

Scottish Community Coalition on Energy Policy Priorities

The [Scottish Community Coalition on Energy](#) are seeking to secure a Fair Energy Deal for Scottish communities. This means maximising the positive impacts of the renewables revolution for Scotland's communities, by unlocking community-owned energy and putting Community Wealth Building principles at the heart of wider energy policy and economic transformation.

As member-led organisations, we base our policy recommendations on what our members tell us they need, to overcome barriers and unlock benefits for the climate, communities and local economies across the country. We have identified the following key policy asks for the UK and Scottish Governments:

Policy recommendations for the UK Government

- 1. Support community energy groups to build skills and capacity.** Scotland must receive its fair share of funding for community energy from the UK Government's Local Power Plan. We'd like to see increased, multi-year funding for development officers embedded in communities, to support groups across all aspects of community energy, particularly early stage project development and feasibility studies for new and repowered installations, and upskilling to be ready to engage fully with developers on shared ownership and community benefits opportunities.
- 2. Introduce a mechanism to provide long-term security of income** for community energy projects. This is crucial for building a business model and securing finance. There are different mechanisms to deliver this, which are being enacted in different contexts; these should be appraised before selecting one. One good option is a community energy export guarantee, with a long-term guaranteed floor price, negotiated and underwritten by government. Another option is a simplified Contract for Difference (CfD) for community energy, with a portion of the commercial CfD pot ringfenced for community energy. Either option would provide a more level playing field with developers who can access a stable price for their power over a guaranteed period.
- 3. Give community energy projects priority in the grid connection queue**, through **community energy designation** and/or a project-by-project derogation from certain requirements, like posting securities. Designation would require criteria to be added to the Connections Network Design Methodology (CNDM) for 'designating' community-owned energy and storage projects as 'needed' for the Strategic Spatial Energy Plan. Those community-owned projects could be included and prioritised within the reformed connections queue.
- 4. Require clean energy developers to provide community benefit funds.** It must also be mandatory for developers to meaningfully engage with the community about the benefit arrangement, and developers must be required to allow communities to control how the benefit payments are spent.

For further detail on these policies please see our papers:

- [Achieving 1GW community-owned energy](#)
- [Increasing uptake of Shared Ownership](#)
- [New standards for Community Benefits](#)
- [Proposal for a Scottish Community Wealth Fund](#)

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Policy recommendations for the Scottish Government

1. **Set a target of 1GW of 100% community-owned energy in Scotland by 2030.** There is currently about 100MW (0.1GW) of energy in community hands in Scotland. In order to meet UK and Scottish Government targets for community and locally-owned energy (8GW - UK and 2GW - Scotland¹), we need a step change in ambition, and a roadmap of policies, regulatory changes, finance and funding to unlock community energy. This should include continued capacity-building funding, making ownership a material consideration in planning, and the all of the policy recommendations below.
2. **Priority access to land for community energy.** All publicly-owned sites with potential for green energy development should be offered in the first instance to local communities – either as a lease or through existing community asset transfer processes. When public land is being leased for the first time, the public body should give first refusal to local community groups who wish to develop renewables on the land. When a privately-held lease to operate renewables on public land expires, the public body should give first refusal on the new lease to local community groups wishing to take over operation. These proposals would support the Community Asset Transfer process by requiring public bodies to alert communities to opportunities when they arise. Further, when deciding Community Right to Buy applications, Scottish Ministers should consider the public interest imperative of achieving 1GW of community-owned renewables.
3. **Repowering: reduce barriers and exploit opportunities.** Over the next 15 years, large numbers of both commercial and community-owned renewables across Scotland and the UK will need to be repowered. Community groups are facing steep barriers to repowering, and without change, we could lose a substantial amount of the community energy that currently exists. **The Scottish Government must help reduce the barriers for community groups to repower and exploit opportunities to shift the balance between private, municipal and community ownership.** This could be explored through a working group including stakeholders from the UK Government, Ofgem, NESO, Scottish Government, local authorities, community energy groups and developers.
4. **Scottish Government should review and update the [Good Practice Principles for Shared Ownership](#) (2019).** In cases where 100% community ownership is not viable, shared ownership between a developer and community can still provide positive impact. Scottish Government [set a target](#) for half of all new renewables to be in shared ownership, but only 0.2% of Scotland's wind power is in shared ownership. Improved community access to finance for Credible Shared Ownership will be key to increasing this figure.
5. **Set new benchmarks for community benefit and urge UK Government to mandate it.** Given the level of private profits being made, these arrangements should be fair, meaningful and enforceable. We recommend Government set an inflation-linked benchmark, which developers must meet or exceed. This should be set as a percentage of the project's gross revenue, with a minimum 'floor' which the local community would be guaranteed. The Scottish Government's good practice benchmark must be updated given that it has not increased in line with inflation or higher energy bills since 2010. Different benchmarks should be set for each technology, given differing levels of expected revenue, but risk and reward should be proportionate.
6. **Establish a Scottish Community Wealth Fund.** This could be done via the Community Wealth Building Bill or as a commitment for the next Parliamentary session. It would be akin to a sovereign wealth fund but with revenue ringfenced to support community acquisition of assets (land/buildings/renewables) that will create and sustain long-term community wealth across Scotland. This would NOT require Scottish Government upfront investment. It would grow over time with new benefit payments (additional to local community benefits) **raised from renewables and transmission developments** alongside ongoing contributions from democratic finance (e.g. community shares and bonds) and returns on Community Wealth Fund investment.

¹ Community energy currently makes up only 10% of what the Scottish Government calls '[community and locally-owned energy](#)'.