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A comparison of the financial benefits arising from private and community owned wind farms

Version 4

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1 DEFINTIONS

Table 1.1 Table of definitions

Term	Definition
Community owned wind farm	The community itself has taken on the development, construction, operation and decommissioning of the wind farm and, therefore, takes full responsibility for the full life cycle of the project.
Community benefit payment	This is a monetary gesture made by commercial developers which is typically made to the local community in which their project is sited or near to. It is paid on a £ per MW of installed capacity. It does not form part of the planning process.
Donations	In the context of community owned wind farms, transfers of money from the trading subsidiary and the parent company which is usually a charity.
Industry standard community benefit payment	£5,000 per MW per annum (index linked) (Scottish Government, 2018).
Net revenue	Is the profit available after all expenses are paid as well as the tax due on those profits.
O&M	Operation and maintenance.
OEM	Original equipment manufacturer.
Private wind farm	Wind farms which are operated on a commercial basis and their main purposes is to ensure a financial return to their shareholders. Private wind farms usually make community benefit payments or offer the community the opportunity to buy into the project alongside other investors.

2 INTRODUCTION

Aquatera was commissioned by the Point and Sandwick Development Trust (PSDT) to provide a high-level economic comparison between the financial return associated with community owned wind turbines and private wind farms in Scotland, together with case studies.

It is well established that local ownership is much more beneficial to communities as opposed to hosting a private wind farm due to the corresponding local and collective benefits (Waal, 2020). However, the purpose of this Report is to highlight through case studies, where possible, the degree local communities stand to benefit (on a £/MW per annum basis) in comparison to a community hosting a private wind farm.

The Report sets out:

- Context, assumptions and exclusions;
- Data gaps and uncertainties;
- Private wind farms and community benefit payments;
    - Case studies will focus on the community benefits paid by the following private wind farms:
        - Ben Aketil
        - Edinbane
        - Spurness
        - Allt Dearg
- Community owned wind farms and the funds available for reinvestment into the local economy;
    - Case studies will focus on the funds available for reinvestment in the local economy from the following community owned wind farms:
        - Tiree
        - Westray
- Comparison
- Summary

Please note that the information contained within this Report was correct as of 15 June 2020.

3 CONTEXT, ASSUMPTIONS AND EXCLUSIONS

3.1 CONTEXT

Private wind farms

The industry standard in respect of community benefit payments by private wind farm developers is £5,000 per installed MW of installed capacity which is index linked (Scottish Government, 2018). This figure will, therefore, be used for the purposes of the comparison with community owned wind farms. It is a recognised industry standard and, as a result, makes for a strong comparator across the onshore wind industry. Furthermore, the largest community owned wind farm in the UK is only 9MW in size and, therefore, analysis on a £ per installed MW per annum basis ensures that the increased capacity and, therefore, total community benefit payable from a privately owned wind farm is represented on a comparative basis. For further details on how the industry arrived at this figure together with good practice principles related to community benefits please see section 4.2.

Some private developers have also provided opportunities for locals (both individually and through cooperatives) to invest in their developments in addition to the standard community benefit payment. For example, a private developer in Orkney has recently put forward shared ownership models which would provide the local population with the opportunity to buy into at least 10% of the proposed development, a community benefit payment of £5,000 per installed MW per annum and a contribution of £1,000 per installed MW per annum for the purposes of tackling fuel poverty (Hoolan Energy, 2019). It is outwith the scope of this Report to capture all ownership models that include an element of community buy-in, but where possible the economic benefit related to the community buy-in has been taken into account for the purposes of the comparison i.e. the Allt Dearg Wind Farm in 4.3.5 and Spurness Wind Farm detailed in section 4.3.4.

Community owned wind farms

The focus of data collection in respect of the historical financial performance of community owned wind farms and the subsequent benefit to the local community, has been derived from the accounts lodged by the trading subsidiary and/or the accounts lodged by the parent company on Companies House.

The data collected, in order to undertake a more accurate comparison, focused on the donations made by the trading subsidiary to the parent company on an annual basis. This approach ensures that the actual funds made available to the parent company, typically a development trust, are taken into account as opposed to the net revenue of the trading subsidiary. This is because the trading subsidiaries may retain some of the net revenue in order to ensure sufficient reserves are in place for unexpected operation and maintenance (O&M) costs and decommissioning costs. The annual donations were, where possible, averaged out over the period the wind farm has been operational and then converted into a £ per installed MW per annum. This, therefore, allows for the donations made by the trading subsidiary to its parent company to be compared with the industry standard community benefit payment on an annual average basis.

It should also be noted that the Scottish Government had a target of 1GW of community and local energy by 2020 – there is currently 730.65MW of community and local energy installed so this target has been missed by approximately 27% (Local Energy Scotland, 2021). It should, however, be noted that this target was originally 500MW and increased to 1GW when it was exceeded. In terms of longer term local energy policy, the Scottish Government has set a target of 2GW of community and local energy by 2030 (Scottish Government, 2021). The Scottish Government is approximately 37% towards this 2GW target but there has only been a 4% increase in community and local energy in the last three years (Energy Saving Trust, 2017). If this pattern continues, then it is unlikely that the 2030 target will be met.

3.2 ASSUMPTIONS

The following assumptions have been made for the purposes of this Report:

- The industry standard community benefit payment is an accurate reflection of the community benefit payment currently paid by wind developers in Scotland. This is supported by the data collated by Local Energy Scotland over the last 36 months which indicates that private renewable energy projects in Scotland have contributed, on average, approximately £4,834 per installed MW per annum (Local Energy Scotland, 2020)[1]; and
- With regard to the Udny Wind Farm, the donations between 2014/2015 to 2018/2019 are considered to be representative of its financial performance as the donations between years 2011/2012 and 2013/2014 do not itemise the level of donations made from the subsidiary to the parent company. It is acknowledged that this will not, however, take into account the reduced level of donations typically experienced in the first few years of operations as the funds generated by the wind turbine are used to pay back the finance used to construct the wind farm.

3.3 EXCLUSIONS

Community benefit structures

It is outwith the scope of this Report to consider all of the ways in which renewable energy developers (both private and community) have structured their community benefits. However, some of the case studies within the Report will consider community benefit payments, community buy-in and wholly community owned projects.

Project finance

The way in which wind farm projects are financed (in respect of both private wind farms and community owned wind farms) is not analysed within this Report but it is acknowledged, particularly in terms of community owned wind farms, that it can have a significant impact on the level of net revenue available and, as a result, donations to the parent company.

For example, some community owned wind farms benefit from capital grants that do not have to be paid back. If a significant proportion of the capital expenditure associated with a project is paid off via a grant then this will significantly increase the level of net revenue available for redistribution into the community as the volume of finance required is reduced.

It is also acknowledged, but not considered any further in this Report, that community owned wind projects can access low finance which some private wind projects may not be able to. However, this is not considered a key differential as large commercial organisations have numerous ways to develop projects on the basis of relatively low levels of finance.

Future performance of community owned wind farms

This form of analysis does not look at future performance and, as a result, will not give a complete picture of the financial performance of community owned wind farms. This is of key importance as community owned wind farms will have the ability to return substantially more net revenue to the local community once the finance used to construct the wind farm has been paid off.

[1] This is the average community benefits per installed MW committed from commissioned projects in the last 3 years. Please note this is not an exhaustive list as it is contingent on the developer providing information to Local Energy Scotland. For full details on how this figure is calculated please see https://www.localenergy.scot/projects-and-case-studies/searchable-register-of-community-benefits/.

Subsidy regimes

The onshore wind energy industry has benefitted from several subsidy regimes over the years that include Renewable Obligation Certificates (ROCs), Feed in Tariffs (FiTs) and, more recently, Contracts for Difference (CfDs) and Smart Export Guarantees.

