

Call for Evidence on onshore wind – Part A: Community Engagement and Benefits

1. Summary

We have seen a significant increase in the number of community energy groups in the south west, which is having an important and positive impact on the onshore wind sector; from enabling more proactive engagement with developers and local authorities, through to driving forward community led wind projects. A new model for community involvement in wind energy is clearly emerging, which is much deeper than simple engagement and involvement in benefit schemes.

Government needs to embrace, support and nurture this emerging model, through a comprehensive policy framework of support, to be delivered through its Community Energy Strategy.

2. Regen SW and Communities for Renewables

2.1. Regen SW

Regen SW is an independent, not-for-profit centre of expertise on sustainable energy. We are a membership organisation with over 250 business, local authority and community members. We have sought the views of our members on this call for evidence, and are responding with these in mind.

Our response is based on our frontline experience of working in the renewable energy sector in the south west.

Our latest Progress Report of renewable energy in the south west revealed that there was approximately 150 MW of onshore wind capacity in the region, made up of over 400 installations. We have seen a growth in the number of smaller scale turbines at 500 KW, as well as a growing interest in community owned schemes.¹

2.2. Communities for Renewables

Regen SW has established a programme of activity to increase engagement and build capacity on community energy, entitled Communities for Renewables (CfR). We have also partnered with Green Trust to establish a Community Interest Company, which is working to demonstrate a community ownership model for wind energy and other technologies, in partnership with community groups.

As part of the work of CfR, a network of community energy groups has recently been established to share learning and create a stronger voice for community energy. This network includes Wadebridge, Bath, Totnes and Ladock community energy projects, amongst others and has fed into our response to the call for evidence.

2.3. Responding to the call for evidence

This response to the call for evidence comes from both Regen SW and Communities for Renewables.

We are responding in a number of ways: Olivia Knibbs attended our Wind Developers Forum on 16 October to hear the views of south west wind developers; and James Davies attended a workshop with our Community Energy Group Network on 30 October to hear the views of local communities. Merlin Hyman, chief executive of Regen and director of CfR, is also sitting on the DECC Stakeholder Advisory Group.

This response summarises our contribution to the call for evidence. It will address the four key areas: Community engagement; community benefit; community ownership; and local economic impact.

¹ Available at <http://www.regensw.co.uk/projects/support-for-decision-makers/annual-survey>

3. Community engagement

3.1. Good practice

Regen SW identified a need for a public engagement protocol for wind energy back in 2004.² This was due to the differing approaches being taken by developers to community engagement. The protocol set out a number of generic principles for effective engagement, which both local authorities and wind developers were encouraged to sign up to.

The SW Wind Protocol was picked up and developed nationally, however, although the protocol was useful for highlighting good practice and many developers followed it, including RES on the Denn Brook scheme in Devon, our experience is that generally voluntary protocols do not create the desired outcome without close monitoring and the provision of additional support.

We have, however, seen examples of best practice where there has been a proactive local community energy group involved. For example, REG Windpower has recently been granted permission to repower a windfarm at St Breock in Cornwall. The Wadebridge Renewable Energy Network (WREN) was given a remit by its members to be local champions for the repower proposal. REG also held a public consultation, which gave local residents an opportunity to influence the plans both at an early stage and again when they were finalising their plans. Cornwall Council only received a couple of letters of objection and has referred to St Breock as an exemplar project.

3.2. Local planning policies

It is not only the developers that need to engage with their stakeholders. Local authorities need to engage with both communities and the wind industry when setting local planning policies and guidance. The local planning policy framework has the potential to support both developers and communities. It can assist developers to identify appropriate sites and set clear requirements for the planning application process, including expectations for community engagement.

We have seen community energy groups starting to engage more actively in local planning policy development. For example, the Wiltshire Clean Energy Alliance is a group of local residents, businesses, and community groups that have come together to oppose a policy in the Wiltshire Core Strategy to set standardised separation distances between wind turbines and residential areas, which would in affect halt all wind development in Wiltshire.

Regen SW has also published evidence that demonstrates that standardised separation distances or 'buffer zones' are in conflict with Government policy and do not provide the best approach for addressing the impacts of wind turbines.³

3.3. Recommendations

Regen SW recommends that the government:

- Publicise cases of local good practice of effective community engagement, such as the St Breock case study
- Set out best practice for local authorities to engage with communities and the wind industry when setting local planning policy frameworks
- Encourage local authorities to consider their approach to community energy generation
- Support the emergence of community energy groups through the Community Energy Strategy and by providing a comprehensive policy framework of support (see section 5.4 below).

² The protocol can be found here:

http://regensw.s3.amazonaws.com/sw_communtiy_engagament_protocol_guidance_for_wind_energy_justified_for_printin_g_pdf_2_3_mb_981d307922274af.pdf.

