

Shared Ownership Taskforce: Report to DECC

October 2014

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1) Introduction and background to the Taskforce

As part of DECC's Community Energy Strategy, published on the 27th January 2014, the renewables industry and the community energy sector committed to work together to facilitate a substantial increase in the shared ownership of new, commercial onshore renewables developments by 2015. The renewables industry led a taskforce, constituted with representation from project developers, trade bodies, community energy groups and Government.

The Community Energy Strategy states:

“The Secretary of State for Energy & Climate Change has asked an industry taskforce to work with the community sector and report back to him by summer 2014. This report will include a robust framework and timetable for implementation. In addition to identifying measures to increase community ownership of new commercial developments, the taskforce will work with community energy groups to set an overall level of ambition for community ownership of new renewables developments (including both wholly and partly community-owned developments).

We expect that by 2015 it will be the norm for communities to be offered the opportunity of some level of ownership of new, commercially developed onshore renewables projects. We will review progress in 2015 and if this is limited, we will consider requiring all developers to offer the opportunity of a shared ownership element to communities.”

The Taskforce agreed a set of Terms of Reference which are available on its website.

The work of the Taskforce

The Taskforce met four times prior to the publication of the first draft of this report, which was released for consultation in June 2014. There was a further meeting on 15 September to review the report in light of responses to the consultation.

Following publication of this Framework, the Taskforce will conduct a light-touch review after six months and an annual review after twelve months, meeting again at the end of 2015, to assess progress on shared ownership. This is described in more detail in section 4 below.

Membership of the Shared Ownership Taskforce

1. Maria McCaffery MBE, Chief Executive, RenewableUK (Chair)
2. Rebecca Willis, Energy Specialist, Cooperatives UK and Pure Leapfrog (Vice Chair)
3. Gemma Grimes, Director of Onshore Renewables, RenewableUK (Secretary)
4. Dr Nina Skorupska, Chief Executive, Renewable Energy Association
5. Gaynor Hartnell, Community Engagement Advisor, Renewable Energy Association
6. Leonie Greene, Lead External Affairs & Policy, Solar Trade Association
7. Matt Hindle, Policy Manager, Anaerobic Digestion and Biogas Association
8. Zoisa Walton, Head of International Community Engagement, Eneco Wind Ltd
9. Charles Williams, Development Director, Falck Renewables
10. Bonnie Priest, Managing Director, Carbon Free Developments
11. Mike Child, Development Manager, LarkEnergy
12. Pete Capener, Co-Founder and Executive Chair, Bath and West Community Energy
13. Dr Robert Rabinowitz, Chief Executive, Pure Leapfrog
14. Chris Church, Chair, Low Carbon Community Network
15. Mike Smyth, Chair, Energy4All
16. Will Dawson, Head of Energy, Forum for the Future (as secretariat to the Community Energy Coalition)
17. Merlin Hyman, Chief Executive, Regen South West
18. Pauline Gallacher, Neilston Development Trust
19. Simon Hamlyn, Chief Executive, British Hydro Association
20. Philip Wolfe, Chairman, Westmill Solar Co-operative; interim Director General, Community Energy England
21. Meg Roper, Policy Manager, Combined Heat & Power Association
22. Patrick Devine-Wright, Professor, University of Exeter

2) Definitions

The aim of this document is to encourage project developers to consult with local communities on the opportunities to participate in shared ownership and to make offers of shared ownership to interested communities, where they exist. It is a voluntary agreement, and as such it would not be appropriate to be too legalistic or prescriptive.

We expect both developers and communities to take forward the recommendations in good faith, according to the principles set out in Section 3. The Shared Ownership Taskforce will assess the outcomes of the voluntary process accordingly.

3) The principles of shared ownership

The Shared Ownership Taskforce has agreed a set of principles which should guide the way that the shared ownership process is developed.

Helping deployment: Enabling greater deployment of renewable energy, through building increased support for renewable energy development.

Flexibility: Community shared ownership is a novel concept in the UK and a flexible approach allowing innovation is essential. We anticipate that different approaches to shared ownership may evolve depending on technology, project size, community aspirations, and so on. We have described various approaches which have been used to date, but across the renewables sector as a whole we would expect a range of different models to be offered.

