

Moray LEADER
The Joint Community Councils of Moray



ENERGISING 
COMMUNITIES

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Summary and Outcomes

“It’s not about the energy; it’s what the energy can do.”

The first Energising Communities conference in Moray was held on May 3rd 2019 and was an informative and inspiring day. Fifty-five delegates from community organisations, Community Councils, support organisations and the local authority attended. We heard from a wide range of experienced people who provided a wealth of information and advice.

“[The] range of presentations this morning left me much better informed.”

Outcomes from the day included increased knowledge and understanding of community energy and its potential opportunities, as well as plans for further action.

- Eighteen delegates (33%) were interested in learning exchange visits to community energy projects.
- Sixteen (29%) delegates were interested in setting up a Moray-wide community body to look at funding/investment/community buy-in to progress projects in Moray.
- Twenty-seven delegates (49%) intended to share information with their organisations.
- Some delegates also planned to explore developing a project in their area.

Delegates also expressed interest in Community Energy Scotland’s capacity building ‘Community Energy Futures’ programme and in engaging with Local Energy Scotland on local issues.

There was an appetite for The Joint Community Councils of Moray to lead on phase one – setting up a working group of Community Councillors and other community organisations to look into how to take community energy in Moray forward.

It was felt that phase two – formation of a community body to invest in or develop projects must be independent of Community Councils, especially bearing in mind the 4 year term for Community Councillors.

Discussion groups noted that it is not always easy to define a community, to get groups to work together, to agree priorities, to let people know what is happening and consult widely.

Because Community Councils are democratically elected they should be well placed to represent their communities. It was also noted that it is important to ensure smaller or unrepresented communities do not lose out.



Local Energy Scotland can help at this stage, with community planning and project management support.

Once a constituted body is formed, it could then approach the Scottish Investment Bank. We were advised that salaried staff are essential to success, as volunteer capacity can only go so far.

Having a body with renewables knowledge and awareness of upcoming opportunities and the capacity to respond to them is an efficient way to work and could lead to the development of a portfolio of energy projects.

Next steps including planning learning exchange trips to community energy projects and to set up a working group to look further into community energy for Moray.



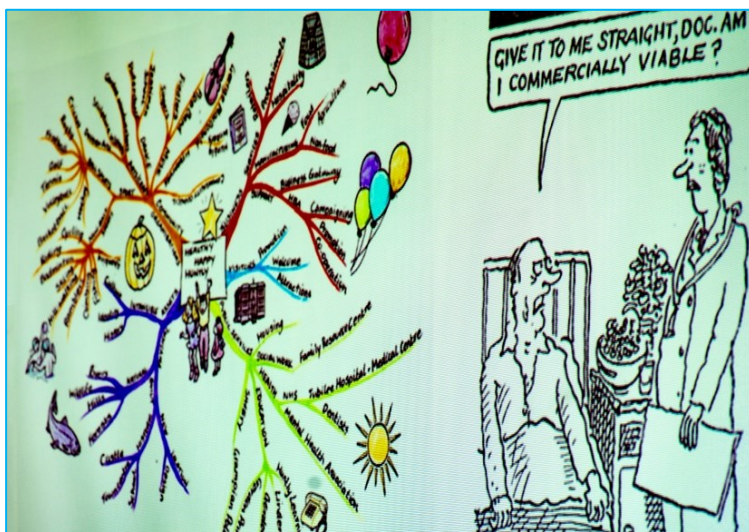
Key Points

The energy sector is undergoing unprecedented change and we will see more renewables, more local energy use, better management of local supply and demand and clever use of smart technologies. The energy network is working hard to allow smaller organisations to supply services to it. All of these changes bring opportunities.

It is not necessary to have a strong technical background or expertise in renewable energy to run a successful community energy project.

Expert support and advice on technical aspects, new opportunities, setting up an organisation, community consultation and area plans, business planning, and finance is available. Community Energy Scotland and Local Energy Scotland can offer detailed advice and support from the beginning and have a track record of supporting successful projects to fruition.

Two common questions that regularly come up are “How do we fund it?” and “How do we manage the risks?”



How do we fund it?

Despite a background of no subsidies (such as the Feed in Tariff) and few sources of grant support, community energy projects are still feasible and viable.

Scottish Government has ambitious carbon emission and community energy ownership targets and has infrastructure in place to support this.

