

9 May 2023

To whom it may concern,

Community Energy Scotland – Consultation response to Draft Energy Strategy & Just Transition Plan

Community Energy Scotland works with communities and our partners to support, promote and represent the community energy sector. We do this by providing technical assistance, knowledge sharing and championing the role of community-led action in the transition to a low-carbon future. Our vision is of communities actively shaping a low-carbon society that values wellbeing for all.

Community Energy Scotland is Scotland's only national charity dedicated to supporting communities across Scotland to develop their own decarbonisation & renewable energy projects. We aim to advance community development and help strengthen environmental protection within Scotland. By providing advice and support we assist in preventing and relieving poverty within Scotland.

Community Energy Scotland welcomes the opportunity to engage on the draft Scottish Energy Strategy & Just Transition Plan, and look forward to collaborating further in this process and forthcoming Just Transition sectoral plans.

Our response does not cover all questions posed in the consultation; instead we have focused on the areas most pertinent to the work of Community Energy Scotland.

We look forward to engaging further in this process and would welcome the opportunity to participate in further scrutiny, evidence gathering, and consultation exercises.

Yours faithfully,



Zoë Holliday
CEO - Community Energy Scotland

Consultation Questions

Chapter 1 – Introduction and Vision

1. What are your views on the vision set out for 2030 and 2045? Are there any changes you think should be made?

Community Energy Scotland (CES) strongly welcomes the inclusion of, and emphasis on, communities throughout the draft document. We particularly welcome and commend the explicit goal of “maximising community benefits from, and ownership of, energy projects” (p. 7). This aligns with the vision and goals of CES and we look forward to realising this ambition in partnership with the Scottish Government and communities in Scotland. However, we do ask that more clarity is provided on what ‘maximising benefits’ means for communities, and assurance that these benefits will be robust and measurable for monitoring and evaluation purposes.

The most relevant goal in Figure 29 to CES is that of 2GW of locally and community owned generation by 2030. Whilst we welcome sectoral targets, we have identified a number of issues with this goal:

- 1) The attainability of this target without additional support above and beyond the CARES programme.
- 2) The lack of longer term goals to 2045, as have been set out for other sectors.
- 3) The types of projects that are included within the definition of ‘locally and community owned generation’
- 4) Concerns about conflation of terminology and potential further ‘watering down’ of targets by inclusion of shared ownership and community benefits.

We have added further detail about each of these below.

1) The attainability of this target without additional support above and beyond the CARES programme.

As at 2021, the Scottish Government has identified 896MW of community and locally owned energy (Figure 11). Having failed to meet its target of 1GW of community and locally owned energy by 2020, it is of utmost importance that the Scottish Government identifies further opportunities beyond that of the CARES programme to reinvigorate the sector and accelerate development. We have identified several ways this might be done throughout this consultation response which include additional funding mechanisms, capacity building support for communities, and prioritising or ring-fencing grid connections for community energy projects.

2) The lack of longer term goals to 2045, as have been set out for other sectors.

It is unclear why Community and Locally Owned energy only has a 2030 target, and not a 2045 target as other sectors in the draft ESJTP do. We strongly encourage target setting beyond 2030 so that we and the Scottish Government can plan accordingly how to best support communities. Additionally, a target (or targets) beyond 2030 would affirm the Scottish Government’s commitment to community energy in the longer term and give certainty to communities over the next 20 years. We would welcome further engagement on this issue and target setting beyond 2030.

3) The types of projects that are included within the definition of ‘locally and community owned generation’

Figure 11 outlines the breakdown of existing 896MW of community or locally owned energy (2021) highlighting the diverse range of generation this category includes. According to this figure, currently only 10% is wholly community owned. If the composition of what contributes to the 2GW target does not change, then a separate target should be set within this for wholly community owned energy projects ensuring that the proportion of community owned energy contributing towards the 2GW target increases substantially in proportion above the current 10%. We would recommend a target of 1GW which is in full community ownership by 2030, and setting an extended target for 2045.

4) Concerns about conflation of terminology and potential further 'watering down' of targets by inclusion of shared ownership and community benefits.

