Foundation Scotland

Achanelid Community Turbines Consultation

With its good wind resource, Argyll has attracted a number of wind energy projects and will continue to do so for the foreseeable future. The majority of these are in the hands of private companies, with a fraction of profit returning to local communities.

However, this consultation is about doing something different – The Achanelid Community Turbines will be built and owned by a community benefit society - a social enterprise run for the benefit of Argyll communities, with profits going to support local projects.

The proposal is for 5 turbines (up to 2 megawatts each) on the hilltop north of Achanelid Farm on the west side of Glendaruel, Cowal. The land is owned by a local farming family, and the development phase of the project is being funded and managed by Communities for Renewables CIC and Atlantic Energy.

What is meant by 'community-owned' and how much money might be raised?

Our proposal is that a community benefit society is set up to finance and own the turbines. A community benefit society is a type of co-operative that operates primarily for the benefit of the community rather than its members. The organisation would have an "asset lock" which means the surplus income must be used for community purposes. It would have an Argyll-wide purpose, with priority for communities local to the site.

Development and construction costs would be around £18million. People, community organisations and businesses would be able to buy shares in the organisation and subsequently receive interest on their investments. What cannot be raised from community shares would be raised from bank loans.

Everyone who owns shares has a single vote at Annual General Meetings and elects a Board of Directors to oversee the community benefit society, which would be professionally managed.

Commercial wind projects typically pay between £1,000 to £5,000 per megawatt installed as a community fund contribution, which is often only a few percent of profits. The community benefit society business model for the Achanelid Community Turbines means all of the surplus income (after operating and finance costs) generated by the turbines would go to the community. Whilst some uncertainty remains over the economics of the project, we expect it to generate a minimum community income of £100,000 per year, and around £10,000,000 over its 20 year life. In addition, local people and organisations who invest in the turbines will receive a good return.

Are other communities doing similar things?

Community owned co-ops are not new. Argyll had one of Scotland's first - the Appin Community Shop north of Oban. The communities on Mull, Ardnamurchan and Islay are already developing community hydro and wind schemes using a community benefit society model. Other Argyll communities, including Gigha and Tiree, have developed community wind turbines through local development trusts. Communities across Scotland are beginning to develop their own renewable energy projects, and the Government has a target for 500 megawatts of community owned renewable energy by 2020.

How does the community benefit? (PTO)

Foundation Scotland

How does the community benefit?

There are three ways in which Argyll communities would benefit:

- **Collective ownership through a share offer** that provides a fair rate of interest and a low minimum investment to enable as many local residents and organisations as possible to own shares;
- **All surplus income (after operating and finance costs) will be used to fund local community organisations and initiatives**. Each year the organisation would transfer these surpluses to an "Argyll Community Fund" which would be managed separately from the wind turbines.
- **Cheaper Energy Bills** We hope to develop *a local green energy supply arrangement* and to make funding available for further community energy, fuel poverty and energy efficiency initiatives. Part of the work over the next year is to see if local supply arrangements can be achieved – This has never been done before on this scale but the market for local supply arrangements is developing rapidly, and CfR is committed to making it happen.

So who is involved?

The project is being funded and managed by ***Communities for Renewables CIC*** (CfR) and ***Atlantic Energy***. CfR is a not-for-profit company helping communities across the UK to develop their own renewable energy projects. CfR is funding the development costs, and additional funding may be sought from the CARES and RIEF[i] community energy loan funds. Atlantic Energy is an independent renewable energy company owned by Charmian Larke, who has 20 years of experience in the sector and has been working on the site for several years. Once the project is built, CfR and Atlantic Energy will be paid a fee which recovers their investment and a fair profit. Neither of the development partners require ongoing ownership of the project and are committed to delivering it as 100% community owned.

The landowners live locally and graze sheep on the land. The landowners will be paid a fair lease income, and will also benefit from improved access.