Finance is available from specialist and high street lenders – some of whom have an interest in supporting environmental projects. This includes funding for Shared Ownership projects, where the community organisation does not own a tangible asset, but invests in a share of the profits of a commercial onshore wind or hydro project.

We heard from The Scottish Investment Bank, part of Scottish Enterprise. The bank manages the Energy Investment Fund and can work closely with community energy projects, act as a patient and understanding lender, make introductions to other lenders and provide flexible, tailored packages.

How can we manage the risks?

Community organisations are set up with limited liability, protecting their members from any personal losses if a project does not progress as expected.

Being able to secure funding at a competitive rate is the key to producing a surplus that can be used for community benefit. Each organisation will have to make their own decision about this, and should take expert advice. CARES grant funding is available via Local Energy Scotland to help with the costs of legal and financial advice as well as project support.

It is important to assess all the risks e.g. downtime, lower than expected energy prices and repairs at an early stage.

Projects can be insured against breakdown but maintenance and decommissioning need to be paid for.

Having diverse projects can help to balance energy production and avoids 'having all your eggs in one basket'.



It is important to develop community plans and finalise structure and objectives of a community body or company early, before any money arrives. It is important to get help developing a detailed business plan. You should plan to cover best and worst case scenarios. Being flexible, determined and developing a 'yes' factor – yes we can do this, yes we need help – are all very useful.

It is vitally important to engage with key stakeholders and/or developers and your community early. Giving people a say in what happens is likely to lead to better levels of support.

“Make sure you identify and engage all your stakeholders at an early stage... and get them on board. It will save you a lot of time and trouble in future.”

We heard from Community Energy Scotland, Local Energy Scotland about the comprehensive and detailed support available. This was backed up by the developer, Force 9, who also gave pragmatic advice.

We heard from Huntly Development Trust and Rousay, Egilsay and Wyre Development Trust who told us that although the road to a success may not always be smooth, and will definitely require hard work and determination, the rewards can be very worthwhile.

Earned income from projects can be used to meet the needs of communities with more flexibility than grant funding. Long term income allows for strategic planning and long-term legacy. It was truly inspiring to hear how such funding can make changes big and small to the benefit of local people and the environment.

Background and Context

National Context

To meet the target of net zero carbon by 2045 in Scotland, renewable energy production will need to quadruple. There are already successful local energy generation / local use schemes throughout Scotland and we will see more.

We are likely to see an increase in the use of smart devices to manage energy use better, as well as increase in new technology to maximise use of renewable energy.

We will see new and improved smart devices including smart storage heaters and boilers, more efficient energy storage and an increase in electric vehicles.

“Net zero carbon” means having net zero carbon dioxide emissions.

This is achieved either by balancing carbon emissions with carbon removal or carbon offsetting or eliminating carbon emissions altogether.

We need to ‘think big’ to tackle climate change and to realise big benefits that will help tackle the current economic, social and wellbeing challenges we face. This will require community action, not just individual action.

Although subsidies such as Feed in Tariffs have disappeared and grant funding is much reduced, there is a lot of support available to communities, including specialist advice on finance, technology, community planning, setting up an organisation with a suitable structure, and managing funds. It is not necessary to have a detailed technical understanding of renewables or smart technology to benefit from community renewables.

Shared Ownership Targets

Shared Ownership can be defined as a community group being a financial partner over the lifetime of a renewable energy project e.g. investing in a share of the profits of a commercial project.

Scottish Government aims “to ensure that, by 2020, at least half of newly consented renewable energy projects will have an element of shared ownership” and “*Shared ownership will form a key part in helping to meet our targets of 1 GW of community and locally owned energy by 2020, and 2 GW by 2030. We expect community involvement in onshore wind development to continue to play a vital role in reaching these targets*”

Local Energy Scotland looked at 2018 figures and found that these targets are being met, by large, and mainly by small scale renewables projects.

Local Context

Moray aspires to transition to a low carbon economy, as outlined in the local plan. There are a few community renewables projects in Moray. There are also several commercial windfarms in parts of Moray with local Community Benefit Funds.

In the last two years, the developer, Force 9, has carried out community engagement regarding a potential Clash Gour windfarm in west Moray. If it goes ahead, this development will offer a Shared Ownership option, as well as Community Benefit Fund.