It is acknowledged that the differences between the subsidy regimes do have an impact on the net revenue available for reinvestment into the local community by community owned wind farms) as a more favourable subsidy regime will result in more net revenue. However, these differences between the regimes do not form part of the comparative analysis within this Report as the standard level of community benefit payable by privately owned wind farms (i.e. £5,000 per installed MW per annum) is not contingent on a particular subsidy regime.

Capacity

Community owned wind farms are typically much smaller in terms of installed capacity than their private counterparts. For example, Beinn Ghrideag, is the UK's largest community owned wind farm at 9MW installed capacity. For context, the largest private onshore wind farm in the UK is Whitelee which has a capacity of 539MW. However, community owned wind farms as large as 50MW have been submitted for planning (CnES, 2019) which highlights that some communities aspire to larger projects that could potentially challenge their private counterparts in terms of capacity.

Wider socioeconomic benefits

The development, installation, O&M and the decommissioning of onshore wind farms (regardless of their ownership structure) bring with them wider socioeconomic benefits to the communities in which they are hosted. These benefits can be directly related to the wind farm (i.e. O&M jobs) or indirect benefits like increased opportunities in the supply chain associated with the wind farm (i.e. the provision of food and accommodation for construction workers) or induced benefits (i.e. the salary spend on goods and services by O&M employees). These wider socioeconomic benefits are, potentially, substantial but do not form part of the analysis contained within this Report as they are considered to be essentially the same regardless of the ownership structure of the wind farm.

4 PRIVATE WIND FARMS AND COMMUNITY BENEFIT PAYMENTS

4.1 INTRODUCTION

One of the items on the list of expenses associated with a private wind farm is a community benefit payment. These benefits are well established and typically paid on the basis of per MW of installed capacity per annum and are index linked for the lifetime of the project (typically 20 to 25 years). The definition of these payments is somewhat obscure as they are not designed to be compensatory in nature, they are a voluntary arrangement and are not a material consideration in a planning application (Scottish Government, 2019).

It is recognised that these payments can be a valuable source of income for communities located near renewable developments (Scottish Government, 2017) and, over the last 12 months, the total benefits paid to all communities across Scotland is over £20 million[2] (Local Energy Scotland, 2020). Indeed, if all private wind farms paid the industry standard, the total benefits would be over £40 million.

4.2 COMMUNITY BENEFITS: DEVELOPMENT AND INDUSTRY GOOD PRACTICE

Community benefit payments have developed significantly over the last 30 years. Originally, they focused on one-off funded projects but as the development of the onshore industry gathered pace local authorities began to request annual payments that were linked to the installed capacity (Kerr, et al., 2017). For example, in 2004 the Argyll and Bute Council sought voluntary contributions from onshore wind developers of £2,000 per installed MW per annum (Argyll and Bute Council, 2015). However, by 2011 The Highland Council put in place a policy on Community Benefit which requested £5,000 per installed MW per annum that will appreciate in line with the UK Retail Price Index (The Highland Council, 2013). This increase was almost certainly pushed forward by local authorities in a bid to make the relationship between highly profitable wind farms and the communities in which they were sited more equitable.

This figure of £5,000 per MW per annum was quickly adopted as an industry standard and, in 2014, the Scottish Government published Good Practice Principles for Community Benefits from Onshore Renewable Energy Developments (Scottish Government, 2018) which promoted community benefit payments at the level adopted by The Highland Council.

This guidance was subsequently updated following a consultation in 2018. It now places a greater focus on the lasting legacy renewable energy projects can have on local communities (Scottish Government, 2019). The guidance covers a range of key principles that developers should take into account with regard to the formulation of their community benefits package. These include (but are not limited to):

- Lasting legacy;
- Trust and transparency;
- Flexible approach;
- Develop a Community Action Plan;
- Decisions best led locally; and
- Fair process between renewable industry and community.

[2] Please note that this figure is made up of all renewable energy projects that make a community benefit payment and is not limited to onshore wind (although it will be the predominate contributor) and this figure does not include income derived from wholly owned community project income.

The guidance acknowledges that renewable energy developers may adopt a flexible approach to community benefit packages but it still promotes, as did the 2014 edition, community benefits of the value equivalent to £5,000 per installed MW per annum which is index linked for the operational lifetime of the project (Scottish Government, 2019). It is, therefore, appropriate to consider this figure as the basis of comparison against the community benefits associated with wholly community owned wind farms. However, it is important to consider the community benefits associated with private wind farms, via case studies, so that a more holistic comparison can take place.

With regard to the case studies in this section of the Report, the level of community benefit payment has been taken from information available from the relevant companies' websites, the websites of relevant community organisations and the accounts of relevant community organisations (in terms of community buy-in and revenue sharing),

4.3 CASE STUDIES

4.3.1 Introduction

This section of the Report will analyse four private wind farms, so that a better understanding of how community benefits have operated historically can be presented. The case studies will provide details on the following topics:

- Background;
- Location;
- Local overview;
- Estimated lifetime financial performance;
- How does the community benefit?;
- How the community benefit payments are allocated; and
- Allocation of community benefit payments to date.

The developments have been selected in order to give an objective overview of how private wind farms provide benefits to the communities they operate in i.e. community benefit payments and/or community buy-in schemes. Case studies include island and mainland based wind farms in Scotland that range between 10 and 40MW.

4.3.2 Ben Aketil

Background

For background information on Ben Aketil, please see Table 4.1.

Table 4.1 Ben Aketil Wind Farm (Falck Renewables, 2016)

Phase	Capacity (MW)	No. Turbines	Commission Date	Subsidy Regime
1	23	10	2007	ROCs
2	4.6	2	2010	ROCs

Owner

Ben Aketil Wind Energy Limited (BAWEL) (a private limited company) is the owner of the Ben Akteil Wind Farm.

Location

The Ben Aketil Wind Farm is located approximately 18km west of the town of Portree on the Isle of Skye. The majority of the development is on the MacLeod Estate and Coishletter Estate on the northwest of the Isle of Skye. This land is crofted by the Feorlig Crofting Community (Energy4All, No date).

Local overview

Dunvegan is a key service and employment centre for northwest Skye with a population of approximately 214. The village is a popular tourist destination with the main attraction being the coastal walks, wildlife and the main feature, Dunvegan Castle (The Highland Council, 2019).

As with many island communities, the Isle of Skye and, specifically, Dunvegan village has an ageing population with many younger people leaving to find more varied employment and further education opportunities (The Highland Council, 2014).

Estimated lifetime financial performance

Based on an estimate from the 2019 registered accounts, the last two years net revenue was, on average, at approximately £3.5 million per annum (average) (Ben Aketil Wind Energy Limited, 2019). If this figure is used as an annual estimate, the 25 year lifetime profit expected from the development will be circa. £87.5 million. This is, however, a conservative estimate because it does not take into account the increased level of net revenue available once the loans used to build the wind farm are paid off.

How does the community benefit?

The community benefits in two ways:

- The first, is through a community benefit payment whereby BAWEL pays more than £45,000 per year (Falck Renewables, 2016) into the Dunvegan Community Trust (a locally managed community fund, which is used to support local community initiatives in education; environmental improvements; energy conservation and community facilities in the Dunvegan area of Skye). The value of this community benefit payment is approximately £1,630 per installed MW per annum; and
- In addition to the community benefit payment, members of the local community set up the Isle of Skye Renewables Co-operative Ltd (The Co-Operative) in order to purchase a stake in the wind farm - the second scheme of its kind in Scotland. The Co-Operative bought a share in the wind farm from Falck Renewables and in turn, local people joined the Co-Operative, with each individual member buying shares worth between £250 and £20,000. Profits from the sale of the electricity produced by the wind farm are distributed to members through an annual dividend. The initial 570 members of the Co-Operative collectively invested over £812,000 (Falck Renewables, 2016). It has not, however, been possible to locate financial data in respect of the profits distributed to The Co-Operative.

