SUBMISSION FROM SCVO

Summary

- To meet the 500MW target, the initiatives currently supported by the Scottish Government need to be continued and in some cases expanded and a number of barriers need to be addressed
- In addition to improving Scotland’s energy security, reducing our reliance on fossil fuels and cutting back on carbon emissions, community owned renewable energy has a number of additional benefits which should be recognised
- It is our view that it should be mandatory for communities to be given the opportunity for partial ownership of any renewable energy development, on- and off-shore
- Opening up more public sector land to community schemes should be a priority
- Accessing the grid can be a significant barrier for communities wishing to develop renewable energy schemes
- Maintaining the levels of support through subsidy regimes is vital to ensure the viability of existing and new schemes for communities

Our response

SCVO welcomes the opportunity to respond to this enquiry and would like to contribute to the following questions:

Targets

Are the 2020 renewables targets (for electricity and heat) achievable? If not, why not?

Our response will focus on the Scottish Government’s target of 500 MW of community and locally-owned renewable energy by 2020. We support this target and believe it is possible for communities to meet it, provided they are given the practical and financial support necessary to realise their ambitions.

Benefits of community owned renewable energy

In addition to improving Scotland’s energy security, reducing our reliance on fossil fuels and cutting back on carbon emissions, community owned renewable energy has a number of additional benefits which should be considered. Renewable energy schemes provide a sustainable revenue stream which allows communities to plan for the future and develop long term projects to enhance their area. The freedom of unrestricted revenue allows resources to be assigned to the areas most required in that community.
Revenue from renewables can also act as a catalyst for wider regeneration activity, providing investment in other community businesses and facilities which in turn attract other sources of investment. As well as the commercial benefits, communities who come together though a renewable energy project may be more inclined to undertake further projects and become involved in other voluntary activity. This encourages a much wider range of community activity which enables communities to become more resilient and sustainable\(^1\).

**Meeting the target**

To meet the 500MW target, the initiatives currently supported by the Scottish Government need to be continued and in some cases expanded and a number of barriers need to be addressed.

We support the work being undertaken on community benefit for commercial developments and believe this to be an important mechanism for communities to be improved by renewable energy. However, a greater benefit to communities comes from having ownership of a scheme. This could be through a joint venture with a commercial developer or sole community ownership with an appropriate legal vehicle.

It is our view that it should be mandatory for communities to be given the opportunity for partial ownership of any renewable energy development, on- and off-shore. We recognise that some communities will prefer not to pursue this option, but the opportunity for a level of ownership will enhance and ensure proportionate benefit to the local community as well as building resilience to future changes in global energy supply. A degree of ownership is also likely to lead to greater understanding and adoption of wider low carbon behaviour. The ultimate objective of any renewable energy development is that the benefits to the community are maximised.

**Land**

Accessing viable sites is an important factor for the development of community schemes. Opening up public sector property has great potential for communities to gain access to more sites. This could prove to be a vital component in promoting more community ownership of renewables. Schemes such as those being undertaken by Scottish Water and the Forestry Commission should be expanded with community schemes given equality of opportunity with commercial ventures.

The forthcoming community empowerment and renewal bill will hopefully explore further options for providing public sector land for community use. There is also an opportunity for the bill to act as the vehicle for additional legislation which will enable more community ownership of renewable projects.

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Supply chain and infrastructure

Is the supply chain in Scotland in place to meet the targets?

What further improvements are needed to the grid infrastructure or heat supply networks both at a national and a local level?

Accessing the grid can be a significant barrier for communities wishing to develop renewable energy schemes. Costs are often very high for grid connection and because of economies of scale this is a particular barrier for smaller scale projects. Some areas are also not able to develop schemes because the transmission network cannot take any more generating capacity. Improving the transmission network to allow power to flow from remote areas will allow additional community schemes to be developed.

Planning and consents

Is the planning system adequately resourced and fit for purpose?
How can national priorities be reconciled with local interests?

Planning permission can be a problem for community projects. The uncertainty over consent, the time taken and the costs associated can all put off potential developers. However, community schemes often benefit from increased community participation which can improve attitudes to the scheme and reduce objections. Continued support and guidance is required for communities to understand and navigate this process and to assist with the preparation of viable planning applications.

Skills and workforce development

Will Scotland have sufficient home-grown skills to attract inward investment? Are current policies producing the desired move towards Science Technology Engineering and Maths subjects at schools and universities? Is the skills transfer from the oil and gas sectors being realised?