One of the aims of the Moray LEADER Local Development Strategy is: “To help Moray move towards a low carbon economy through increased energy efficiency and renewable energy production by means of domestic, business, community and collaborative action.”

Moray LEADER provided Animation funding, and the Joint Community Councils of Moray and Moray LEADER organised this Energising Communities conference.

Speakers

Opportunities in Community Energy



Scottish Charity SC039673

<https://www.communityenergyscotland.org.uk/>

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Highlands and Islands Social Enterprise Zone

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Community Energy Scotland provides practical help for communities on green energy development and energy conservation. It is an open membership body with a mission “to strengthen and empower local communities by helping them to own, control and benefit from their local renewable energy resources, control and reduce their energy costs, regenerate their communities and play their part in the low carbon transition.”

Nicholas highlighted the dramatic changes taking place in the energy sector as it moves from a centralised system to a more flexible and locally focussed system in order to meet carbon targets and take better advantage of renewable energy.

“Electricity networks are working hard to offer opportunities for smaller players to offer services to the National Grid.”

There have been improvements in energy storage and we can also expect to see a revolution in smart appliances – including much better storage heaters and hot water storage – as well as a growth in the number of electric vehicles.

In Scotland, community renewable energy projects are focussed on community benefit and have social and environmental goals. This compares with England where projects tend to offer individual investment e.g. shares. We heard about many examples of successful renewables projects large and small. There are case studies available on the Community Energy Scotland website.

As well as supporting the generation of energy, CES support groups and communities to:

- take advantage of the emerging 'Local Energy Economy'
- decrease their energy use, manage energy better, use locally generated energy locally and
- take advantage of 'smart' technology to better link supply and demand and store energy

Unprecedented change in the energy sector is bringing challenges and opportunities

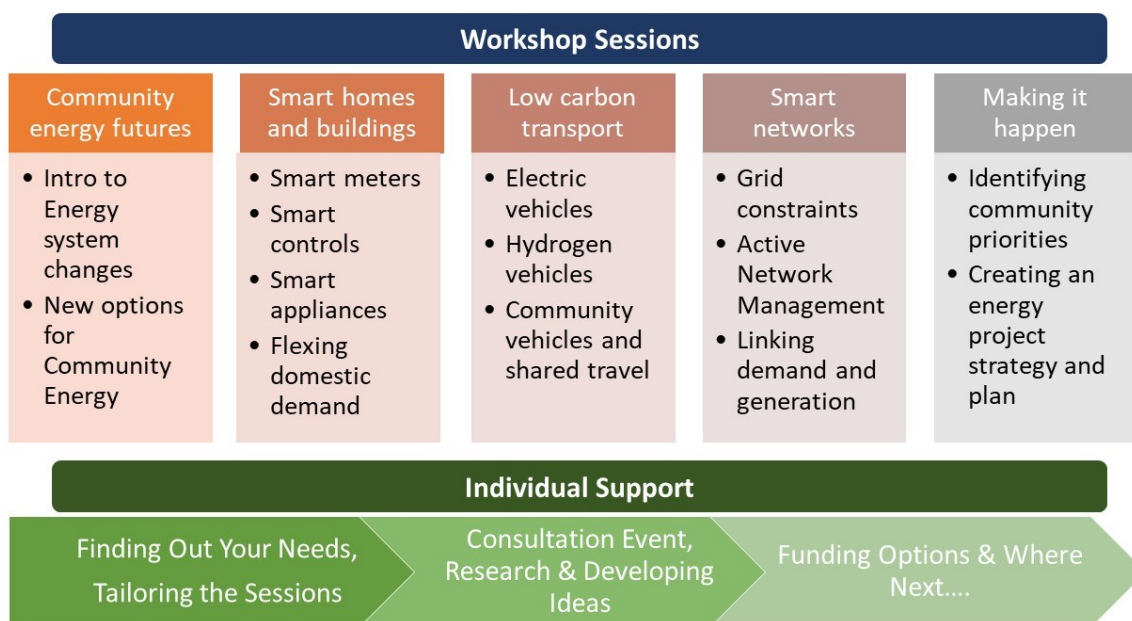
We will see more locally focussed energy networks with energy produced and used locally

We will see increased energy efficiency, better storage and more smart devices and electronic vehicles

There is a lot of support available to learn about these changes and to take advantage of them – use it!