Foundation Scotland is one of Scotland's largest charitable funders, and specialises in helping communities set up and manage community funds from renewable energy projects. We have been commissioned to coordinate conversations with local community representatives and regional organisations over the next four months. We want to find out if there is interest in the opportunities this project offers Argyll communities, and invite people and organisations to get actively involved.

If there is interest, and taking into account local perspectives, we will then gather views on the most appropriate structure (membership etc.) for the organisation that will own and manage the project. Our consultations will also collect views on the most appropriate governance and management arrangements for the surplus income generated – the Argyll 'Community Fund'.

James Hilder of the social enterprise An Roth Associates (working on behalf of Foundation Scotland) will be your local contact.

Why has this site been chosen?

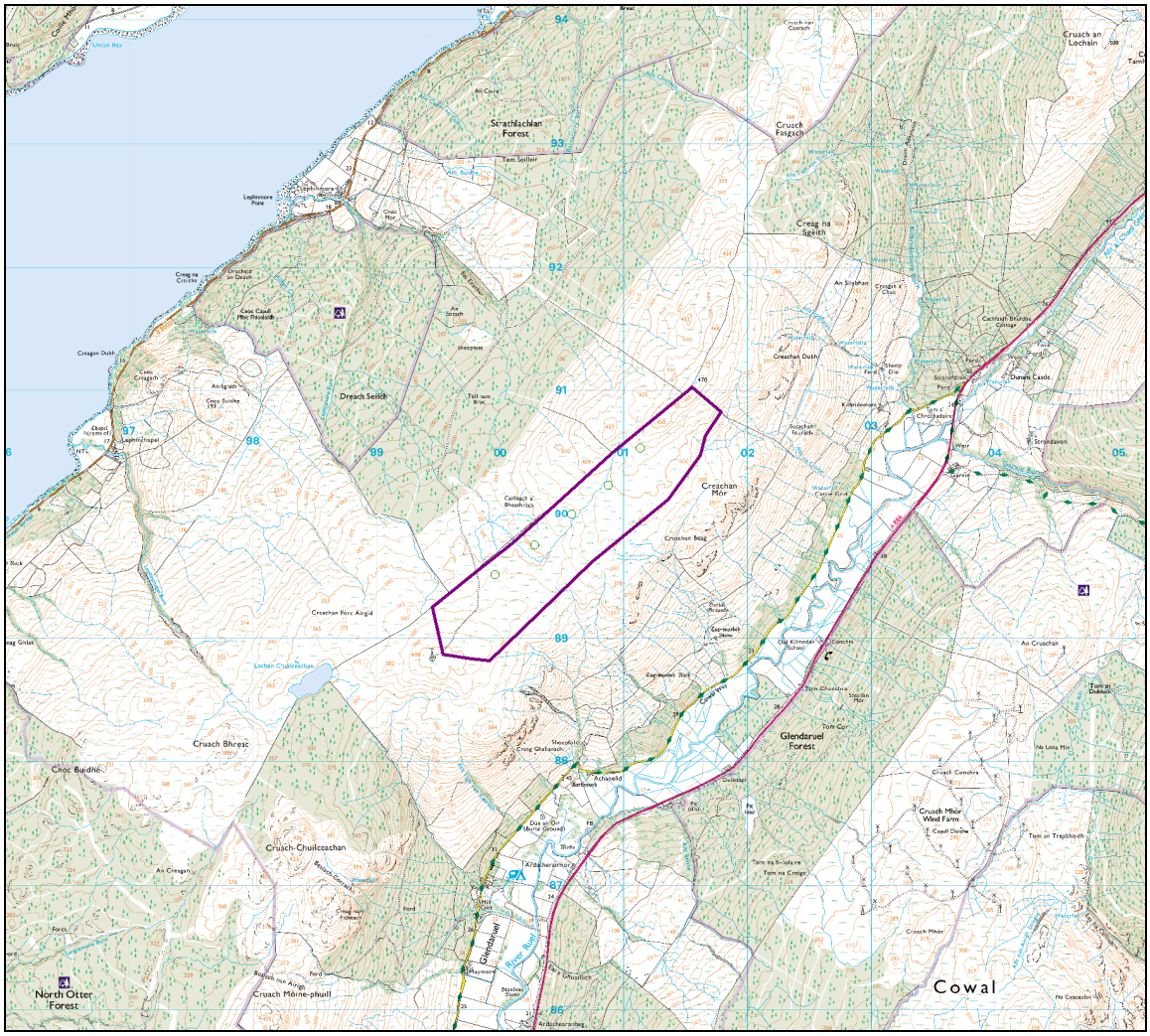
The hills around Cowal and Mid Argyll continue to be the subject of wind farm proposals because of the high wind speeds. We think that communities should be able to harness the value of their own renewable energy resources, and retain that value locally.

