when problems arise and where they can seek redress if the technology, or relationship with their installer, has broken down.

Q26. How would you rank the technical, financial and other barriers in section 3 in order of importance?

We rank financial challenges in first place. They will be the decider of who can benefit - and who, by design, will be left behind. Though the Warm Homes Fund

may help to address these concerns, DESNZ should thoroughly analyse the provision available, and introduce further policy (such as dedicated low or no interest loans) should it prove insufficient.

Secondly, the other challenges are also of high importance. As noted in the previous question, the consumer protection landscape needs to be simplified in advance of the technology being available, to avoid negative perceptions of community batteries and the erosion of consumer trust. Additionally, regulatory pathways need to be laid ahead of rollout. Enabling split-metering would likely be required for some of the models to enable both switching of tariff and continued access to energy from the battery

Finally, the technical challenges (while still important) will likely have a less significant impact than the previous two categories. The sector has already come together to work to solve issues such as grid connections and retrofit capabilities, and while there is work still to be done, it is the first two where the government could more easily intervene for a faster solution. One technical aspect to consider is the need to develop product standards for batteries (not just community batteries) and to ensure that these batteries can be sited in safe locations in line with PAS63100:2024 and electrical regulations.

Q27. What policy or regulatory changes would make community batteries more attractive to install? How would they make community batteries more attractive?

For social housing residents (or other areas of low income households), we feel that the government should expand the Warm Homes Plan, use funding available through GB Energy's Local Power Plan or create a dedicated Community Energy Fund to subsidize the upfront capital costs of community batteries. There could also be opportunities to expand the remit (and available funding) of the Warm Homes Fund to include community batteries, with interest-free loans repayable through the initial energy savings.

An effective consumer protection framework will be essential for community batteries, due to the potential for supplier-lock in and interaction with several different organisations (such as a housing association, energy supplier and battery owner). This should include clear routes to redress should the technology not work as expected. We welcome the government's recent consultation into reforming the consumer protection framework, though clarity

is needed on how this will apply to community batteries, especially if funding routes outside of DESNZ-supported upgrades are used.

Q28. What sort of guidance would be useful for prospective or current owners of community batteries? Which organisation is best placed to provide it?

DESNZ should carefully consider the governance for community batteries. Publishing standardised templates for contracts and revenue-sharing arrangements will reduce the legal costs and complexity for community energy groups. Guidance should be given to all residents at the point they sign up to tariffs/propositions that deliver the benefit (and, as in model 1) agree to changes to wiring on their side of the meter.

The size of the potential savings to consumers should also be clearly outlined, to help people decide if the benefits would be worth it. If the size of bill discounts (or even if discounts happen at all) cannot be guaranteed, this should be clearly communicated to consumers as a potential risk.

Q29. In addition to these barriers and the safety risks highlighted in the following chapter, are you aware of any negative consequences to the rollout of community batteries? If so, what are they?

Distributional impact risk

Without a clear focus in the policy design on allowing lower-income households to benefit first from this technology roll-out, commercial developers could focus on wealthy and engaged communities, which would deepen inequalities emerging in the energy transition, and leave the fuel poor and digitally excluded with a disproportionate burden of the costs of maintaining and expanding the electricity network.

Microgrid vulnerabilities

Type 2 community batteries (microgrids) could pose risks to consumers, as they would not be able to switch suppliers should a better electricity unit rate become available. Additionally, the supplier or battery operator could attempt to increase standing charges should they face financial difficulties, which would leave households vulnerable to large spikes in their bills.

Routes to redress

Beyond what is laid out above regarding the complex consumer protections landscape, there could be grey areas in responsibilities that leave consumers unclear about where to turn should something go wrong. For example, some batteries may have split responsibilities between a landlord, a third-party battery provider and a separate energy supplier, so consumers will need to be clear on who they should expect to fix technical or billing issues.

Q30-31: no answer provided.

Q32. Do you think there should be any regulatory requirements specific to community batteries? If so, what should they be and what is your rationale?

One potential challenge arising from community batteries is that consumers may end up locked into a specific battery operator or energy supplier. In light of this, regulation should ensure that they are subject to price cap protections. Where switching is possible, there should be no exit fees to penalise consumers who want to take advantage of competitive rates.

Additionally, if a third-party commercial operator or community energy group goes bankrupt, there must be a legally binding mechanism that protects the assets, and ensures that financial benefits continue to flow to residents.

DESNZ should also consider how it will ensure that where third-party commercial operators (such as aggregators) operate community batteries, that communities receive the full benefits of flexibility.

Finally, general consumer protections should apply, such as access to free, impartial advice and a dispute resolution service such as the Energy Ombudsman. This would give consumers more trust in the technology, and a simple way to get redress for issues such as underperformance or miscalculated bills.

Q33-34: No answer provided.

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