Community Energy Futures

This is a support programme developed by CES to help communities understand the opportunities and challenges the changes in the energy sector are bringing. It features 5 monthly workshops followed by the opportunity to access tailored support. This will help community groups to be 'ahead of the curve' and be able to take up new opportunities.



Our Community Energy Story



and District Development Trust

Scottish Charity no SC043353

www.huntlydevelopmenttrust.org

Donald Boyd, General Manager

Huntly & District Development Trust

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Huntly & District Development Trust has been taking forward renewable energy projects since 2010 to fulfil its environmental goals and to generate income. This income allows the Trust to plan for the next 20 years and to be less reactive, more strategic, and less dependent on grant funding. The Trust has 7 volunteer Directors, 4.3 Full Time Equivalent employees and had a turnover of approximately £500,000 last year.

This route to financial independence was not always straightforward. At one point, it looked as though their first wind turbine was not going to happen.

“Don’t underestimate the grit, determination, blood, sweat and tears, and sleepless nights.”

Fortunately two opportunities coincided and the Trust was able to buy a farm and build a turbine there, adjacent to an existing windfarm. Since then, other renewables projects have followed.

Advice based on the Trust's experiences is:

- Always expect the unexpected
- Stay positive: work with what & who you’ve got
- Do your groundwork – plan, feasibility study, community consultation
- Keep an eye on what’s happening in the outside world
- Have an ‘emergent strategy’ – have a plan, but be flexible
- Be brave and ready to take (calculated) risks
- Develop a high ‘yes factor’: Yes we can! Yes we need help!
- Be prepared: it all takes longer & costs more than you think
- There is a lot of support out there – use it
- Don’t give up!

Identify key stakeholders early and get them on board
Be prepared to work hard and to be flexible and respond to changes
Tell your community what you want to do and how it how it can benefit them

“It’s not about the energy; it’s what the energy can do”

Huntly & District Development Trust will continue to benefit from the Feed in Tariff (FIT) rates that were in place when their projects were established, but they are also looking at other opportunities in local energy. They wish to sell energy locally and are investigating green hydrogen production, perhaps using some energy from their turbine, supplemented by solar energy.

Scottish Investment Bank



www.Scottish-enterprise.com/eif

Michelle Howell. Team Leader,
Energy Investment Fund

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The Scottish Investment Bank is the investment arm of Scottish Enterprise. It manages a number of funds including the Energy Investment Fund (EIF). The key aim of the fund is to support projects that can help fulfil Scotland’s transition to a low carbon economy.

The Bank understands the challenges of developing new or innovative energy projects. It acts as a co-investor alongside private finance and can make introductions to other lenders. It offers a range of products including flexible loans and equity investments (an ownership stake e.g. shares) on commercial terms. It is able to fill funding gaps and leverage more funding into projects.

In the last financial year, the fund invested around £21 million into energy projects, which attracted a further £91 million of investment. SIB has worked closely with other support organisations such as Local Energy Scotland and would encourage everyone to take

advantage of the high quality support and advice which is available. Michelle advised that the next steps for community investment are to:

- Align your position and work together
- Get the right advisors at the right time with the right scope
- Engage with lenders early
- Develop positive relationships with lenders and developers

**The Scottish Investment Bank is a patient lender that understands community energy and the challenges faced
It is a flexible funder and will work alongside you
Finance from SIB can give confidence to other lenders and leverage more funding
Work together, start early and engage with lenders early**

Shared Ownership



www.localenergy.scot

Mark Brennan, Shared Ownership Manager,
Local Energy Scotland

www.localenergy.scot

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Shared Ownership is defined as:

“Any structure which involves a community group as a financial partner over the lifetime of a renewable energy project.”