Whilst we are supportive of opportunities for community shared ownership of energy assets, and community benefit programmes, we have significant concerns surrounding the conflation of community owned, community shared ownership, and community benefit within the strategy. Whilst the latter have many benefits, they cannot be compared to wholly community owned energy projects and should not be included within the 2GW target. Community ownership of wind farms has been shown to provide 34 times more revenue than privately owned developments, as made clear in the Aquatera report (2021) 'A comparison of the financial benefits arising from private and community owned wind farms: Report to Point and Sandwick Development Trust' an excerpt from which is below:

"Wholly community owned wind farms provide benefit payments that are, on average, 34 times more than the new private industry standard. In cash terms, the average payment from the community owned wind farms in our study is £170,000 per installed MW per annum compared to the private industry standard of £5,000 per installed MW per annum. This is a very significant difference and highlights the long-term financial benefit that these projects bring to the local communities and communities in which they are sited."¹

This research makes clear that community benefit, shared ownership and community ownership cannot be treated in the same way or held in the same regard and there should be clearly stated different targets for each of these.

Chapter 2 – Preparing for a Just Energy Transition

2. What more can be done to deliver benefits from the transition to net zero for households and businesses across Scotland?

Community groups are best placed to understand the challenges and needs of the people living and working in their local communities, and reaching out to those who are often otherwise missed in national programmes. This must be emphasised and incorporated into delivery of the strategy to ensure that policies deliver maximum benefits in a just and equitable manner.

The strategy, vision and other sections pertaining to communities should make broader recognition of the contribution and key role communities can have in co-achieving Scottish Government targets, particularly on behaviour change and tackling local poverty/inequality. The forthcoming National Public Agency, Heat and Energy Efficiency Scotland is an excellent opportunity to harness the reach and insight that community groups and organisations have to target fuel poverty in their local areas.

Whilst we welcome question 3 and the focus on supporting community energy, we wish to stress in response to this question that households and businesses should not be considered in isolation from communities. Whole community approaches must be embraced, acknowledging that community organisations are not only end users of energy themselves, they also work closely with householders and businesses, as well as directly providing them with services, support and physical spaces for activities.

3. How can we ensure our approach to supporting community energy is inclusive and that the benefits flow to communities across Scotland?

The Energy Strategy and Just Transition Plan should expand on how the Scottish Government will consult with communities and understand the varied differences between communities. While there are obvious differences between urban, rural, and island communities, within these there also exist diverse contexts, needs, and barriers to

¹ Aquatera (2021), 'A comparison of the financial benefits arising from private and community owned wind farms: Report to Point and Sandwick Development Trust' <<http://www.pointandsandwick.co.uk/news/community-owned-wind-pays-communities-34-more-than-private/>>

community energy and community led decarbonisation. We strongly welcome the recognition of the Carbon Neutral Islands project and encourage building on the knowledge sharing to a broader range of communities.

Establishing community energy is a demanding and often volunteer led effort which often requires community groups with varied or sometimes no experience or technical knowledge to engage with complex grid regulation/negotiations, financial/risk modelling, generation management, project management, and other areas of specialist knowledge. This diversity of needs, which reflects the diversity of community energy and decarbonisation projects across heat, transport, demand reduction etc., should be recognised.

Support exists within Community Energy Scotland and we assist communities throughout the life of their projects. If the Scottish Government are committed to equipping communities with the support and expertise they need to take forward projects, then funding for capacity and expert support must reflect that.

One such example is our Community Energy Futures programme, through which we worked with community groups to train and upskill them through workshops, seminars, and one-to-one support to build a knowledge base and empower them to develop and take forward new projects, many of which are ongoing. Our track record with this project shows the value of engaging more broadly with communities outside specific projects and the importance of capacity building and upskilling. However, funding this programme presents challenges as it is outwith regular project-based funding streams.

Communities that are successful in taking forward projects are often those who have experience in organising and delivering projects and can successfully apply for and secure grant funding. Communities who do not have experience or the skills to do so may therefore lose out without additional support. An equitable and just delivery of community energy across Scotland will recognise the varying and diverse needs of communities, and fund support for those who require it most from the earliest stages of concept development. This is compounded by a mixed funding landscape, with some community groups having access to substantial local private funding or local authority funding, for example. We would welcome a national outlook on community access to financing.

Access to early-stage capacity building and pre-planning funding would support communities that have ambition but are not clear on how to deliver it. Additionally, access to grid connection for community energy should be prioritised. See our recent letter to Scottish Government outlining this requirement.

