



The Church of Scotland

Church and Society Council

Official Response

SUBJECT: COMMUNITY ENERGY POLICY STATEMENT
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'We need to bring community energy in from the margins of energy policy to make it the central tenet of our future energy systems, where it has the potential to transform local economies.'

From foreword by *Fergus Ewing, Minister for Energy, Enterprise and Tourism*

Community Energy Can Transform Communities...

The Church of Scotland welcomes the ambition of the Scottish Government and shares its aspiration to make community energy a central part of Scotland's energy mix. We recognise that this can help support local communities both rural and urban can make a considerable contribution to tackle fuel poverty. The Church is committed to responding to climate change and strongly supports the development of community energy schemes in this context.

We note the successes to date and the transformative experience that community energy schemes have played in reviving communities and providing a new economic base for a variety of other developments and activities. Congregations have played an active part in some of these projects and we will continue to support this activity particularly in partnership with the charity Eco-Congregation Scotland. Eco-Congregation Scotland encourages its participating congregations to work actively in their communities and participation in community energy projects could become a growing part of this activity. Examples of this work are described below.

There is no reason why many more communities, perhaps the majority of rural communities and many in urban Scotland should not benefit from this development and we support the continued roll out of community energy to be as inclusive as possible.

We suggest an ambitious target: that every community that has the opportunity to develop a community energy scheme should be encouraged to do so and that the Scottish Government examine what practical steps would be needed to achieve this ambition.

...But the Practical Challenges Are Enormous

The experience of communities who have developed community energy schemes suggests that for many it is a long and arduous process. The consultation document does not recognise the challenges that many communities face in trying to develop community energy projects. If we are to achieve the ambition of much more widespread community energy economy then it will be essential to examine the barriers that may lie in the way: what problems have communities experienced and how can we remove or reduce barriers to make the process less arduous and traumatic for participants? Consideration of how this could be done will overlap with other Scottish Government initiatives, particularly in relation to community development and economic regeneration. Any proposed legislation on community empowerment and land reform will be particularly relevant.

Fuel Poverty

We are pleased that discussion of fuel poverty has been included in the document. We support the view that community energy projects could promote community income and could help sustain remote communities that may otherwise be at risk of continued decline. It may be that the development of local energy economies offers one of the best hopes to address rural fuel poverty.

This has happened in Westray where a community fuel poverty survey identified serious fuel poverty problems. The Community Development Trust adopted a proposal where a power sales company might be set up on the island buying power from the turbine, leasing distribution lines and meters from SSE and creating employment in the admin. Currently the Community Turbine Company sells power at 4.1 pence per unit, a large differential from current consumer purchase price.

There is also considerable concern about the SSE surcharge of 2p per unit extra to all customers in remote areas, areas in which fuel poverty is already well above the national average and where so much renewable energy is generated.

Concerns have also been raised that the Financial Conduct Authority is refusing to allow creation of new renewable energy co-ops. (CP14/22: Guidance on the FCA's registration function under the Co-operative and Community Benefit Societies Act 2014). This makes it difficult for a community to explore this option to manage the finance of a project in a fair and equitable manner.

Challenges to Community Ownership of Renewables

Our main concern about the policy document is that it does not address the challenges that face communities seeking to develop community energy schemes. These challenges are particularly significant for the smaller and most isolated communities that lack resources, confidence or skills to take on such complex project management. They may well dissuade or delay some communities from starting at all and certainly slow down projects causing delay and frustration at every stage.

This has been described by one community project manager as a 'spaghetti tangle of interlinked, interwoven activity, which makes it really difficult to keep track of priorities'. As a possible solution it has been suggested that once a community project has demonstrated that it is credible in business terms and has community support there should be a simplified approach that can fast track a

decision rather than requiring them to jump through endless hoops that are both time consuming and cumulative in impact.

We urge the Scottish Government to examine these issues in more detail and to consider how they could be reduced to help achieve the vision of community energy economy. For example the table below sets out some of the challenges faced by communities seeking to develop community energy schemes . This table has been prepared from the experiences of communities in Argyll, Orkney and elsewhere.