Shared Ownership can provide communities with core funding and sustainability

Earned income can be used more flexibly than grant funding and can allow for innovation

Local Energy Scotland offers a range of support, advice, template documents and has grant funding to develop community plans and/or pay for legal or financial advice

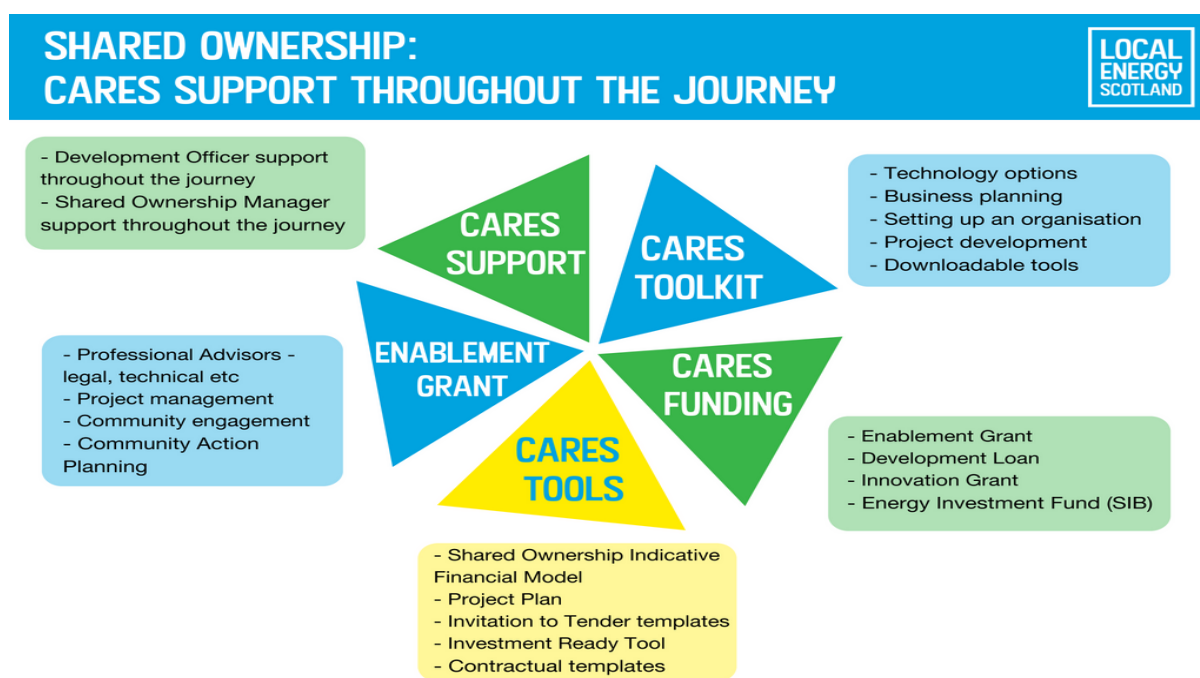
According to Scottish Government's Good Principles, Shared Ownership should be offered in addition to Community Benefit, on a commercial basis, and should leave a legacy.

Models of shared ownership include split ownership, joint venture and shared revenue. The shared revenue model is most common.

Shared Ownership should provide 'earned' income to support community sustainability and self-determination.

Developers offer shared ownership because it can provide a deeper understanding of communities, lead to better relations and provide a more tailored response to community needs and priorities than may be provided by Community Benefit Funds.

The Community And Renewable Energy Scheme (CARES) is delivered by Local Energy Scotland and can provide support throughout the planning and development of a Shared Ownership option through a Development Officer or Shared Ownership Manager.



Clash Gour Wind Farm Community Ownership Opportunity



<http://www.force9energy.com/>

Nick Mackay & Andrew Smith

Force 9 Energy

272 Bath Street, Glasgow, G2 4JR

info@force9energy.com



The Community Ownership offering for Clash Gour would be investment in a share of the profits
Support is available to understand and manage the risks associated with investment
Support is available to raise the money to invest

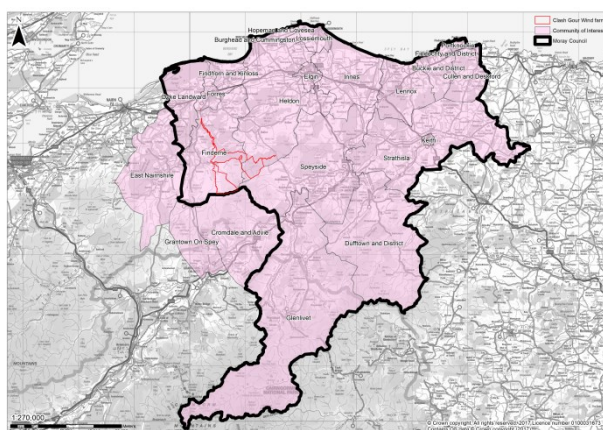


Figure 1 Proposed community shared ownership area (Moray & 3 Highland Community Council areas)

The proposed 48 turbine Clash Gour Wind Farm is 10km south of Forres. Local Energy Scotland is involved in this project and can co-ordinate advice and help develop community plans.