How the community benefit payments are allocated

With regard to the community benefit payments made to the Dunvegan Community Trust, which manages the applications and allocations of funds, projects must be located within the Dunvegan area (as defined by Dunvegan Community Trust Constitution) or benefit the residents of the Dunvegan area and must meet at least one of the objectives of the Dunvegan Community Trust as set out in the Constitution (Dunvegan Community Trust, 2009).

- Small grants (up to £500) will have to be evidenced by receipts and accounts.

- Larger grants (£500+) will require a comprehensive report on spending, along with evidence of spend via receipts and accounts.
- Grants that are over £1,000 - 10% of the grant will be retained until the final report is submitted to the Trust (Dunvegan Community Trust, No Date).

All grants will have to be spent within a year unless there were unforeseen problems which has delayed the project.

The Employment Development Grant is for individuals who earn under £12,000 p/a (gross) and wish to achieve a qualification, certificate of competence or specific work experience in their chosen career, in order to improve their employment opportunities. Grants of up to £500 per individual are available.

Charity grants are available island wide but only if those projects benefit the residents of Dunvegan. The maximum funding per project is £500 (Dunvegan Community Trust, No Date).

Allocation of community benefit payments to date

The total value of grants awarded by the DCT stands, at December 2019, just over £250,000 (Dunvegan Community Trust, 2019). There is a full breakdown of all community donations from Ben Aketil Wind Energy Ltd to the Dunvegan Community Trust on the community trust website (Dunvegan Community Trust, 2019).

The majority of funds have been allocated to community group support such as local youth club activities, local sports teams and community outreach programmes. In addition, there has been funding for local individuals in order to do international outreach programmes such as teaching and engineering projects in developing international communities. Local facility upgrades and the enhancement of safety equipment for health centres and emergency services has also been funded.

Table 4.2 Donations by BAWEL to DCT[3] and the subsequent allocation of awards by DCT from 2009 to 2019 (Dunvegan Community Trust, 2019)

Year	No. of Awards	Donations by BAWE (£)	Grants awarded by the DCT
2019	5	56,000	£5,130 for resident training contribution; community group expenses; and safety equipment
2018	3	56,000	£6,268 for community development report; community space maintenance; and community group expenses
2017	11	55,000	£102,100 for community space repair and upgrades; community group expenses; school activities; resident training contributions; and community council grant
2016	5	49,000	£6,600 for youth group trip; resident development and training contribution; and community council grant
2015	11	52,000	£25,428 for resident training contribution; community club expenses; charitable donation; community space upgrades and maintenance; community transport costs; and community council grant

[3] Taken from BAWE's accounts from 2009 to 2019 which can be found at https://find-and-update.company-information.service.gov.uk/company/SC254421/filing-history

Year	No. of Awards	Donations by BAWE (£)	Grants awarded by the DCT
2014	7	50,000	£16,750 for resident training contribution; community space upgrades; local project donations; community response vehicle and community council grant
2013	7	50,000	£40,333 for community transport; school activities; community asset maintenance; medical equipment; website upgrades; and community council grant
2012	5	49,000	£15,031 for community development feasibility study; resident training contribution; community council development grant; and school trip
2011	9	49,000	£12,970 for school trips and equipment, community group activities and community space maintenance and health and safety upgrades
2010	5	33,000	£3,443 for community sports equipment and community activities
2009	8	27,000	22,185 for youth trip; community building upgrades and maintenance; health and safety equipment; school website and community events
Total		**526,000**	

4.3.3 Edinbane

Background

For background information on Edinbane see Table 4.3.

Table 4.3 Edinbane Wind Farm (Vattenfall, 2020)

Phase	Capacity (MW)	No. Turbines	Commission Date	Subsidy Regime
1	41.1	18	2010	ROCs

Owner

Vattenfall Wind Power Limited (a private limited company) is the owner of the Edinbane Wind Farm.

Location

Edinbane Wind Farm is located on sloping heather moorland between Ben Sca and a ridge linking Beinn a' Chearcaill, Cruachan Beinn a' Chearcaill and Cruachan-Glen Vic Askill in the NW of the Isle of Skye, 6 miles (10km) east of Dunvegan.

The Edinbane Wind Farm is situated between the villages of Edinbane and Struan, therefore both are provided with community benefit payment.

Local overview

Edinbane and Struan are rural communities which are found on the route between Portree and Dunvegan (IsleofSkye.com, No Date). There is a large farming economy with many crofters and areas of community grazing (The Highland Council, 2019).

The population of Edinbane is increasing and it is one of the few remote west coast rural areas to maintain a sizable population of children and a balanced age structure more similar to Scotland as a whole. In fact, it is seen as much more of a balanced Ward than others on Skye (Bowditch, 2015).

Estimated lifetime financial performance

No information available.

How does the community benefit?

Both the Edinbane Community Company (ECC) and the Struan Community Trust (SCT) (the organisations set up to administer the respective community funds) entered into a Community Benefits Agreement with Vattenfall which stipulated that the community benefit payment would be £2,000 per installed MW per annum index linked (Vattenfall, Edinbane Community Company and Struan Community Trust, 2010). It is, therefore, estimated that the Edinbane and Struan communities will receive a total of approximately £2 million over the 25 year lifespan of the project.

How the community benefit payments are allocated

ECC administer their funds via four categories:

- Grant - no set allocation per application, however grants must fulfil the criteria set out in the guidance and prove beneficial to the community as a whole by either enhancing the community space; activities; contribute to health and safety; or be used for community use equipment.
- Small Grant - maximum grant for each application is £1,000. Project applications must prove beneficial or added benefit/enhancement to the community as a whole.
- Educational Grant- discretionary funding contributions for formal tertiary education, there is no set allocation per applicant.
- Apprenticeship scheme, contributions typically paid out at national minimum wage over a 22 week period for 1 year; 14 weeks for 2 years or 8 weeks for 3 years; or up to a total value of £9,000 over 3 years.

Each has a separate application process and form (Edinbane Community Company Ltd, 2019).

Struan Community Trust has two application processes:

- A group proposal – no set allocation per application, however grants of up to £250 can be applied for and granted throughout the year, outwith the quarterly meeting reviews. Grants are typically for local proposals and local residents, although where the proposal benefits the local community but the applicant may not be based within the village or Struan community, the application may be granted; and
- An individual proposal – no set allocation per application, individual applicants must reside within the Struan community area and provide character references along with the application. Grants may be used to contribute towards education and training opportunities, set up or equipment for community events or activities or to alleviate poverty or hardship due to illness.

The guidance for both criteria is located on the SCT website (Struan Community Trust, 2015).

Allocation of community benefit payments to date

The ECC and SCT manage the applications and allocation of the respective funds donated by Vattenfall. Funds are used to support community group activities, sports teams, youth groups, education and community assets maintenance and enhancement. For a full breakdown of the community benefit payments received by the ECC and SCT please see Table 4.4 and Table 4.5 respectively.