Table: Examples of Challenges Facing Community Energy Projects

| Issue | The Challenges |
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| Land ownership | <p>If a community does not own land for a community energy project then it will have to negotiate a deal for ownership or lease to cover the life of the project. There is a risk that private or public landowners will use the opportunity to press ahead with developments before community interest can be developed. There can also be a loss of income to the community if the landowner demands significant rent from the community business or a portion of the gross income. This may an issue of interest to the Scottish Government in the context of its proposals for land reform.</p> |
| Community business | <p>The community has to set up a company to own and manage the assets. This requires legal experience and some business management experience which may not be present in all communities. A requirement to define community business membership by postcode rather than any other geographical area can mean that a community business has to rewrite its articles of association, causing delay and expense to a project.</p> <p>Even if the Community has a properly constituted community management company, they may still have to create an operational company as not-for-profit organisations cannot by definition run a profit making entity.</p> |
| Community benefits | <p>The community has to set out in a plan how it will ensure that the benefits of the energy project will be shared among the community. This is a complex process that requires local democratic input. It would also benefit from clear guidance if community income is to be used to target fuel poverty as a priority.</p> |
| Community support | <p>A community group has to demonstrate that it has the support of the community. In the case of a National Forest Land Scheme project this has required a formal poll carried out by the Electoral Reform Society.</p> <p>In some places the development of energy projects has attracted opposition from outwith the community that has put at risk the viability of the project. One example from Papay was of 5.5kw Kirk</p> |

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| | <p>turbine for the Kirk (on a 15m mast) Despite unanimous support from all community bodies, no resident objectors and meeting all planning requirements, there was one very strong objector, who lived south but owned a holiday cottage in the isle - their objection led to a planning enquiry which held up the whole process for several weeks and took the project to the very edge of losing out on grant funding.</p> <p>It has been suggested that where there is clear community support for a project and no major planning issues there should be a presumption in favour of community energy projects. This is a proposal that deserves closer attention.</p> |
| Planning | <p>Planning permission is usually required for such developments and this can depend on the policies and support of development control policies in the local authority.</p> |
| Local Environment issues | <p>There is a high probability that any community energy scheme in rural Scotland will be on land when there is significant local environmental interest. These issues could include fisheries for hydro schemes, breeding bird populations for wind farms, local SSSIs or other designated areas. The preparation of environmental impact reports for small schemes can be a particularly onerous cost and delay.</p> <p>One current example is from Argyll. Despite having a comprehensive survey of bryophytes carried out at the site of a community scheme of the river Avich in Argyll, SNH delayed project development by demanding more time to study the site themselves. This has resulted in a delay to the planning process and the deadline for a FiT application being missed.</p> |
| Connection to grid | <p>In remote and island areas grid capacity is limited and most community projects may have their power production constrained by this. Constraints can be as much as 50% of generation capacity at peak production times. Upgrading the grid remains a priority to deal with these constraints on community energy economy.</p> <p>An additional loss in remote areas is the reduction in income associated with line-loss factor calculated on distance from the main centres of population.</p> <p>Negotiating access to the grid can cause great uncertainty because of the reluctance of grid operators to commit to connection at an early date. Most community schemes will input far smaller wattages to the grid than large wind farms and the availability of a connection at reasonable cost is an issue in making a scheme viable.</p> |
| Feed in Tariff (FiT) | <p>The ability to access FiT is critical to the success of projects. Yet application for FiT is not straightforward and can make or break a</p> |

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| | project. There is evidence that even after a project has been commissioned negotiations around FiTs can still hinder successful project operation. |
| Finance | A concern for small communities is how to raise the finance for an energy project. There are a variety of options and structures all of which require professional advice and clear judgement to identify the best option for a community. Such specialised skills and experience are not readily or cheaply available for many communities. |
| Volunteer skills and resources | Volunteer burnout is a risk. Finding local people who are able and willing to take on what amounts to a professional or managerial role without recompense, causes difficulty and conflict, particularly when those same volunteers may have to secure many thousands of pounds to pay professional consultants for technical advice and support. Those consultants tend to work predominantly 9-5 and may expect the communities to work within timeframes normally associated with paid employment. |

Conclusion

If the Scottish Government vision of a community energy economy is to be achieved it will be necessary to address these issues. This will require more detailed analysis of the challenges faced by communities and a structured response to help communities overcome those challenges. A fast track for community projects is one approach worth considering.

The Church of Scotland would be very pleased to engage further with the Scottish Government to help facilitate this work.