Finally, while we welcome the move to support the North East and Moray through a Just Transition fund, there must be recognition that jobs in a range of energy and decarbonisation fields are required at scale and at pace across the whole of Scotland if the Scottish Government is going to meet its targets whilst supporting a just transition. There are already shortages of installers and skilled professionals in many areas and an assessment should be undertaken to identify where there are skills and knowledge gaps and how these should be addressed in a way that provides opportunities for all.

Chapter 3 – Energy supply Scaling up renewable energy

13. Do you agree the Scottish Government should set an ambition for solar deployment in Scotland? If so, what form should the ambition take, and what level should it be set at? Please explain your views.

Several of our members demonstrate examples of successful community led solar energy and storage projects, for example Edinburgh Community Solar Co-op, Greener Kirkcaldy, Glasgow Community Energy, Linlith-Go-Solar, and Sustaining Dunbar. Solar can provide a more accessible and manageable renewable energy option for communities to take advantage of, especially ground mounted in rural and island areas, as this can overcome a lack of supply chain skills or resource to roof-mount.

CES supports setting a target, as long as community owned solar is reflected within that target. Community owned solar delivery offers an opportunity for a broader range of communities to develop energy generating capacity, especially within urban communities. However, we would encourage support for all recognised renewable energy

technologies if the Scottish Government is to achieve its targets, with the decision for the most appropriate technology being made in a way that takes into account the local geography, context and community. Project financing to deliver this strategy should be open to communities who want to develop a range of technologies in a whole system approach and recognise the value and efficacies that presents due to variable generation and demand etc.

We look forward to engaging on the upcoming Solar Vision this year and on delivering further community owned solar energy projects.

14. In line with the growth ambitions set out in this Strategy, how can all the renewable energy sectors above maximise the economic and social benefits flowing to local communities?

Minimum requirements should be put in place as to which types of organisation can participate in shared ownership opportunities or receive and distribute community benefit funds. This will ensure that the funds generated are channelled towards local communities and do not exacerbate wealth inequality in local areas. We would welcome clarity on who is eligible for shared ownership so that Community Energy Scotland can strategically support those groups, and to ensure that monitoring and scrutiny of this target is consistent and meaningful.

In order to ensure that all eligible communities can take up shared ownership opportunities, regardless of local socio-economic factors, the Scottish Government should undertake work identifying financial mechanisms that support communities accessing shared ownership. This will ensure that genuine community organisations with a specific remit for distributing benefits where they are most needed are able to enter into shared ownership agreements with private developers.

In addition to community benefit funds and shared ownership opportunities, there are a variety of ways in which renewable energy sectors can maximise benefits flowing to local communities, including local procurement and recruitment. These offer significant opportunities for local economies and community wealth building in delivering the ambition outlined in the draft Energy Strategy and Just Transition Plan. In addition to commitments from renewable energy sectors, we also support the Stop Climate Chaos Coalition's call for an obligation on all statutory bodies to spend a minimum of 10% of their decarbonisation budgets via grassroots, locally based partners, thereby supporting the growth of local infrastructure and community-led solutions.

We would also highlight that many communities run activities and facilities that are a lifeline for the people living there, but that the costs of running these facilities is rising. Community groups must be recognised as users of energy in their own right, as well as being able to engage with households and businesses in their area. The role of community organisations in delivering services and benefits to local households and businesses should not be overlooked.

Currently, there is significant discrepancy in terms of the extent to which communities across Scotland are benefiting from the scale up of renewable energy and decarbonisation. Often those communities that are situated next to the majority of generation potential (e.g. rural communities next to onshore wind farms) disproportionately benefit, while urban communities and those in National Parks do not have the opportunity to engage with community energy at the same scale. National or regional mechanisms should be explored to address this geographic inequity.

27. What further government action is needed to drive energy efficiency and zero emissions heat deployment across Scotland?

We include heat and energy efficiency within our definition of community energy projects, please see our other responses.

Community Energy Scotland in partnership with other organisations have recently submitted a bid to carry out a Green Heat Hub project to scale up the rollout of heat pumps. We welcome further projects to scale up at pace the delivery of low carbon heat and we would strongly stress the potential for community groups and organisations to take ownership of these projects.

33. What role, if any, is there for communities and community energy in contributing to the delivery of the transport transition to net zero and, what action can the Scottish Government take to support this activity?

During this consultation process we have engaged with the Stop Climate Chaos Scotland coalition and contributed to their consultation response. The answer below reflects much of our contribution to that response.