Table 4.4 Donations by Vattenfall to ECC and the subsequent allocation of awards by ECC from 2010 to 2019[4]

Year	No. of Awards	Donations by Vattenfall (£)	Grants awarded by ECC
2018/2019	12	63,522	7 training and education grants; first aid equipment; school trip; community event; community group employment support; community maintenance. Total grants paid out £26,767
2017/2018	16	61,485	9 training and educational grants; employment support; community events; youth trips; and community maintenance. Total grants paid out £20,203
2016/2017	13	59,312	First aid equipment; community group equipment; 7 training and education grants; school trip; community events and community maintenance. Total grants paid out £34,329
2015/2016	13	58,497	9 training grants; community events; school trip; community equipment; community maintenance. Total grants paid out £17,174
2014/2015	14	57,909	8 school and educational trips; community events; community upgrades and maintenance; 4 grants. Total grants paid out £37,054
2013/2014	12	56,574	4 grants; community park project; community maintenance, youth group equipment. Total grants paid out £88,205
2012/2013	12	54,877	Community maintenance and upgrades; school trips; youth training projects funded. Total grants paid out £30,409
2011/2012	6	54,625	First aid equipment; community maintenance and events and school projects funded. Total grants paid out £10,015
2010/2011	3	101,426	3 projects funded, all school programmes and company admin costs. Total grants paid out £3,508
Total		**568,227**	

[4] Taken from ECC Annual Accounts from 2011 to 2019 which can be found at http://www.edinbanecommunitycompany.org/annual-accounts.htm

Table 4.5 Donations by Vattenfall to SCT and the subsequent allocation of awards by SCT from 2010 to 2019[5]

Year	No. of Awards	Donations by Vattenfall (£)	Grants awarded by SCT
2018/2019	Not available	Not available	Not available
2017/2018	15	39,127	Community group equipment and costs; school trips; youth group costs; educational and training grants. Total grants paid out £52,917
2016/2017	9	37,744	Community group equipment and costs; school trips; youth group costs; educational and training grants. Total grants paid out £10,624
2015/2016	16	37,226	Community group equipment and costs; school trips; youth group costs; educational and training grants. Total grants paid out £29,929
2014/2015	13	36,851	Community group equipment and costs; school trips; youth group costs; educational and training grants. Total grants paid out £51,736
2013/2014	11	36,000	Community group equipment and costs; school trips; youth group costs; educational and training grants. Total grants paid out £15,057
2012/2013	14	34,922	Community group equipment and costs; school trips; youth group costs. Total grants paid out £29,788
2011/2012	9	33,870	Community group equipment and costs; school trips; youth group costs; educational and training grants. Total grants paid out £8,385
2010/2011	9	33,870	Community group equipment and costs; school trips; youth group costs; educational and training grants. Total grants paid out £12,900
Total		**289,610**	

4.3.4 Spurness

Background

For background information on Spurness see Table 4.6.

Table 4.6 Spurness Wind Farm (The Wind Power, 2020)

Phase	Capacity (MW)	No. Turbines	Commission Date	Subsidy Regime
1	8.25	3	2005	ROCs
2 (repowering)	10	5	2012	ROCs

Owner

SSE Renewables (UK) Ltd is the owner of the Spurness Wind Farm but Sanday Renewables Community Interest Company (SRCIC) contributed to 10% of the capital costs.

[5] Taken from SCT AGM minutes from 2011 to 2019 which can be found at http://www.struancommunity.co.uk/struan-community-trust/agm-minutes-2/

Location

Spurness Wind Farm is located on the southern tip of Sanday near Stove. Sanday is one of the northern most islands within the Orkney archipelago.

Local overview

Sanday has a small but active community. The current population is estimated at just under 500, with the majority of the working age population involved in agriculture, which accounts for 27% of the economically active population; education, health and social welfare provide employment for a further 27%; and accommodation and food service activities provide employment for just 9%. Just under 27% of the population is retired (Sanday Development Trust, 2016).

The island sustains a junior high community school with around 60 pupils, two shops, two haulage firms, two sub post offices, two hotels/pubs, a hostel, a range of other tourist accommodation and a small craft industry. The community is served by the fire brigade, coastguard service, an on-island doctor and two nurses, as well as a team of first responders. It is the aspiration that Sandy can attract new employment options for the younger generation and diversify to keep the community strong and economically viable (Sanday Development Trust, 2016).

Estimated lifetime financial performance

There is no financial performance data available from SSE. However, the Sanday Development Trust benefits from a revenue sharing agreement with SSE via its wholly owned trading subsidiary, the SRCIC).

Based on the SRCIC accounts lodged with Companies House between 2013 and 2019, the average donations paid by SRCIC to SDT was approximately £57,425 per annum (SRCIC, 2020).

How does the community benefit?

The community benefits in two ways:

- The community benefit payment is paid into the SSE Spurness Community Investment Fund and administered by SSE as opposed to a local community trust or similar organisation. SSE state that approximately £25,000 per year is made available to the local community and charities (around £600,000 over the 25 year lifespan of the wind firm) (SSE, 2018). Based on this information, the community benefit payment is approximately £2,500 per installed MW per annum; and
- SRCIC (which is wholly owned by the Sanday Development Trust (SDT)) was set up, as part of a joint venture with SSE, for the purposes of rebuilding and extending the original Spurness Wind Farm. The Company was responsible for 10% of the capital costs associated with the re-powering of Spurness and, as a result, entered into a revenue sharing agreement with SSE (SRCIC, 2013). SRCIC's investment, however, was made via a loan from SSE, so the SRCIC's revenue share is used to pay off the annual loan repayment and interest before the annual donation to the SDT is made. It should be noted that the terms of the revenue sharing agreement are not detailed in the accounts lodged by SRCIC and they only make reference to the SRCIC's entitlement to a specified proportion of net revenues generated by the wind farm (SRCIC, 2013). Based on the accounts lodged by SRCIC, SDT has received £401,975 of donations between 2014 and 2019 (SRCIC, 2020). This is, on average, a donation of approximately £57,425 per annum which, on an average £ per installed MW per annum basis gives a figure of around £5,740.

How the community benefit payments are allocated

Applicants in respect of the community benefit payment are directed to the SSE website, where the application guidance and application forms are located (SSE, 2018). Once completed, the applications are reviewed by the appointed SSE community liaison and SDT committee, the local advisory panel, made up of local residents and representatives from the community council area of Sanday. On approval, the funds are distributed to the approved applicants directly from SSE (SSE, 2018). The funds can be used for community-focussed or charitable activities which:

- Encourage community activity and promote community spirit;
- Ensure adequate access to services for all community members;
- Improve local transport infrastructure;
- Build the local economy;
- Build community capacity and cohesion and between groups; and/or
- Develop or maintain community assets.

Applications where efforts have been made to explore other possible sources of grant funding and/or where reasonable efforts have been made to raise money through local fundraising activity will be looked upon favourably (SSE, 2018).

Funds from the shareholding company, SRCIC are independent of SSE and are subsequently donated directly to the SDT where the money is used to cover additional grants that may not be approved within the community fund; to augment approved project funding; for general SDT running costs and expenses; and to offer retrospective funding for completed programmes or projects (Sanday Development Trust, 2018).

Allocation of community benefit payments and donations to date

There is limited information on the projects that have benefitted from SSE's Spurness Community Investment Fund.

There is limited information of the distribution of funds within the community as the SDT has various revenue streams, such as National Lottery grants; local council grants and other charitable funding (Sanday Development Trust, 2018). These funding revenues service multiple community causes and sub-committees but are not itemised within the accounts. This has made identifying community projects directly benefitted by the Spurness Wind Farm difficult.

Table 4.7 Donations by SRCIC to SDT[6] from 2014 to 2019

Year	No. of Awards	Donations by SRCIC (£)
2019	6	118,802
2018	12	46,161
2017	9	68,205
2016	Not available	69,853
2015	Not available	48,954
2014	Not available	50,000
Total		**401,975**

[6] Taken from SRCIC Accounts from 2014 to 2019 which can be found at https://find-and-update.company-information.service.gov.uk/company/SC383635/filing-history

4.3.5 Allt Dearg

Background

For background information on Allt Dearg see Table 4.8.

Table 4.8 Allt Dearg Wind Farm (Loch Fyne Wind Farms, 2020)

Phase	Capacity	No. Turbines	Commission Date	Subsidy Regime
1	10.2MW	12	2012	ROCs

Owner

Allt Dearg Wind Farmers LLP (ADWF) owns Allt Dearg Wind Farm and is a limited liability partnership comprised of six partners which include:

- Ormsary Farmers;
- Kenneths of Stronachullin LLP;
- AD Wind Farmers Limited;
- Wet and Windy Energy Limited;
- Ardrishaig Renewable Energies Limited (ARE) (who own a 1/12th share in the wind farm and are 100% owned by Ardrishaig Community Trust (ACT)); and
- ECF Wind Farm Partnership.

