

Energy Savings Trust submission of 12 November 2021

PE1885/D – Make offering Community Shared Ownership mandatory for all windfarm development planning proposals

Introduction

Community shared ownership (CSO) is enshrined in the Scottish Energy Strategy (2017) and the subsequent Good Practice Principles (GPP) (revised 2019).

Scottish Government's ambition was to ensure that, by 2020, at least half of all newly consented renewable energy projects would have an element of CSO.

The Scottish Government's ambition for CSO has recently been reaffirmed and reinforced in the current (28/10/21 – 21/01/22) [Onshore wind - policy statement refresh 2021: consultative draft - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/onsshore-wind-policy-statement-refresh-2021-consultative-draft/pages/20) as follows:

“We also continue to encourage the renewables industry to consider, explore and offer shared ownership opportunities as standard on all new renewable energy projects including repowering and extensions to existing projects.”

CSO is currently a voluntary offering from renewable energy developers to communities in Scotland.

The petition that the Committee is currently considering is seeking to make offering CSO mandatory for all windfarm development planning proposals.

Planning

The Planning System section of the GPP notes that:

“The financial benefits arising to owners from ownership of any development is not a material consideration in determining the acceptability of the development in planning terms. While financial

considerations can be relevant to a planning decision something which is funded from the development or otherwise offered by the renewable energy business will not, by virtue only of that fact, be sufficiently connected to the proposed development to be a material consideration.”

It goes on to say:

“A planning authority should not require a renewable energy business to enter into shared ownership through a condition of planning permission, or legal agreement associated with the planning permission.”

In short, CSO isn't currently a material consideration in determining whether or not a development is acceptable in planning terms.

Energy

It has been suggested that it might be possible to make CSO mandatory for some projects through the UK Government's Contracts for Difference (CfD) scheme.

The UK Government's 2020 consultation on proposed amendments to the CfD scheme stated that delivering benefits to local communities was to be supported and specifically asked *“How can the government better ensure that the local impacts and benefits of renewable energy developments are taken into account across the whole of Great Britain?”*. In our response to this consultation, we noted that because of the competitive nature of CfD bidding rounds CSO (as well as community benefit fund (CFB)) opportunities could be threatened by bidders cutting costs to try to win CfD contracts. We went on to recommend that CSO and CBF should be protected in the bidding process by making them mandatory. One renewable energy business has since indicated that an incentive to offer CSO rather than a penalty for not offering CSO would be more positive and preferable for them. It might be possible to do this in the form of additional points in the CfD evaluation process. We're currently awaiting further consultation promised specifically on community benefits which should deal with this issue.

Forest and Land Scotland (FLS)

The National Forest Estate in Scotland is being offered to renewable energy businesses to develop projects and this includes obligations to offer CSO.

Some renewable energy businesses are currently re-negotiating their CSO obligations with FLS, so there is a risk that these obligations might be threatened. We're in regular contact with FLS and will monitor this situation closely.

We also understand that certain other renewable energy businesses are only offering CSO on the part of their site that is on FLS land – and not on the non-FLS part of the site. Others don't believe that CSO will work for their projects, and some have said that they would only offer CSO in future if it's mandatory.

Good Practice Principles (GPP)

The Scottish Government's Good Practice Principles for Shared Ownership of Onshore Renewable Energy Developments were published in 2014 and reviewed, updated, and re-published in 2019.

[Shared Ownership - Local Energy Scotland](#)

The GPP captures the Scottish Government's ambition for CSO, as well as best practice, and the publication has been agreed widely by industry, but not always adopted in practice.

For example, we are aware of a recent CSO offer that strayed somewhat from the GPP, did not work for the community, and had to be rejected by the community. We are currently investigating why exactly CSO didn't work for this project.

Progress with CSO

In 2020 59% (10) of all consented projects (17) offered an element of CSO, exceeding the Scottish Government's 50% ambition: [Community energy in Scotland 2020 report - Energy Saving Trust](#)

There's currently a strong pipeline of realistic CSO opportunities in Scotland. Local Energy Scotland is currently working with 15 fully consented wind farm projects, involving 8 renewable energy businesses, and totalling 141MW CSO.

Significantly, Local Energy Scotland recently supported the first unsubsidised CSO project to reach an agreement in principle for 5% (2.3MW) of Muirhall Energy's Crossdykes Wind Farm (46MW) in Dumfries and Galloway. This project relies on income from electricity sales rather than any income support or subsidies from government.

It's still early days for CSO wind farm projects, and stakeholders including RE businesses are still very uncertain about CSO. Local Energy Scotland is therefore working determinedly with stakeholders to make sure these early CSO projects work and can be replicated.

Recommendations

Energy Saving Trust recommends that:

1. Local Energy Scotland continues to monitor and report to Scottish Government annually on the level of CSO opportunities in newly consented projects.
2. Local Energy Scotland monitor and report to Scottish Government annually on the level of CSO opportunities being realised.
3. The Scottish Government should establish an online register of CSO opportunities and completions, similar to the existing CBF register.
4. The Scottish Government should reinforce the importance of adherence to the industry agreed GPP to ensure that CSO offers are likely to work. This could be done via refreshes to the Scottish Energy Strategy and any other appropriate interim policy statements for example the outcome of the current onshore wind policy statement consultation mentioned above.
5. The Scottish Government should determine whether there are ways and means other than through the planning system that CSO could be mandated in future if required.