The proposed Shared Ownership offering is a chance to buy into a share of the wind farm's profits. The developer's preference is to deal with a single community body representing the Shared Ownership area. The minimum investment would be £250,000 and the maximum would be 5% of project costs.

Interested community groups can sign a Memorandum of Understanding – a document to express interest in investing without committing them to any action.

There are two key questions that often arise:

How can the risks be managed?

All investment carries a level of risk. Communities should take independent, specialist advice prior to any final decision to invest. Any investment in Clash Gour would not occur until post construction once the wind farm is operational so the risks associated with construction are not shared by the community body.

How will communities raise the money?

The key to having a surplus to deliver benefits to the community is to be access funding at sufficiently competitive rates. Professional advice legal and financial advice is available and Local Energy and Community Energy Scotland can provide support with this stage.

Shared Ownership Timeline

	Prior to Planning Application	From planning application to determination	After Planning Consent	Project Construction phase	Post Construction
Developer key activity	Consultation	Further consultation	Provides detailed information & draft Revenue Share Agreement	Ongoing dialogue with interested communities	Provide final Cost Statement
Communities suggested key activities	Community Groups Look over draft MoU / support from Local Energy Scotland	Information gathering and independent advice Develop Community Plans? Support development?	Investigation of potential funding sources	Formation of single Community Trust Company to represent all participating community groups	Decision to invest (or not) If yes, finalise financial arrangements and sign Revenue Sharing Agreement

Our Community Energy Story



*From the community
For the community*

Scottish Charity SC040407

<http://www.rewdt.org/>

John Garson, Chair.

Rousay, Egilsay & Wyre Development Trust

info@rewdt.org

01856 821229



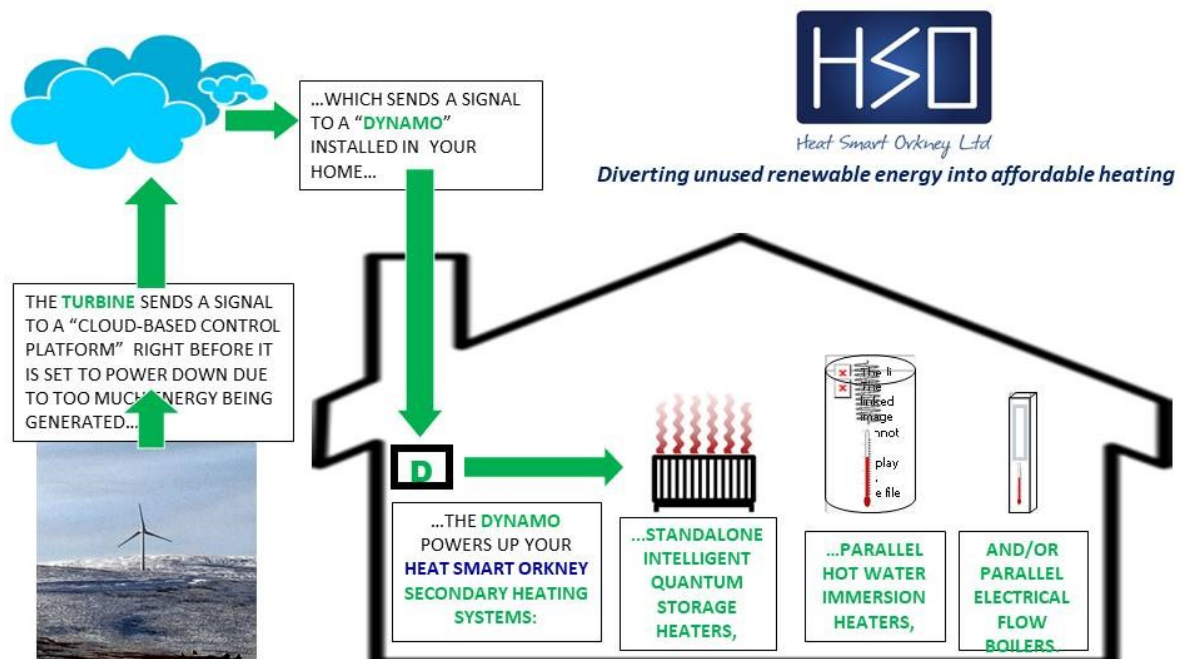
Rousay, Egilsay and Wyre Development Trust was set up to try and reverse the declining population and below average levels of economic activity that placed this island group at risk. The Trust set up a trading subsidiary, Rewired, to operate a 900kw turbine with a view