Location

On land at the Ormsary and Stronachullin Estates, 12km southwest of Lochgilphead.

Local overview

Ardrishaig is part of the Mid-Argyll, Kintyre and the Island administrative area, with Ardrishaig itself having a residential population of 1,290 (Argyll and Bute Council, 2019). Remote and sparsely populated rural Argyll has not, historically, benefitted from abundant economic opportunities.

Being a rural community specifically around the location of the wind farm, farming and small holdings are a key employer. In the wider area hospitality and public service industry contribute significantly to the local economy and employment, with Argyll and Bute having above national average employment in these areas (Argyll and Bute Council, 2019). These income streams are, however, seasonal and the community requires a more stable income to enable community investment for the residents.

Estimated lifetime financial performance

Annual net revenue for distribution between the partners was in the region of £1.5 million in 2013 (Allt Dearg Wind Farmers LLP, 2018). In 2014 and 2015 the profits for distribution to the partners were £2.1 million. In 2016, profits for distribution were £1.6 million. For 2017, there was a drop in profits to £832,000. The most recent accounts show £1.8 million of profits available for distribution amongst the partners (Allt Dearg Wind Farmers LLP, 2018). To date, it has distributed annual net revenue between the partners of approximately £1.4 million. On this basis, the wind farm could return approximately £35 million over the lifetime of the project. It is, however, acknowledged that this is based on an average to date and does not consider the increased levels of net revenue once the finance associated with the construction of the wind farm is paid off.

How does the community benefit?

It should be noted that there is no community benefit payment associated with this development. The community benefit is, however, derived from ACT's interest in the wind farm. Initially, it was estimated that around £100,000 of net revenue would be payable from ARE Ltd to ACT and these donations would increase as the loans were repaid (Local Energy Scotland, 2020). Based on these figures, the Allt Dearg Wind Farm generates approximately £10,000 per installed MW per annum. The accounts lodged with Companies House by ACT state that, on average, approximately £91,000 has been donated to ACT from ARE Ltd between 2012/2013 and 2017/2018. This, therefore, provides an average of approximately £9,100 per installed MW per annum (ACT, 2018).

How the community benefit is allocated

ACT has received money twice a year from ARE Ltd since 2013 from its investment in Allt Dearg Community Wind Farm. The trust administers the funds as per the application approvals which are determined via the application form and committee deliberation process.

In addition to the local community grant funding, there is a communal education project which both the Allt Dearg Wind Farm and Sròndoire Wind Farms contribute to. The Allt Dearg Educational Trust provides bursaries and other support to young people originating from Argyll and Bute, who are in or entering full-time further education and are living away from their family home to study. This grant allows for young people to enter college, apprenticeships or university when the option may otherwise have been financially unavailable. Allt Dearg provides an annual payment of £30,000 to the Trust (Loch Fyne Wind Farms, 2018).

Allocation of community benefit to date

Funds are allocated via three different methods:

- Large grants to undertake large projects such as purchasing, and maintenance, of local buildings to secure them for the community; provide funds for community wide events and entertainment; sponsorship of local sports teams and to maintain community spaces.
- Small 'micro grants' to individuals and community groups for training, community activities, community group expenses such as equipment purchases and trips.
- Investment for future development, regeneration and enhancement projects, and for community financial security.

Table 4.9 Donations by ARE Ltd to ACT and the subsequent allocation of awards by ACT from 2013 to 2018[7]

Year	No. of Awards	Donation by ARE Ltd (£)	Grants awarded by ACT
2018	7 projects funded	112,939	Total grants for 2018 are £6,582. Additional grant commitments for £15,448 were approved but not provided for in the 2018 accounts
2017	2 projects funded	77,704	Total grants for 2017 are £609. Additional grant commitments for £11,500 were approved but not provided for in the 2017 accounts

[7] Taken from ACT accounts from 2013 to 2018 which can be found at https://find-and-update.company-information.service.gov.uk/company/SC344641/filing-history

Year	No. of Awards	Donation by ARE Ltd (£)	Grants awarded by ACT
2016	12 projects funded	87,334	Total grants paid £16,688. Additional grant commitments for £25,883 were approved but not provided for in the 2016 accounts
2015	12 projects funded	105,587	Total grants paid £18,635. Additional grant commitments for £34,068 were approved but not provided for in the 2015 account
2014	24 projects funded	85,334	Total grants paid £37,195. Additional grant commitments for £20,158 were approved but not provided for in the 2014 accounts.
2013	17 projects funded	77,929	Total grants paid £36,040
Total		**546,827**	

5 COMMUNITY OWNED WIND FARMS AND THE FUNDS AVAILABLE FOR REINVESTMENT INTO THE LOCAL ECONOMY

5.1 INTRODUCTION

The benefit to the community in respect of wholly community owned wind farms is not a set amount like the industry standard but is dependent, instead, on the financial performance of the wind farm. The level of donations from the trading subsidiary to the parent company is, therefore, subject to variables including, but not limited to:

- Cost of construction;
- Operation and Maintenance costs;
- Installed capacity;
- Capacity factor;
- Availability;
- Applicable subsidy regime;
- Electricity costs;
- Grid connection costs;
- Finance i.e. cost of borrowing; and
- The level of reserves held by the trading subsidiary.

As a result, in order to derive an accurate comparison on a £ per installed MW per annum basis for wind farms under community ownership, it is necessary to look at financial data from a variety of community owned wind farms so that an average £ per installed MW per annum can be derived from the donations made to the parent company.

5.2 CASE STUDIES

5.2.1 Introduction

This section of the Report will look in detail at two community owned wind farms, in Tiree and Westray. These case studies will provide details on the following topics:

- Background;
- Location;
- Local overview;
- Estimated lifetime community benefit;
- How the funds are allocated; and
- Allocation of funds to date.

5.2.2 Tiree

Background

For background information on Tiree see Table 5.1.

Table 5.1 Tiree Wind Farm

Phase	Capacity	No. Turbines	Commission Date	Subsidy Regime
1	0.9MW	1	2010	FiTs

Owner

This community owned wind farm is owned by Tiree Community Development Trust (TCDT) and operated by Tiree Renewable Energy Ltd (TREL) (100% owned by the TCDT).

Location

The turbine is installed on the Ruaig Sliabh at the east of the main settlement of Tiree, an island located west of Isle of Mull and approximately 60 miles off the west coast of Scotland.

Local overview

Tiree is a small island community within the local authority area of Argyll and Bute. It is home to approximately 650 permanent residents. Tiree has a well engaged and active community sector, a rich culture, heritage and natural environment and increasing visitor numbers (Scottish Islands Federation, 2018). Crofting is a large part of the island economy, with 90 crofts on the island, along with a vibrant annual music festival which contributes approximately £1 million total revenue. The wind turbine is a key part of the island's economy, providing employment, opportunities and resources to residents to diversify their incomes (Scottish Islands Federation, 2018).

Employment opportunities that offer permanent, full-time and stable jobs are largely limited to the public sector. Whilst local unemployment is low (working age population claiming Job Seeker's Allowance below 2%) job opportunities are limited. The employment base outwith the public sector is heavily weighted to self-employment within small and medium size enterprises (SME's) and crofting (Tiree Community Development Trust, 2017).

Estimated lifetime community benefit

The donations to the TCDT from TREL were expected to be a minimum of £166,000 per installed MW per annum (Local Energy Scotland, 2020). This expectation is broadly in line with the average donation from TREL to TCDT (£158,325 per annum) which results in approximately £174,160 per MW per installed capacity per annum. It should, however, be noted that the project was in receipt of a lottery grant which improves the financial performance as there is less capital to pay off.

Based on the £ per annum figure of £158,325, over the 25 year lifetime of the wind farm, it will provide around £3.9 million for the local community. However, it is acknowledged that this does not consider the increased level of net revenue available, and potential increase in donations as a result, once the finance associated with the construction of the wind farm is paid off.