All behaviour or modal change must be tackled on a local and community level in order to effect national and global change. Community groups know their own communities well, and community energy organisations are experts in community engagement and delivering community projects. The resulting trust and engagement creates community buy-in and local inspiration for low carbon and net zero transport options such as electric transport and active travel. Subsequently, successful community projects inspire other communities to create similar and sometimes more ambitious projects.

To demonstrate this, Community Energy Scotland is currently leading a project that brings together six communities in the south-west of Scotland to share ideas, share lessons learned and collaborate on projects. One community in this group has successfully secured funding and has begun construction on an ambitious path project and shared learnings with the other communities. This inspired three other communities to begin work on creating their own path projects to improve walking and cycling between neighbouring towns and improve walking access to school for local children and families. Another of the communities launched a successful E-bike project and this inspired a neighbouring community to raise funds for an E-Cargo bike - this funding was successful and the bike will be used by local groups and businesses to carry out local deliveries with lower delivery carbon emissions. This project came out of our Community Energy Futures programme previously mentioned in this consultation.

A remote island community we work with raised funds for an electric minibus and an EV charger that will directly benefit local vulnerable residents providing critical community transport. This will also overcome barriers to personal EV ownership on the island and will attract more tourists who drive EVs. The EV charger is powered by a wind turbine erected by the community group and funded from revenue from the turbine.

We would urge the Scottish Government to make access to funds for communities promoting active travel and sustainable transport; the finance to be used for engagement, capital and revenue projects, and pre planning project development that help identify the things that communities want. Communities subsequently able to realise these visions will share their knowledge and expertise with other communities. People and communities thrive when they are given the option to take ownership of projects that they believe in and which benefit their local community.

40. What additional action could the Scottish Government or UK Government take to support security of supply in a net zero energy system?

Community Energy Scotland advocates for local energy trading to create localised markets and support micro-grids and decentralisation of the energy market. Building in resilience through localised grids can add a diversity of supply, sale, and market for energy adding resilience and economic opportunity for communities. If enabled through legislation, local electricity trading must be delivered in an equitable and just manner. Amendments 272 and 273 in the Energy Bill and the Power for People campaign go some way towards enabling this.

We also wish to see this recognised at householder level wherein energy resilience and consumer agency would be increased. We welcome the recognition that Scotland must protect consumers from market shocks and the vulnerability posed by the current energy system, and would further stress that community ownership, local electricity markets, and domestic generation/storage capacity moves Scottish consumers towards being 'prosumers' rather than solely 'consumers'. Engagement within the energy system can also encourage consumers to match their energy demand to peaks and troughs in local energy generation. SMILE, a project carried out by CES with partners, was a successful example of this. The move towards community energy ownership not only contributes to wealth being kept

within local communities by reducing bills, but also contributes to decarbonisation and considerably reduces the vulnerability of the Scottish consumer in the energy market. More work can be done nationally to utilise community energy production and support infrastructure/regulation/systems which allow for increased local access to locally produced energy.

Further work is required to enable renewable generation during periods where parts of the Scottish grid are disconnected from the GB network to increase security of supply, and revenue for generators. The current Loss of Mains system, while needed for safety, causes problems to the remaining 'islanded' generators who are cut off from sale to the GB network/market. The loss of revenue which these curtailment events cause for community owned generation place already disadvantaged communities under increased financial pressure. We would strongly welcome further work to find a technical solution which allows renewable generation to export onto the network during outages and allows the safe running of the network, and its adoption into commercial agreements. Current contractual arrangements present a barrier to overcoming this issue and should be investigated further by the UK government.

Finally, we would stress that infrastructure and investment must future proof energy supply and systems rather than solely meeting current demand or needs case. The requirement to prove a needs case based on project viability/pipeline fails to acknowledge the energy resources (wind, wave, tidal, solar) which can be modelled. These modelled scenarios are used to determine national (Scottish and UK) climate/energy goals and will require energy projects in the next 10-30 years, therefore current infrastructure and grid developed should proactively enable these. The forthcoming HVDC cables to the Western Isles and Orkney, whilst recognised as a move to improve the current situation, are unfortunately examples of short-term thinking and planning on the regulator's part.

46. Is there any further action that we, or other organisations (please specify), can take to protect those on lower incomes or at risk of fuel poverty from any negative cost impact as a result of the net zero transition?

