

Supporting Community Investment in Commercial Renewable Energy Schemes

Final Report

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Executive Summary

This review of community investment in commercial renewable energy schemes was commissioned by the Scottish Government Onshore Renewables and Community Energy Team. The report presents an analysis of the factors which support and limit the ability of communities to invest in commercial renewable energy schemes, and makes recommendations for action based on domestic and international evidence. It concludes that there is significant potential for increased community investment in commercial energy schemes, given the appropriate support, funding and advice.

Current context

In Scotland there are currently 12 operational commercial renewable energy projects that have seen some form of community investment¹. Taken together, these projects account for just over 21 MW of current operational Scottish renewables capacity. This limited experience was reflected in survey results, with only a quarter of respondents reporting any substantial experience. There is however a real interest in developing community investment opportunities.

Key Findings

Community investment in commercial energy projects has the potential for far-reaching and positive impacts. This research has demonstrated that there is much interest in, and enthusiasm for, increasing community investment in commercial energy projects in Scotland. However, it has also highlighted a lack of experience in this area and considerable uncertainty or hesitancy. Indeed, a significant issue that arose throughout this project was the difficulty of accessing the requisite finance, which was often cited as a key reason why community investment does not move forward.

Key recommendations for action are made, which include:

- The development of further **guidance and support materials** to facilitate community investment, tailored for both communities and developers, and reflecting the different needs of these groups

¹ Energy Archipelago Database, May 2014. The total number is 13 if Housing Associations are counted as communities.

- The development of opportunities for **sharing experiences and building contacts** through networking events or activities which connect a range of stakeholders and enable mutual learning and mentoring schemes.
- The appointment of **independent project managers** (not connected to a developer or community), as well as named contacts within organisations, would facilitate communication and project momentum.
- Improved **access to start-up finance** for communities, as well as clear guidance on how and where it can be accessed.
- Clarification over the **definition of ‘communities’** in this context, and the implications for both community investment and broader public engagement with the energy sector

These recommendations are designed to overcome the key challenges, which are identified as:

- The ability to invest, and lack of available finance
- Locating and accessing information, knowledge and skills
- Targeted advice and support
- Lack of trust
- Timing and the building of relationships
- Community cohesion – knowing with whom to engage and how

Balancing Benefits and Costs

This research identifies a number of benefits from community investment. For communities, these include anticipated financial revenue, which can help to make other projects more resilient, and provide a guarantee of income that is not dependant on public-sector grants. There is also the potential benefit of capacity building and empowerment. Benefits for developers include potential for a quicker planning process with an increased likelihood of success, and constructive relationships with communities.

However, concerns were identified across stakeholder groups, including issues around process complexity and finance. Given that community investment in commercial renewable energy schemes in Scotland is relatively novel, the landscape for accessing support or funding is still developing. Several existing funding models were examined as part of this research, and key issues in selection of the best approach included the nature of the project, the role and response of the developer, and access to funds available.

The findings are based on a review of the current position, including existing research and policy, direct engagement with developers, community representatives and other stakeholders regarding their experiences, and analysis of several case studies, both domestic and international.