How the funds are allocated

After loan repayments and other overheads are paid, the profits are gift aided by TREL to TCDT. 80% is distributed through The Windfall Fund. The remaining 20% is retained for development maintenance and insurance costs (Tiree Community Development Trust, 2017).

The funding allocations are split into the following categories:

- Community Support Fund – Community groups, businesses and individuals whose projects provide a clear benefit to Tiree are eligible to apply for funding up to £1,000. This fund will be open all year round and there is a standard application process;
- Community Investment Fund – Community groups, businesses and individuals whose projects provide clear benefit to Tiree are eligible to apply for funding for larger scale, longer term projects, e.g. infrastructure projects. Funding in this category is not capped but will be limited by how much money is available at any given time. A minimum of 50% of available funds is allocated to this category;
- Comfort Fund – This fund aims to provide additional support to residents of Tiree who have to go to the mainland for hospital appointments;
- Business Start-up Grant – This fund is open to anyone on Tiree who is starting a new business. A grant of £500 is available on approval of a business plan; and
- Community Owned Buildings – A sum is allocated each year to support the maintenance of community buildings on Tiree. (An Tirisdeach , 2012).

Allocation of funds to date

By 2018, as detailed in the table below, TREL has donated more than £1.2 million to TCDT.

Table 5.2 Donations by TREL to TCDT[8] and the subsequent allocation of awards by TCDT from 2011 to 2018 (TCDT, 2016) (TCDT, 2017) (TCDT, 2018)

Year	No. of Awards	Donations by TREL (£)	Grants awarded by TCDT (£)
2018	28	120,000	312,095
2017	28	246,600	81,876
2016	23	170,000	73,660
2015	34	205,000	111,347
2014	19	150,000	52,433
2013	19	150,000	65,143
2012	28	175,000	90,674
2011	32	50,000	48,000
Total		**1,266,600**	

[8] Taken from TCDT accounts from 2011 to 2018 which can be found at https://find-and-update.company-information.service.gov.uk/company/SC292902/filing-history

5.2.3 Westray

Background

The turbine is owned by the Westray Development Trust (WDT) and the energy company operating the turbine is the Westray Renewable Energy Ltd (WREL) (100% owned by the WDT). Further details of the wind farm can be found in Table 5.3.

Table 5.3 Westray Wind Farm

Phase	Capacity	No. Turbines	Commission Date	Subsidy Regime
1	0.9MW	1	2009	FITs

Location

The turbine is located on Westray, one of the northern isles of the Orkney archipelago. It is situated in a central point of the island, south of Pierowall and west of the B9066 road which runs north to south.

Local overview

Westray is located to the northwest of the Orkney mainland. It is one of the largest of the North Isles in Orkney and has a population of approximately 600 people (National Records of Scotland, 2011). The island has, historically, experienced problems in terms of population growth and the retention of its younger population. However, the population of the island grew by 4.4% from 2001 to 2011 together with an increase of the population within the 16-29 age category (Westray Development Trust, OHAL and OIC, 2017). This suggests that Westray has been able to encourage young people to stay on the island which is typically against the trend of remote rural locations.

The primary industries are agriculture and fishing together with a rapidly developing tourism sector (Westray Development Trust, 2009).

Estimated lifetime community benefit

The wind farm, based on annual average donations from WREL to WDT of approximately £271,870 (around £299,057 per installed MW per annum), is estimated to donate approximately £6.8 million into the WDT throughout its lifetime. However, it is acknowledged that this does not consider the increased level of net revenue available, and potential increase in donations as a result, once the finance associated with the construction of the wind farm is paid off.

How the funds are allocated

The donations made to the WDT from WREL, are made available to the Westray community via the Community Turbine Fund which can be accessed via four different grant budgets:

- Entertainment Grant – maximum of £500 per event associated with community entertainment i.e. travel and accommodation, catering or room hire;
- Education and Training Grant – available for individuals ordinarily resident in Westray where up to 50% of their training or educational course or event (with a value no greater than £500) will be provided. It only applies to course fees and not any travel or accommodation costs;
- Community Grant - these grants are between £50 - £50,000 in value at a maximum of 80% of the total project cost. However, projects can be funded above 80% but this is at the discretion of the Trustees of the WDT. The

grant is available to projects that directly benefit Westray residents, further the charitable objectives of the WDT or fit well with the key themes of the Westray Development Plan; and

- Investment Budget – is available for large projects that are outwith the budget range of the Community Grant. The budget is, therefore, available for projects in excess of £50,000 in value but capped at 80% of total project costs. However, projects can be funded above 80% but this is at the discretion of the Trustees of the WDT.

For individual grants and community support, the WDT limits the annual grant budget to £150,000 to allow for reserve funds for investment elsewhere and for additional non grant purposes such as providing long term loans such as the loans mentioned below to the fisherman and the shop owners (Westray Development Trust and Subsidiary, 2017). The purpose of this investment and cap on grant funding is to ensure a healthy income after the turbine has reached the end of its operational life, should another development not be as lucrative. It is also to dissuade a grant dependent society and ensure residents work together to achieve community goals.

Loans are arranged through Scottish Communities Finance on behalf of the WDT.

Allocation of funds to date

The annual grant funding awarded by the WDT is summarised in the table below, however it should be noted that a loan was made in 2011 and a further two loans were made in 2016. The value of these loans totalled £389,000 and are payable over 25 years (Westray Development Trust, 2018).

Table 5.4 Donations by WREL to WDT[9] and the subsequent allocation of awards by WDT from 2011 and 2019 (Westray Development Trust, 2019) (Westray Development Trust, 2018)

Year	No. of Awards	Donations by WREL (£)	Grants awarded by WDT
2019	3 main grants, unknown number of small undocumented grants	370,000	£33,919. Grants included community garden upgrades; fencing for golf course and church maintenance
2017/2018	32	350,000	£55,474 for education and training, community entertainment events; community project equipment; club support, heritage trust support; community areas maintenance and enhancement
2016/2017	50	350,000	£131,000 total paid out Development grants being 33% of the budget; Entertainment grant being 2% of the budget; Education grants 5% of budget; Community grant at 20% with investment grant being 40%
2015/2016	72	386,116	Total £535,711 for community development, entertainment, education and training courses, youth activities and trips, heritage support and tourism

[9] Taken from WDT accounts from 2011 to 2019 which can be found at https://find-and-update.company-information.service.gov.uk/company/SC201004/filing-history

Year	No. of Awards	Donations by WREL (£)	Grants awarded by WDT
			enhancements (includes two loans paid out)
2014/2015	46	339,000	£114,000 for multiple entertainment projects and events; community services/equipment and maintenance, school equipment and education/training assistance; tourist and information upgrades
2013/2014	31	200,000	£36,000 for youth group activities, school trips, school sports team assistance, community maintenance various education and training grants and heritage trust equipment upgrades
2012/2013	18	665,000	£74,000 for tourist related activities and upgrades, sports equipment and trips support, driving lesson support, community entertainment events, community project equipment
2011/2012	12	378,000	£147,000 in grants for community events, tourist adverts and information, school trips and youth activities and equipment. Includes a 60,000 loan that was agreed for fishing boat refurbishment
Total		**3,038,116**	

Some of the projects funded as a result of the net revenue gift aided to the WDT by WRE include:

- Golf Course – green keeper salary part funded, fencing and general upkeep of equipment buildings;
- Westray Junior High School – a grant of £5,220 was made (with support from Cooke Aquaculture) to provide the school with new laptops, iPads and interactive screens to enhance the learning experience for pupils;
- Westray Fuel Grant – established in 2019 due to WDT's willingness to tack fuel poverty and an underspend in the Community Wind Turbine Fund. A grant of £150 per household was made available to every domestic household in Westray;
- Friends of Kalisgarth Community Garden, a residential care home for the elderly, long term project, built with assistance from the WDT and turbine generated income- £6,451.98 donated in 2018 for upgrades to the facility; and
- Westray Community Association for the purchase of new tables and chairs for the Community Room. – donation of £10,508.59 provided.