Foundation Scotland

Atlantic Energy has been carrying out feasibility work on the Achanelid site for some time, including three years of bird surveys which have identified no significant issues. Plans for habitat enhancement, including native woodland planting, are being incorporated into the project design.

The ridge where the turbines are being proposed runs northwest from Cailleach a Bheathrach to Creachan Mòr. It has reduced visibility from Loch Fyne and is well hidden from all but the south end of Glendaruel.

Map of Proposed Location of the Achanelid Community Turbines



So what are the next steps?

Having completed feasibility surveys and secured funding to develop the Achanelid Community Turbines as a community project, the time is right to gather views and offer the opportunity for people and organisations to get actively involved. This process will take place over the next four months and, we hope, lead to the establishment of the community benefit society that will own and operate the wind turbines.

We are calling this the '**Achanelid Conversation**'. The process will be open to individuals, community groups, social enterprises and others, both close to the Achanelid site and across Argyll & Bute. We will be available to present on the project to organisations and groups, and

then aim to move on to round table discussions involving those who are interested. Further plans for the 'Conversation' will be made available shortly.

Despite the amount of background feasibility and survey work done on the project, it is still at early stages and may not proceed at all if planning permission and a viable grid connection are not secured.

An application for grid connection has been submitted, with an offer expected in December. Technical feasibility studies have indicated that sufficient connection capacity should be available.

Preliminary meetings have been held with Argyll and Bute planning authority and CfR are now in the process of preparing the Screening and Scoping Request documentation, as the first formal stage of the planning process.

The aim is to submit a planning application early next year following consultation with local communities and statutory bodies, and incorporating feedback into the project design where appropriate. The target for commissioning is late 2016.

In summary:

- The Achanelid Community Turbines will generate income for communities in the immediate vicinity but because of the size of the project the aim is also to spread involvement across Argyll.
- The turbines will be financed and run through a community business model that maximises local and regional benefits through ownership, community income generation, and energy bill reduction.
- Through collaboration with the community we aim to achieve a balance between maximising the generating capacity of the development and minimizing environmental effects including ecology, landscape and visual effects for Glendaruel and Loch Fyne.
- Plans for habitat enhancement, including native woodland planting, have been developed, and we will be seeking views on further ideas to incorporate into the project design.

Contact details

Foundation Scotland - www.foundationscotland.org.uk

James Hilder – Consultation Co-ordinator - 07833 656361 – jamesh@foundationscotland.org.uk

Tom Black, Community Engagement Manager - 0131 524 0331 tom@foundationscotland.org.uk

Communities for Renewables – www.cfrcic.co.uk

Jake Burnyeat - Director - 0781 5014540 jakeburnyeat@cfrcic.co.uk

Atlantic Energy - Charmian Larke 01872 864488 Charmian@atlantic-energy.co.uk

To find out about Community Shares visit: www.communitysharesscotland.org.uk or www.communityshares.org.uk

[i] Scottish Government Community and Renewable Energy Scheme & Renewable Energy Investment Fund