It is challenging to outline required action or to identify those most at risk given the strategy does not have an accompanying delivery plan or costings, including how different measures would be funded (and thereby impact on energy bills, incomes etc). To do so effectively would require information (which we appreciate will be forthcoming) on timeframes, costings, delivery, further engagement etc. We would have hoped to see more concrete information in any document that is published as a Plan.

We would further reiterate our previous emphasis on community organisations as those best placed to reach out to those in fuel poverty and to help tackle it within their local areas.

Likewise, the role of community facilities and the financial pressures they currently face should not be overlooked in tackling poverty and inequality in local communities. They often provide accessible or free local services to support vulnerable groups. The cost of living crisis and energy bill increases over the last 18 months have placed community facilities and the finances of the organising groups under intense pressure with no access to significant financial support.

49. What are your views on the draft Just Transition outcomes for the Energy Strategy and Just Transition Plan?

We strongly welcome the draft outcomes for Communities and Places detailed on page 172. We would add that engagement with communities on all aspects of energy, including demand reduction, energy efficiency, heat and transport is essential, not solely energy production and community benefits. We also stress again that communities across Scotland, not solely the North East & Moray, face serious risk of being left behind in the energy transition for the reasons previously noted, and a needs and gaps assessment of skills and opportunities should be undertaken across the whole of Scotland.

50. Do you have any views on appropriate indicators and relevant data sources to measure progress towards, and success of, these outcomes?

While as noted we strongly welcome the inclusion and focus on communities throughout much of the draft ESJTP, it is unclear how the benefits and value of community ownership will be recognised and differentiated from those of shared ownership and community benefit payments from private businesses.

Community ownership has a broad and impactful effect on communities who take forward their own energy projects. There are numerous examples across Scotland, such as in Knoydart – the case study of which we welcome in the draft - where revenue generated from an energy project has enabled the community to take forward its plans for increased housing, delivery of community services, ownership and operations of community spaces/assets/enterprises, local economic development, and many more initiatives.

Likewise, the Fishermen Three is a 7.5MW windfarm jointly developed by Berwickshire Housing Association and Community Energy Scotland. Construction began in 2016 and the wind farm began to operate in 2017. The Fishermen Three Windfarm has been meeting its aim of generating a long-term, sustainable income stream to support the core charitable activities of Berwickshire Housing Association and Community Energy Scotland.

Collectively community owned projects not only show a long history of community wealth building, but also clearly demonstrate provision of essential initiatives to combat rural and island depopulation. While we recognise that it is challenging for the Scottish Government to quantitatively track and monitor areas such as the counter-depopulation impact that community energy projects have, there needs to be a wider recognition and understanding of the widespread benefits that projects such as community owned renewable energy and community-initiated transport projects provide to local communities. The Scottish Government should support efforts in the sector and from academia to better understand these diverse socio-economic benefits, and directly support them. We would welcome further engagement on this topic.

Similarly, community energy projects bring together communities around common goals with a common vision for their local areas. Building social capital and community knowledge and skills, these projects provide not only the revenue returns but a long-lasting empowerment to the communities that take them forward.

Community Energy Scotland, in collaboration with Community Energy England and Community Energy Wales, have produced 'State of the Sector' reports² that bring together an overview of community owned energy across the UK with a section produced by us surveying our members to provide a detailed overview of the community energy sector in Scotland. This exercise allows us to provide up to date data for and to explore in depth the challenges facing, successes of, and impact of community energy and other decarbonisation projects. As with the Community Energy Futures programme this important exercise is challenging to fund given that most available funding streams are project focussed.

Finally, we would stress again our answer in question 1 concerning the 2GW community and locally owned energy target and the need to break it down and identify mechanisms to ensure the community owned share of this target increases. We would be interested to explore the setting of a specific community owned energy target together with the Scottish Government.

² State of the Sector: 2022 can be accessed at < <https://communityenergyscotland.org.uk/our-voice-posts/community-energy-state-of-the-sector-2022-report-read-it-now/>>

About You

59. What is your name?

- Kristopher Leask

60. What is your email address?

- Kristopher.leask@communityenergyscotland.org.uk

61. Are you responding as an individual or organisation?

- Organisation

62. What is your organisation?

- Community Energy Scotland

63. The Scottish Government would like your permission to publish your consultation response. Please indicate your publishing preference:

- Publish Response Only (without name)

64. We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

- Yes

65. I confirm that I have read the privacy policy and consent to the data I provide being used as set out in the policy.

- I consent