6 COMPARISON

6.1 INTRODUCTION

In this section of the Report in addition to the case studies analysed above, a number of other community owned wind farms have been studied so that an average £ per installed MW per annum can be produced. In total, nine community owned wind farms and four private wind farms are analysed within this section. They are:

Private

- Allt Dearg;
- Ben Atekil;
- Edinbane; and
- Spurness.

Community

- Eday;
- Gigha;
- Loch Carnan;
- Ore Brae;
- Shapinsay;
- Tiree;
- Tolsta;
- Udny; and
- Westray.

6.2 OVERVIEW

The financial performance data of the wind farms analysed as part of this Report are presented in Table 6.1 and Table 6.2.

Table 6.1 Financial performance data of private wind farms

Wind Farm	Capacity (MW)	Commissioned*	Subsidy regime	Local Authority Area	Governance structure/Owner	Annual community benefit payment and distributions from community buy-in (£/pa)	Annual community benefit payment and distributions from community buy-in (£/MW/pa)	Source of information
Allt Dearg	10.2	2012	ROCs	The Highland Council	There are several owners as detailed in section 4.3.5. ARE Ltd are wholly owned by ACT who have a 1/12th share of the wind farm	91,000 as a result of community buy-in	9,100	ACT Accounts
Ben Aketil	27.6	December 2010	ROCs	The Highland Council	BAWEL	45,000	1,630	Falck Renewables
Edinbane	41.1	July 2010	ROCs	The Highland Council	Vattenfall Wind Power Limited	82,800	2,000	Community Benefit Agreement between Vattenfall, Edinbane Community Company and Struan Development Trust
Spurness	10	2005 and repowered in 2012	ROCs	Orkney Isles Council	SSE but 10% is owned by SRCIC a wholly owned subsidiary of SDT	25,000 from SSE 57,425 from SDT Trust as a result of revenue sharing agreement	2,500 from SSE 5,740 from SDT	SSE, SDT Accounts and the SRCIC Accounts

* Please note that the commission dates of these private wind farms predate the industry standard.

Table 6.2 Financial performance data of community owned wind farms

Wind Farm	Capacity (MW)	Commissioned	Subsidy regime	Local Authority Area	Governance structure	Average annual donations from subsidiary to parent company (£/pa)	Average annual donations from subsidiary to parent company on a (£/MW/pa)	Source of information
Eday Community Wind Turbine	0.9	2011	FiTs	Orkney Islands Council	Eday Renewable Energy Ltd is a wholly owned subsidiary of the Eday Partnership (EP)	77,455	85,200*	EP Accounts
Gigha Community Wind Farm	0.675	2004	ROCs	Argyll and Bute	Gigha Renewable Energy Ltd is a subsidiary of the Isle of Gigha Heritage Trust (IGHT)	94,395	141,590**	IGHT Accounts
Loch Carnan Community Wind Farm	6.9	March 2013	ROCs	CnES	Owned and operated by Stòras Uibhist, the community owned South Uist Estate	937,240	135,830***	Stòras Uibhist
Ore Brae Community Turbine	0.9	October 2011	FiTs	Orkney Islands Council	Hoy Energy Ltd is a wholly owned subsidiary of the Island of Hoy Development Trust (IoHDT)	69,760	76,740*	IoHDT Accounts
Shapinsay Community Wind Turbine	0.9	August 2011	FiTs	Orkney Islands Council	Shapinsay Renewables Limited (SRL) is a wholly owned subsidiary of the Shapinsay Development Trust	88,500	97,350*	SRL Accounts
Tiree Community Turbine	0.9	March 2010	FiTs	Argyll and Bute	TREL is a wholly owned subsidiary of the TCDT	158,325	174,160*	TCDT Accounts
Tolsta Community Wind Turbine	0.9	August 2013	FiTs	CnES	Tolsta Power Ltd is a trading subsidiary of Tolsta Community Development Ltd TCDL	210,860	231,946*	TDCL Accounts

Wind Farm	Capacity (MW)	Commissioned	Subsidy regime	Local Authority Area	Governance structure	Average annual donations from subsidiary to parent company (£/pa)	Average annual donations from subsidiary to parent company on a (£/MW/pa)	Source of information
Udny Community Wind Turbine	0.8	June 2011	FiTs	Aberdeenshire	The Udny Community Turbine Ltd is a wholly owned trading subsidiary of the Udny Community Trust Company Ltd	208,000****	249,600*	UCTCL Accounts
Westray Community Wind Turbine	0.9	April 2009	FiTs	Orkney Islands Council	WREL is a wholly owned subsidiary of the WDT	271,870	299,060*	WDT Accounts

* Conversion to £/MW/pa figure calculated by multiplying £/pa figure by 1.1

** Conversion to £/MW/pa figure calculated by multiplying £/pa figure by 1.5

*** Note that this is based on the information provided by Stòras Uibhist not their annual accounts. For consistency, it has been omitted from the comparative analysis.

**** Accounts between 2011/2012 and 2013/2014 do not itemise the level of donations made from the subsidiary to the parent company. Only the 2014/2015 to 2018/2019 accounts have been considered.

6.2.1 Location of wind farms analysed

Figure 6.1 illustrates the geographic spread of both the private owned wind farms and community owned wind farms studied in this Report.

