Potential Funding
Empowering Communities Renewably
SMALLEST, CARES, WARES

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Community Renewables in Scotland

• Scottish Government set this as a component of its overall renewable energy strategy.
• Scottish Government and administration are fully committed to support the sector.
• Lots of money and support have been invested into Community Renewables across Scotland.
CARES

• New Support for Communities
  – Communities need certainty and confidence to take forward projects.
  – CARES (pre-planning) Loan Scheme will continue; budget of £23.5m over next 3 years.
  – CARES support will also include advice to communities on technical and financial issues, government structures and use of income from projects.
  – Plus in 2012-13 new £2m package of CARES support for capital build and to encourage innovative solutions to grid access.
  – In development: £103m Renewable Energy Investment Fund – communities a top priority.
• Solutions for Micro-generation that ALLow Energy Savings Technologies.
• Objective is to enable rural communities throughout the Northern Periphery region of Europe to access micro renewable energy solutions.
• Working across all nine partner regions.
SMALLEST - Outcomes

• It is looking to deliver policy engagement and change at a regional, national and transnational level, which in turn will assist communities.

• A proven model for future adoption showing how to embed renewable energy in the smallest rural communities throughout the region.

• A contribution to a carbon-free, self sustaining rural economy for the long term.
Success or otherwise?

- Have SMALLEST and the CARES programme been a success?
- To a degree.....
- Identifies a series of blockages in the process
- Detailed understanding of what the problems are
- Possible solution?
Challenges faced by communities

• Changes in policy cause uncertainty across the sector.
• No legal status in communities
• No real decision making process in place
• Communities tend to be risk averse – often have charitable status so must abide by charitable laws.
• Policy changes lead to disparity between communities.
  – Grants and FITS
  – FIT rates
Challenges - continued

- Grid connection difficulties:
  - National grid is privately owned so connection charges must be calculated on a commercial basis.
  - Communities in areas of weak grid infrastructure must find additional funding.
  - Publically owned national grid could allow for geographical compensation

- Planning Issues:
  - Planning guidelines need more emphasis on socio-economic benefits for community application.
Positive effects of FIT and RHI

• Creates opportunities for community energy projects.
• Can provide long term financial stability.
• Opportunities for communities to up-skill.
• Can be a big step towards becoming carbon neutral.
• Generates interest.
Financial challenges

• Limited sources of finance – communities usually require unsecured loan.
• Cost of capital is high and often in the form of debt.
• Economics of scale not possible.
• Can’t always pick the best sites so not able to maximize returns.
• Long term ongoing public subsidy is not an option
Financial challenges- continued

• Grants for renewable energy have largely stopped, since the onset of FIT and RHI.
• This is to prevent ‘double funding’ projects.
• Loan funding is aimed at medium to large scale projects.
• Big decrease in the number of community micro generation projects.
• Uncertainty makes projects non-bankable in many instances.
A new way forward?

• Ask the communities what they want or are prepared to do is a start.
• Looking at utilizing existing private sector assets in a different way?
• Link them into community assets.
• Unlock unused renewable energy resource within private sector.
• Established PPPs with communities who adjoin each of the private sector sites.
• WARES – seeking communities within HIE region to participate.
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