³ Available at http://regensw.s3.amazonaws.com/residential_buffer_zones_for_wind_turbrines_c7cb0ed0aa138678.pdf

4. Community benefit

4.1. Benefit models

There are a number of different benefit models, including:

- Community funds
- Community share offers or partnerships
- Local energy supply
- Business rates.

Community funds are the most popular approach at present. Our experience in the south west shows that community funds from commercial projects range from £1,000 to £4,000 per MW. However, genuine community projects can generate much higher community fund income where this is the primary purpose of the project. An example of such a model is shown in section 5.1.1 below.

We are seeing community benefit schemes changing people's attitudes towards wind farms in the south west. For example, the Low Carbon Ladock community wind turbine in Cornwall is expected to generate at least £30,000 a year for a community fund. According to those involved in the project, this fund has converted a staunch objector to an active supporter of the turbine. A local survey has shown that 56% of respondents were in support of the project. It also showed that 54% of supporters (about 30% of all survey participants) expressed an interest in investing in the project, and 77% (about 43% of all survey participants) expressed an interest in purchasing the energy generated by the turbine.⁴

However, selling energy directly to the local community would have a number of positive impacts, including reduced energy bills for local residents and greater awareness of energy use. RES and Infinergy are both piloting schemes where they have offered reductions in the electricity bills of local residents. To generate a genuine link between energy generation and use, it would be preferable to be able to offer residents the option to buy their energy directly from the project. Government will need to remove legislative barriers to enable this to happen.

4.2. Issues

Evidence suggests that there are some issues around community benefits that need to be addressed:

- Lack of consistency in how community funds are calculated and distributed, resulting in some communities negotiating a much better deal than others, as well as difficulty on the part of the developer to work out how best to satisfy the community
- The RUK protocol amount of £1,000 per MW per year for a community fund is seen as derisory by many communities
- Lack of transparency in how benefits are set up and monitoring of which types of schemes are successful
- The risk of community funds being seen as bribes, despite the fact that they cannot be taken into account in planning decisions
- Uncertainty around the role of local authorities in negotiating community benefits and question of whether they should be involved at all
- In some places, for example the Fullabrook windfarm in Devon, the community fund is not having as positive an impact as hoped. The way community funds are set up and managed determines what they are spent on and what impact they have.

4.3. Recommendations

Regen SW recommends that the government:

⁴ For more information see http://www.transition-lgr.org/wiki/index.php?title=Low_Carbon_Ladock_Community_Wind_Turbine

- Establish guidelines on how benefit schemes should be set up and run
- Set up a central register of benefits to help monitor the success of schemes. This should not focus solely on community funds, but should cover all forms of community benefits
- Remove legislative barriers to enable generators to sell energy directly to local communities
- Support the emergence of community energy groups through the Community Energy Strategy and encourage them to engage with developers when setting up community benefit schemes.

5. Community ownership

Separate policy measures are needed to support community energy projects, which will produce the most local involvement and benefit. We have seen a significant growth in community energy groups in the south west, which has had an important impact on the onshore wind sector. Impacts include:

- More positive engagement with developers, such as WREN and the REG repower in St Breock (see above)
- Active engagement with local authorities on policies, such as with the proposed separation distances in the Wiltshire Core Strategy (as outlined above)
- Partnerships with commercial developers, such as TRESOC and Infinergy, and Low Carbon Ladock and Green Trust
- Community led developments, such as the examples provided in the call for evidence.

However, there are a number of barriers that are preventing renewable energy projects from getting off the ground, which are outlined in section 5.3 below.

5.1. Community ownership models

The call for evidence document states that there are two main models for community projects: cooperatives and community development trusts. Other models exist, such as social enterprises and partnerships, both of which are discussed below.

5.1.1. Social enterprises

Social enterprises are able to maximise the local community benefit from each project, as there are no shareholders to be paid dividends. For example, Communities for Renewables (CfR) CIC is a south west based social enterprise (a community interest company) that works in partnership with local community energy groups to develop and implement ambitious plans for local energy economies. It is a joint initiative between Regen SW and Green Trust CIC. Each CfR project will deliver substantial economic benefits for the local community:

- **Long-term community income:** An equity share in the project gifted to the community that generates a community fund income of £20,000 - £30,000/MW/year (average over 20 years). Managed as a revolving fund, this income has the potential to grow to a substantial and sustainable source of community owned and managed capital, creating a more resilient and self-sufficient local economy. The funds will be democratically owned and controlled by the community, typically through an IPS bencom community company
- **Local ownership:** The opportunity for local people to invest in the projects through a community share offer that provides a good rate of return. CfR will fund the cost of the share offer, and raise bridge finance where required meaning project delivery is not dependent on the level of uptake
- **Safeguard against future energy price rises:** The potential for local people and organisations to purchase the electricity generated by their community energy project, possibly under a long-term fixed price contract. In addition some of the community fund may be reinvested in household-scale renewable energy generation and energy efficiency measures which reduce fuel bills
- **Sustainable rural development:** Developing renewable energy in a way that maximises local economic benefit in terms of retained profits and local industry development, as well as providing income diversification for farmers and land owners who host the projects through lease incomes.