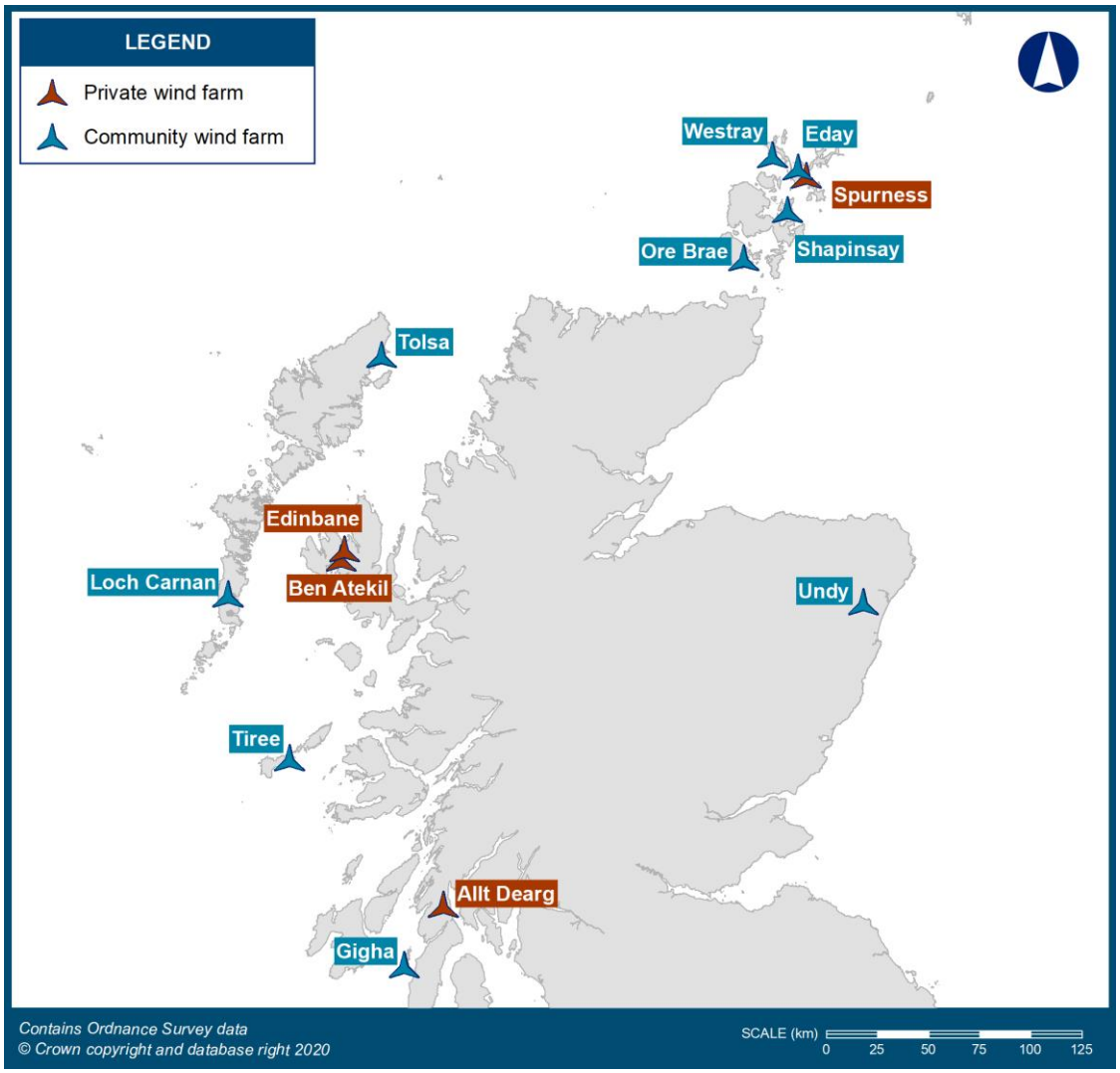

Figure 6.1 Location of wind farms analysed

6.2.2 Private

The Spurness Wind Farm in Sanday has produced the highest, on average, community benefit payment on a £ per MW per annum basis (Allt Dearg does produce more for the community it is located in but that is a result of the community buy-in as opposed to a community benefit payment). SSE makes a community benefit payment of £2,500 per installed MW per annum which is £500 per installed MW per annum more than its closest competitor – Edinbane. It is, however, accepted that the analysis contained within this Report is historic and also does not illustrate the Scotland-wide story in respect of community benefit payments made from private renewable energy developments. The Spurness Wind Farm pays half of the industry standard in terms of a community benefit payment but this is due to the fact its development predates the recognition, and promotion, of the industry standard of £5,000 per installed MW per annum.

6.2.3 Community

The turbine owned by the WDT (Westray Development Trust) has produced the highest, on average, £ per installed MW per annum – £299,060. This is approximately 60 times more than the industry standard which highlights just how successful wholly owned community wind turbines can be, in terms of money available for reinvestment in the local community, than their private counterparts (subject to the assumptions and exclusions detailed in section 3).

The wide range of payments per MW donated by the community wind farms in the table above is explained by the different operational costs and earning ability of the wind farms, depending on their cost of capital, wind yield, PPA structure and type of subsidy, among other factors. Despite these differences, however, it is notable that the community owned turbine that has donated the lowest average £ per installed MW per annum (£76,740) to its parent company has still paid 15 times more than the industry standard. This further highlights the community financial benefits associated with wholly community owned wind farms.

6.2.4 Industry standard v community owned average

The average annual donations in respect of community owned wind farms on a £ per installed MW per annum basis is presented in Figure 6.2 below. Across the eight community owned wind farms studied, it is approximately £170,000 per MW per annum. This is 34 times more than the industry standard for privately owned wind farms. in fact, the community wind farm with the highest annual donation is 60 times more than the industry standard for private wind farms in Scotland.

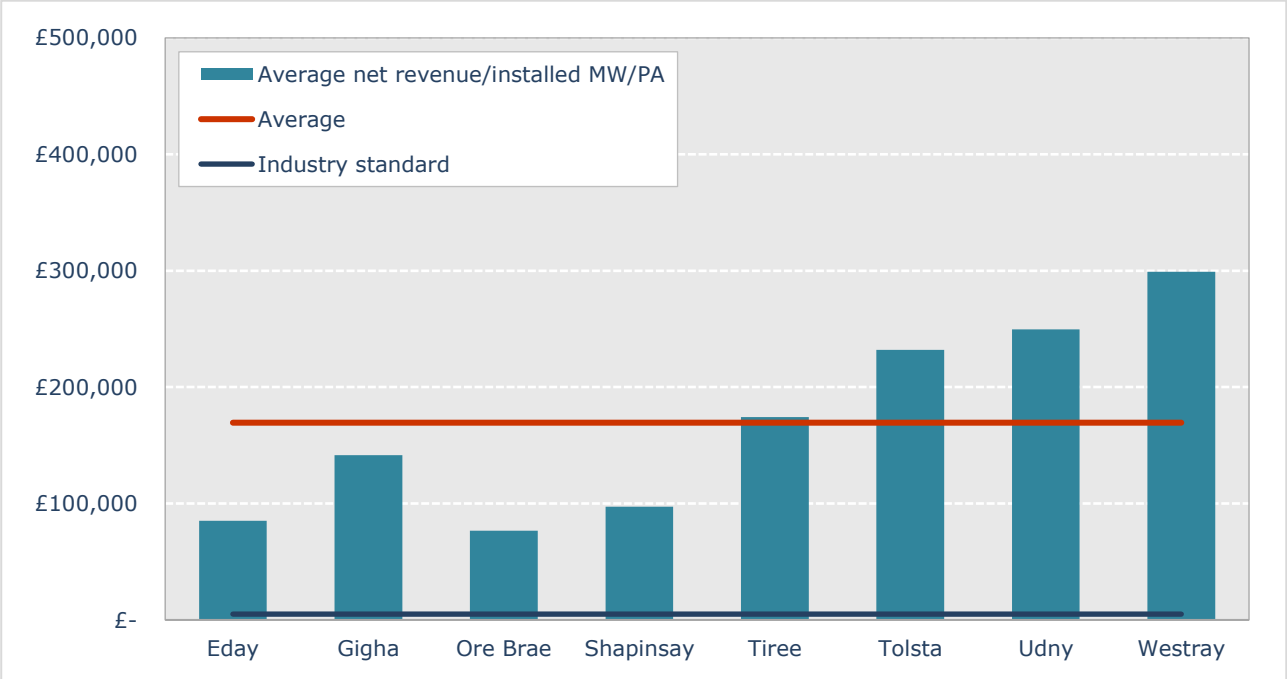

Figure 6.2 Average net revenue on a MW per annum basis of community owned wind farms analysed

7 SUMMARY

This Report has compared a number of private and community owned wind farms in terms of the benefit payments they provide to local community projects and organisations. These payments are over and above the normal benefits to the local economy which come from the operational costs of all wind farms, such as, for example, payments to local contractors or rental payments to local landowners.

As the analysis in this Report has illustrated, the community benefit payments associated with privately owned wind farms have evolved over the last 30 years becoming gradually more substantial. This has now progressed to an industry recognised, and Scottish Government promoted, standard of £5,000 per installed MW per annum.

In addition, some private developers also offer an opportunity for the local community to invest in the development and, in return, receive a share of the profits generated. The increased opportunities associated with community and local ownership of wind farms is in line with the Scottish Government's target to increase the capacity of community owned renewable generation to 2GW by 2030 (Scottish Government, 2017) but it is unlikely, at the present rate, that this target will be achieved.

The benefit payments made by community wind farms are quite different, both in their structure and in their size. These payments are not set at a specified rate but are, instead, dependent on the performance of the wind farm.

Regardless of the structural differences, however, the analysis set out in this Report show that in terms of sheer size, the benefit payments from community owned wind farms far exceed the payments from private wind farms. Even the community owned wind farm with the lowest average donations on a £ per installed MW per annum basis that we studied is still 15 times more beneficial than the most recent standard of £5,000 per MW recommended by the Government for their privately owned counterparts.

In fact, as, Figure 6.2 shows, 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.

The analysis within this Report is subject to the assumptions and exclusions contained within section 3 and it is recommended that this analysis is revisited once the wind farms studied come to the end of their operational life so that the increased net revenue available to the community owned companies once their capital finance costs have been paid off can be taken into account. It is not expected, however, that this would substantially alter the comparative picture presented in this Report.

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