to using income from the turbine to fund grants & bursaries and a community benefit fund. Having secured Big Lottery grant Funding and a loan from the Co-operative bank, the Trust then found they could not use the grant funding for purchase of the turbine but fortunately, were able to get a bigger loan from the bank.

Rewired was advised that their turbine would be curtailed as it has a non-firm or flexible connection to the grid. Curtailment means the turbine is switched off if too much energy is being produced. Curtailment levels of around 7% were predicted but actually ended up being over 30% and sometimes as high as 50% in some months, which reduces the income from the turbine and starts to threaten its financial viability.

This issue was mitigated through development of the Heat Smart Orkney project, which received funding of £1.2million from the Scottish Government Local Energy Challenge Fund.

When curtailment threatens, the following happens:



Participating households receive a rebate from the Trust for using this smart energy. This also helps to tackle fuel poverty, a particularly significant problem in Orkney where over 50% of all homes and over 80% of retired people are in Fuel Poverty.

This community owned solution was developed locally and there are plans to market it to other islands with curtailment issues.

The turbine income has funded projects large and small to improve island life, from allotments and heritage projects to supporting local businesses. It also makes individual grants e.g. to subsidise the cost of home helps, travel to Orkney mainland for music lessons and sports, and bursaries towards the costs of recognised qualifications. It has provided storm lanterns to older residents and installed domestic satellite dishes in areas with poor broadband. It has funded an affordable warmth scheme in partnership with a local charity THAW.

Any project costing more than £20,000 is consulted on by all residents and every 5 years all islanders are asked to submit their 'wish list' of ideas. The Trust has commissioned feasibility

studies on some bigger ideas and shared the results with the community to inform their decision making.

The Trust has also acted as a match funder, leveraging grant income for community groups and finds that despite a healthy bank balance, they can also attract grant funding. New projects for 2019/20 include purchasing the Pier Restaurant to convert to a Community Hub, a new housing development, and purchasing land which includes the turbine site, which is currently rented.

Although curtailment may seem to be a specific issue that affects only some turbines, as renewable energy production grows, there will be a need for more 'local production, local use' schemes and better, smarter demand side management. These kinds of local solutions will need to be replicated across the country.

Earned income has fewer constraints than grant funding
Agree the aims, objectives, robust procedures early – before the money comes in
Don't rely on grant funders to have money when you need it
It's a good idea to be able to co-opt experts onto your Board
You don't need a detailed understanding of the technology

Afternoon sessions – key points

Four sessions ran four times, giving all delegates the chance to attend each session. Community Energy Scotland, Local Energy Scotland, Rousay, Egilsay and Wyre Development Trust and Huntly Development Trust all held sessions and answered a wide range of questions. Scribes took notes at each session. Some of the additional themes and key points were:

What next?

The Joint Community Council could be a good body to lead on forming a working group to look at Community Renewable Energy in Moray as members are elected and should be well placed to represent their communities. The Joint Community Council could help manage competing priorities and some members are accruing knowledge and expertise already.

A few people thought this was not a job for Community Councils. Some concerns were addressed e.g. Community Councils will not be taking on any debt. More comments were for than against The Joint Community Council taking this further.

Representation and planning



Questions included: How do we define 'community'?
How do we ensure good representation and how do we ensure smaller communities don't miss out?
How do we establish Moray-wide priorities?
How do we get groups to work together?
How do we animate and mobilise people to be involved?
How do we connect with Highland?

Care needs to be taken to get buy-in and ensure wide representation across Moray and the areas of Highland involved. Engaging widely, well and early helps with buy-in and support. We should take up the support and advice available early. We should consult widely and regularly and tell people what is happening. This will require good community leadership.