To support both small and medium scale community renewables, it will be important that attention is given to skills development to ensure that there is sufficient local expertise in the installation and maintenance of appropriate technologies. In order that investment in community renewables projects is optimised, provision of training and opportunities for apprenticeships at this scale of operations will therefore be essential. Skills will need to be developed at the earliest opportunity with initiatives like the HIE STEM (Science Technology Engineering and Maths) project used to encourage young people into this area.

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Access to finance

Will sufficient funds be available to allow investment in both the installation and the development of relevant technologies? What can the Scottish Government do to influence this?

Communities across Scotland already inspired are taking action to grasp the opportunity of generating local energy. There are many more communities with the potential to follow suit. One of the major barriers to realising these plans is the lack of seed funding (grants) to get projects underway.

Communities need continued access to national level grant support, as has been available through the Community and Renewable Energy Scheme (CARES). A competitive grant funding scheme open to application by communities from across Scotland providing seed funding for investment in their own small-scale renewable developments would enable many more projects to be realised whilst simultaneously strengthening energy self-sufficiency.

Energy market reform and the subsidy regime

Are the reforms of the energy markets and subsidy regimes at both UK and EU level sufficient to meet the challenge of the Scottish Government’s renewable targets?

The Feed-in-Tariff (FIT) has provided a welcome financial return for groups and individuals in a position to make up-front investments in renewables but, for many, the lack of start-up funds make benefitting from FiTs unachievable.

The recent review of ROCS and the proposed changes recently outlined are wholly rational and sensible. However in seeking to encourage more offshore development and development in other technologies the idea is to increase the number of ROCs payable to the higher cost / risk technologies and to reduce ROCs on the proven and lower cost technology. This is sensible, however caught in amongst this are the community owned developments too big for the Feed In Tariff but on the small end of the commercial scale. The Government proposes cutting ROCs for onshore wind across the Board from 1 ROC per MWh to 0.9 ROCs per MWh. This is fine for larger commercial developers but smaller developments have higher unit costs and community schemes above the FIT threshold fall into this category. Hence the effect of the change will disproportionately impact on community schemes.

We would wish the Scottish Government to recognise that a blanket reduction for all onshore wind will have a disproportionately impact on smaller developments where unit costs will be higher, and as such, will disproportionately impact upon the development of community owned schemes above the FIT threshold. In turn this will have a potentially damaging effect on the achievement of the 500 MW target for community owned renewables.

An approach which recognises the higher cost of smaller schemes and the fact that community projects will be overrepresented at the lower end of the commercial scale would largely avoid any disproportionate impact on community wind projects and in
this respect we would favour an approach which continued to provide 1 ROC / MWh for onshore wind on developments of up to 10 MW.

Should the Scottish Government consider that despite the potentially disproportionate impact on community developments a lower level of ROC entitlement should be introduced for onshore wind developments of less than 10 MW installed capacity, we would request that the implementation of the revised ROC rate should not take effect until March 2015 at the earliest, so as to allow community developments currently in development, sufficient time to achieve commissioning ahead of the effective date.

Conclusion

SCVO welcomes the Scottish Government’s target of 500 MW of community and locally-owned renewable energy by 2020 and believes with the correct assistance it can be achieved. Continuing and expanding the financial and practical support available to communities and removing the barriers to their ambitions are vital to achieving the target. In doing so, this will also deliver the additional benefits to communities who develop their own schemes as outlined above.

About us

The Scottish Council for Voluntary Organisations (SCVO) is the national body representing the third sector. There are over 45,000 voluntary organisations in Scotland involving around 137,000 paid staff and approximately 1.2 million volunteers. The sector manages an income of £4.4 billion.

SCVO works in partnership with the third sector in Scotland to advance our shared values and interests. We have over 1300 members who range from individuals and grassroots groups, to Scotland-wide organisations and intermediary bodies.

As the only inclusive representative umbrella organisation for the sector SCVO:

- has the largest Scotland-wide membership from the sector – our 1300 members include charities, community groups, social enterprises and voluntary organisations of all shapes and sizes
- our governance and membership structures are democratic and accountable - with an elected board and policy committee from the sector, we are managed by the sector, for the sector
- brings together organisations and networks connecting across the whole of Scotland

SCVO works to support people to take voluntary action to help themselves and others, and to bring about social change. Our policy is determined by a policy committee elected by our members.4

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4 SCVO’s Policy Committee has 24 members elected by SCVO’s member organisations who then co-opt up to eight more members primarily to reflect fields of interest which are not otherwise represented. It also includes two ex officio members, the SCVO Convener and Vice Convener.
References

Scottish Voluntary Sector Statistics 2010, SCVO

SCVO
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