

Results of member survey on community ownership and community benefits



1st November 2013

When conducting the twice yearly Renewables Industry Confidence Survey¹, the REA took the opportunity to ask some additional questions on community ownership and community benefits. The issue is particularly topical at present given that DECC is publishing a Community Energy Strategy in December and the cross party support for greater community engagement in the development of renewables. The survey was open until the end of September 2013.

The questions, results and unattributed free text responses are given in the following pages.

Question 1

DECC is intending to publish a Community Energy strategy this autumn. The Energy and Climate Change Select Committee raised the possibility of the Government making it mandatory for developers to offer local residents an element of ownership / involvement in projects in its report on Local Energy. An extract is quoted below. Read the full report on <http://www.publications.parliament.uk/pa/cm201314/cmselect/cmenergy/180/180.pdf> and the extract below.

"There are strong indications that some level of local ownership can help to boost support and reduce opposition to energy infrastructure projects. If the evidence shows that local ownership does indeed improve acceptability, we recommend that the Government encourages the industry to offer a stake to local residents for all new developments or considers the option of making a community ownership offer mandatory for all new developments."

Do you agree that in general, local ownership is likely to boost support and/or reduce opposition to energy infrastructure projects? (NB After this, we ask your view as to whether a "stick" or a "carrot" approach is preferable.)

Response options	Response %	Response count
Strongly agree	10.4%	5
Agree	50.0%	24
I am ambivalent	14.6%	7
Disagree	20.8%	10
Strongly disagree	0.0%	0
I don't know	4.2%	2

¹ REA: 'The Renewables Industry Confidence Survey – Second Edition: Q3 2013', 31st October 2013. Available at: http://www.r-e-a.net/upload/publications_-_131031_rics_v2_final_report.pdf

Free text responses

- Carrots are always better than sticks, providing they work! If they do not work sometimes the stick becomes necessary for the greater good.
- Smaller scale on-site anaerobic digestion (AD) has a role to play at farm, business and community level and we need to make sure that this market is not decimated by Feed-in Tariff (FIT) depression.
- When Government can assist in a rational dialogue then local ownership may work, but currently the agenda is set by locals with a distinct political angle.
- It may work elsewhere in Europe, but that does not mean that it will here. Public mistrust of Government at all levels is such that it is simply seen as a bribe.
- It is expensive to set up and manage, favouring Enterprise Investment Scheme (EIS)-type developers. Smaller developers ought to be exempt, in other words there are practical problems with this re financial markets regulation, offering investments, managing investments etc. Wadebridge Renewable Energy Network (WREN) have some good ideas for how communities can be involved, through cooperatives, but the time it takes to get them running is not suitable for solar, maybe better for wind, which is more controversial most of the time, and more profitable.
- This is more appropriate for some technologies than others.
- It will likely have that narrow effect, but it will also have a chilling effect on the number and quality of new proposals, thereby overall potentially reducing the amount of built-out renewable and low-carbon energy.
- It depends entirely on the scheme and its location.
- In many cases, objections to energy infrastructure projects tend to be based on perception rather than economics - i.e. perceived disadvantages carry more weight even where there is a significant local economic benefit. I doubt that this will change even with a degree of local ownership.
- It would be so much more cost effective in creating meaningful sized cost effective systems than the current piecemeal method of planning & new build.
- Many people ask "what is in it for me?" or how will this affect my electricity bill? Some form of local ownership MAY reduce the opposition to schemes but this is only marginal and not sure that it will affect planning decision.
- It's about the benefits delivered to the community, not ownership. Part ownership of the special purpose vehicle (SPV) would deliver little to communities, except those able to invest. Better focus on delivering benefits than ownership.

Question 2

What would be your view of a proposal to make it MANDATORY for developers to offer local residents the option of ownership? Please tick the response that most closely corresponds with your opinion.

Response options	Response %	Response count
As community ownership is so low in the UK relative to other countries, it is a good idea to make the offer of community ownership mandatory.	10.9%	5
I am not in favour of this being made mandatory as it would not be appropriate for all developments and specifying where it should be mandatory or not plus the detailed implementation will add too much bureaucracy / administration.	52.2%	24
I am not in favour of this being made mandatory as good practice in gaining community acceptance is a competitive advantage and the market will reflect this and should be left to take its course. I therefore think Government should stay silent on this.	32.6%	15
I do not believe offering local ownership necessarily improves acceptability and I am therefore not in favour.	8.7%	4

Free text responses

- Onshore wind in the UK has developed a range of types of community benefit not provided by other development sectors. A range of options are available – from community funds and investment to discounted electricity – and these are applied as appropriate taking a number of considerations into account. This variety and flexibility is a strength of the sector. A quasi-judicial planning system should not incentivise one type of benefit over another.
- Anything like this needs to be trialled before becoming mandatory - the laws of unintended consequences can always produce undesired results.
- The law of unintended consequences will apply.
- I think that commercial developments and community developments should be kept separate to avoid confusion for residents on 'real' community ownership.
- There is some merit in the response about best practice and being good at consultation, but it is dwarfed by the practical problems of implementing this sort of policy.
- In principle, the Government should minimise its intervention. If community ownership is appropriate for a particular developer or locale, they should be free to pursue it, but not mandated.
- 'Community' is a fuzzy description that should include local authorities (Las) and landlords.
- I think this is largely unworkable, will alienate developers and reduce the roll out of renewable energy. This would be a VERY retrograde step.
- I think encouragement and possibly tax incentives or similar is better than mandating this.
- It should be up to the developer. In some cases it is not appropriate. For example, when there is no impact on neighbours or local communities.