5.1.2. Partnerships with commercial developers

There is also growing interest in partnerships between commercial developers and communities. Partnerships can provide a good mix of knowledge, skills, access to finance and local contacts to enable developments to go ahead. Part ownership enables greater community involvement and benefit than a community fund allows.

An example is the Totnes Renewable Energy Society (TRESOC) partnership with Infinergy to build two wind turbines just outside Totnes in Devon. TRESOC has over 500 members and much support in the community. Letters in support of the planning application were two to one. We are currently awaiting the planning decision.

5.2. Role of local authorities

Local authorities have an important role to play in supporting the growth of community energy groups. Regen SW recently wrote to all south west councils encouraging them to use the business rates from energy generators to take an active role in leading and facilitating community energy schemes.

A number of councils in the south west already have initiatives in place. For example, Cornwall Council is launching a community revolving loan fund of £1m aimed at investing in community renewable energy projects. And Devon County Council is using EU funding through the Sustainable Energy Across the Common Space programme to empower and inspire communities to actively reduce their energy consumption.

5.3. Barriers to community ownership

Regen SW's community energy group network has raised a number of barriers to community ownership of renewable energy projects, which are outlined below:

- **Local capacity** both in the community and the local authority. Community projects require a significant amount of volunteers' time, especially as renewable energy projects run over 20 plus years. They also require people with a number of different skill sets, including financial skills and experience. In addition to community capacity, many local authorities lack the knowledge and resources to support community groups through the planning process. The LEAF funding programme was a welcome support for communities.
- **Finance for projects** is often hard to secure, particularly for the early stages of the development process. Several community energy groups stated that the cost of due diligence was a significant barrier to getting community owned projects off the ground. CfR is aiming to demonstrate how to lever in social investment to community energy projects.
- **Negative perception of onshore wind**, which has been fuelled by the media, presents a challenge to community energy groups. Time and resource has to be spent on changing mindsets and addressing misinformation rather than developing projects.
- **National policy** is causing concern to community energy groups that are hoping to develop larger scale projects. The proposed electricity market reform, as it stands, will not be supportive to community owned projects. An uncomplicated feed-in mechanism that enables community owned generators is required.

5.4. Recommendations

Regen SW recommends that the government sets out a policy framework of support for community owned projects that:

- Sets a national target for community owned renewable energy generation, as a percentage of the 2020 target. This would encourage local planning authorities, developers and communities to support community energy projects
- Requires commercial developers to offer ownership options to local communities

- Offers preferential rates to genuine community owned projects, using the definition of a ‘community’ provided in the FITs Phase 2B Government response document. For example, exemption from paying business rates and a preferential feed-in tariff
- Facilitates social investment in community energy and links to the Cabinet Office’s work to grow the social investment sector
- Encourages local authorities to consider their approach to community owned energy generation
- Ensures government will provide and clearly communicate the evidence it has on the impacts and costs of onshore wind to local authorities, communities and the general public.

6. Local economic impact

Last year saw renewable energy capacity more than double in the south west, bringing tens of millions of pounds of investment into the region. This growth has meant 10,000 people are now employed in the sector, which is up from 5,000 in just two years. The onshore wind sector has made a significant contribution to the economic benefits felt in the region, particularly in the consultancy services sector. However, very little of the economic benefit is felt by the communities in the immediate vicinity of a wind site.

Regen SW has run ‘meet the buyer’ events and has done work to develop and support the supply chain across a number of renewable energy technologies, including work with local authorities. However, the impact of these programmes is limited by the procurement processes of developers.

We see the greatest local economic impact resulting from community owned projects. The encouragement of community owned projects is likely to result in local jobs being created, as the community will have a say in how the project is delivered. Furthermore, the income from the energy generated will remain in the community. WREN calculated that Wadebridge’s current electricity import bill is over £6 million per year. If they were to produce energy locally, not only would they benefit from the income this would generate, but they would not be leaking £6 million out of the local economy each year.

6.1. Recommendations

Regen SW recommends that the government:

- Require local authorities to hypothecate business rates back into local community energy projects
- Support the emergence of community energy groups through the Community Energy Strategy and by providing a comprehensive policy framework of support (see section 5.4 above).

Supported by:



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