Objections should be listened too carefully. People have a right to their opinion and it may not be possible to change people's minds. Answering questions, addressing concerns and emphasising the benefits is helpful. Consultation is a long process

Local Energy Scotland can help at this early stage and with community planning and project management. The application process for a CARES grant is easy and well supported and seems like another good first step to progress this work.

Funding

Once a constituted body is set up, it can approach Scottish Investment Bank. Other potential lenders include local authorities (who may be able to lend at low interest rates), High Street banks especially those with interest in green/ethical banking (e.g. Co-operative, Triodos), and organisations like Social Investment Scotland.

Risks and rewards

Assess all risks – downtime, lower energy prices, repairs etc. at an early stage. Projects can be insured against breakdown but maintenance and decommissioning etc. need to be paid for. (It is a condition of Planning that provision is made for decommissioning)

The change in the energy market and unpredictable tariffs means it is difficult to predict the financial rewards. The main thing is to get advice to ensure loan funding is at a competitive enough rate to provide a surplus. Take professional financial advice. Don't put all your eggs in one basket. Be aware that being able to store energy can increase income
Being a charity is useful from a tax perspective but does mean the funding can only be spent on charitable objectives so could create some constraints

Managing surplus funds

Establish the structure and objectives at an early stage – before any money comes in. Set up a community action plan and business plan to define objectives. Spend money

effectively, for the benefit of the community. Don't just spend it for the sake of spending it. Do consider feasibility studies.

Technical details

Community Energy Futures (CES) is a good route for knowledge building.

There are lots of resources on the Local Energy Scotland website including template documents.

Consider all types of renewables, not just wind farms

Bear in mind, you don't need to have technical expertise to run successful energy project

Community Ownership is only available from onshore wind and hydro, not offshore or solar projects

Sustainability

Consider what will happen after the lifespan of the wind farm

Conclusions and next steps

The road to a community renewables project can be long, is not always smooth sailing and requires hard work and determination, but can be very worthwhile.

A successful renewables investment produces earned income, which can be spent as needed, compared with traditional grant funding which may have limits or constraints.

It can provide core funding for premises, paid staff and overheads. It can allow for long term planning and strategic goals twenty years in the future, but also for quick fixes like providing loft insulation, training grants or subsidising the cost of home helps.



Although the energy network and technologies are changing rapidly, there is support and advice available to help communities to skill up and take advantage of opportunities. Professional legal and financial advice is available to help assess and manage risks and grant funding can be used to pay these costs. It is not essential to have a technical background to run a successful project. It is advisable to develop and maintain good relationships with support organisations, developers, lenders and other stakeholders early on.

By the end of the conference, there was certainly a lot of 'community energy' in the room and an appetite to take action. There was a feeling that it would be suitable for The Joint Community Councils of Moray to take some work forward, such as arranging learning exchange visits and setting up a working group, including representatives of other community groups, to look into further increasing our knowledge about the opportunities available.

The second step, setting up a Community body e.g. a company limited by guarantee to make investments or develop energy projects should have a broad membership and operate independently of Community Councils.

A small working group plans to find funding to arrange a knowledge exchange visit to a local project in the next few months. There are plans to investigate funding for more visits, perhaps further afield. The Joint Community Councils of Moray will apply to become a member of Community Energy Scotland. Some delegates have also engaged with Local Energy Scotland to look at options for their local areas. Some have expressed strong interest in Community Energy Scotland's Community Futures programme, which we hope will secure funding to run in Moray and Aberdeenshire.

We are keen to look further at the possibilities and opportunities offered by community renewables and this conference should result in a significant economic legacy for Moray and take it closer to becoming a place where a low carbon economy is the norm.

Acknowledgements

We would like to thank all those who attended on the day including speakers, organisers, delegates and the many volunteers involved.

Moray LEADER

The Joint Community Councils of Moray

Force 9

Community Energy Scotland

Local Energy Scotland

The Scottish Investment Bank

Huntly & District Development Trust

Rousay, Egilsay & Wyre Development Trust

Gary Coull

JFerguson Images

Moray Global Ecovillage Network



Report written by Catherine Sinclair, The Joint Community Councils of Moray

Speakers' presentations are available on the Moray Council website

http://www.moray.gov.uk/moray_standard/page_46297.html



Moray
LEADER



The Scottish
Government
Riaghaltas na h-Alba



The European Agricultural Fund
for Rural Development: Europe
investing in rural areas



Scottish Rural
Development
Programme