Question 3

An alternative approach would be to offer an INCENTIVE to developers to offer community ownership (i.e. a carrot rather than stick approach). Again, tick the response that most closely corresponds with your opinion.

Response options	Response %	Response count
Because encouraging community ownership is so important, in my opinion it would be better for government to make it mandatory rather than to merely incentivise it.	8.7%	4
Because community ownership is so low in the UK relative to other countries, it is a good idea to encourage it, and incentivising it is preferable to making it mandatory.	32.6%	15
I am not in favour of an incentive to encourage developers to offer community ownership, because it would add to the complexity of renewable energy support schemes such as the RO, FIT, RHI etc.	23.9%	11
Whilst I believe offering local ownership does improve acceptability, I would not like to see a financial incentive for this. Good practice in gaining community acceptance is a competitive advantage and the market will reflect this and should be left to take its course. I therefore think Government should stay silent on this.	28.3%	13
I do not believe offering local ownership necessarily improves acceptability and I am therefore not in favour of an incentive to encourage it.	10.9%	5

Free text responses

- I'd like to see some examples of where it actually has worked.
- A general comment on this point is that I fear the level of Government involvement in projects is moving towards a micro-management level and industry will respond to developing local conditions on projects in any case. Some developers had anticipated this whole area as something that was just around the corner given the increasing maturity of the industry and this would or may be required to facilitate a positive approach and acceptance of the industry and specific projects. Government should keep out of this and leave it to industry to respond to developing local conditions and, as discussed above, leave this as a competitive advantage for different developers.
- See my comments above regarding confusion and 'muddying of the waters'.
- WREN has a good idea with cooperatives. They ought to see about getting support from Government directly. In fact I visited DECC with Dr Frankel. He did not make a success of explaining the future of his plans. This incentive and the issue of local ownership ought to be independent of renewable developers, as these cooperatives should be the parties that approach developers with projects that they have found, can part finance, and offer public support and local engagement for.
- As it is more relevant to some technologies it is not appropriate to push this on a broad basis. If developers want to improve engagement and local support they can do this.
- I would prefer the Government did not get involved. If the Government wants to spend taxpayers' money on developers so they can persuade taxpayers to allow the infrastructure that keeps their lights on to be created and maintained, the Government should consider spending the money instead on schools to teach the next generation of the importance of infrastructure. Failing this, I look forward to being paid by other developers for the inconvenience of having to live near their office/residential estate/supermarket/shopping mall/road.
- It would complicate the subsidy regime. In some cases it might be too much, in others too little. Just stick to a basic policy support for renewable energy and leave developers to decide how to structure their projects.

Question 4

There is a growing expectation that communities should benefit financially if they host energy infrastructure. There are now industry protocols for onshore wind and shale gas. What are your views?

Response options	Response %	Response count
It is helpful to have a protocol for the level expected for community payments based on £/MW, as onshore wind energy has. It should be introduced for some or all other renewables.	24.3%	9
It may be helpful for onshore wind but it is not relevant / necessary / desirable for other renewables.	35.1%	13
It is not helpful for onshore wind and it should not be introduced for any other technology. All community benefits should be negotiated on a case by case basis.	21.6%	8
I don't know / don't have a view.	16.2%	6
I don't agree with any of the above.	2.7%	1

Free text responses

- Government and/or sponsors have to make the case. If they cannot, money is no substitute. The public will need to stare further into the abyss of outages before accepting that energy, in some shape or form, is actually a necessity. The future may be in quick fix local solutions, and this is probably an opportunity.
- Along with a 'crib sheet' from REA showing what level of payments could be expected for each particular technology (at each particular scale).
- All projects are different, have variables, such as ecology (newts) or landownership issues. Wind generally is more profitable than solar, so ought to pay much more. It is also more controversial. The same with shale gas, so not all technologies should be loaded together in the same policy.
- I don't agree that community benefits are silver bullets to solve the 'not in my back yard' (nimby) problem that besets UK energy infrastructure. In some cases it can be helpful, but it can also set a dangerous precedent and could have the overall effect of reducing the upgrade and maintenance of that infrastructure on a national basis.
- Why do you and our leaders keep talking about wind power. This does not work and never will. The only thing that can now save us from the lights going out is WOOD ENERGY.
- If a case can't be made which carries sufficient weight in a local community, then the government should work harder to seek out the many alternatives which are available. Too often, the easy option is presented as the only option.
- A fixed scale of community tariffs at least has the merit of making the process more visible and feel less like a PR stunt by the developers. However, at £5,000/MW or less this is effectively doubling business rates particularly as councils try to wrestle control of these bonds from local groups. The industry is poor about shouting about the other benefits they bring with them.
- This approach of bribing communities is extremely short-term and not helpful to the long-term development of a sustainable sector (any sector). I am strongly opposed to it. It just adds to costs which we all pay. Far better to provide local ownership and encourage long-term interest in the projects.
- It will depend on the circumstances. Let developers decide what may be required. A range of precedent is likely to emerge.