Increasing understanding and engagement: Developers and communities should be able to use shared ownership to engage and motivate people, with additional benefits of greater understanding of the energy system, renewables and energy efficiency – ‘energy literacy’. To enable this, local participation in shared ownership discussions should be prioritised.

Cost-neutral: Shared ownership is not expected to increase project costs and developers are not expected to subsidise communities’ costs.

Inclusive: Renewable energy schemes as a whole should provide wider social benefits, so that those who cannot afford to contribute financially can still engage in the project and receive wider benefit. This could happen, for example, through community benefit funds or through the activities of a community enterprise.

Distinct from community benefit funds: Shared ownership should be considered separately from community benefit funds.

Mutually beneficial: Through achieving the above, schemes should benefit the commercial operators and communities involved, as well as the renewables industry as a whole.

Contingent on policy: A significant increase in the uptake of shared ownership will require policy and process improvements, which we hope can be progressed through dialogue with, and action from, government.

4) The framework: Our proposal for the offering of shared ownership

Whilst the Taskforce would like to see all renewables project developers following the recommendation to *offer* shared ownership, the offer might not be taken up for various reasons. Project developers should not be judged harshly either by this protocol, in the planning system or in any other way, if their offer is not taken up, nor should a community group be judged harshly if it chooses not to take up an offer.

On the other hand, it would not be within the spirit of this voluntary protocol if a developer refused to enter into dialogue with an interested community or to consider a genuine proposal for shared ownership made by a community group, where it meets the principles set out earlier.

Where an interested community group exists, the Taskforce would expect developers to enter into discussions on shared ownership with that community group, as part of their community consultation. However, this might not be possible in all circumstances. For example, there may not be a community group, or members of the community wanting to take discussions forward or they may have other ideas on how they would like to engage with the developer.

The next section describes what types of project should make a shared ownership offer and then examples are given of the types of offer that could be made.

What type of project should make the offer?

The Shared Ownership Taskforce recommends that:

Commercial ***project developers*** seeking to develop ***significant*** renewable energy ***projects*** (i.e. above £2.5m in ***project costs***) for the ***primary purpose of exporting energy*** onto a ***public network*** should offer interested communities shared ownership.

(The terms in bold italics are defined in the glossary at the end of this report).

When and to whom should the offer be made?

Consultation discussions with the local community should be initiated at the earliest practical point in project development. Where an interested local community energy group exists (whether legally constituted at this stage or not) discussions should involve this group.

Developers are not expected to present communities with a formal, fully worked-through offer of shared ownership at an early stage. Consultation may often begin with a developer making an informal offer to engage with the community on different options, as detailed below. Through consultation a suitable option will be identified and at that stage a more formal arrangement can be developed.

It is not unusual for a final decision on the full details of a shared ownership arrangement to be reached only once the project is under construction or is operational.

How much of the project should be offered?

The amount of the project that should be offered for shared ownership should be appropriate to the size and commercial viability of the project. For example, for suitable community investment, this may be a relatively large share (e.g. 25%) of smaller projects, but a smaller proportion (e.g. 5%) of larger projects. From the developer perspective, proportionate costs on smaller projects must also be borne in mind.

What type of shared ownership should be offered?

The limited examples of shared ownership seen to date tend to fall into three basic categories which are described below.

- Split ownership, in which a legally-constituted community enterprise buys a proportion of the development's physical assets, for example, one wind turbine or 30 PV panels.

- Shared revenue, in which a legally-constituted community enterprise buys the rights to a future virtual revenue stream which will be calculated on the basis of a specified proportion of the output of an energy production plant less agreed operating costs and generally less virtual debt service – calculated as if the community had acquired the underlying infrastructure.
- Joint venture, in which a commercial operator and legally-constituted community enterprise work together to create a joint venture to develop, own and manage a project.

These examples are described in more detail in the annex. There will also be further ways in which communities can share the ownership of projects and these are not excluded from this protocol.

In addition to the above, debt-based debentures and bonds (see annex) have recently become a popular way for project developers to engage local people in renewable energy projects. The Taskforce encourages this. Some communities may find these approaches more suited to their needs.

In practice this means that, under this protocol, we would encourage developers to offer communities the chance to buy a share of a project, through a community group; as well as to offer loan or debt structures to individuals. Through discussion, the appropriate model for that community can then be developed.

It is recommended that project developers do not solely offer bonds or debentures to individuals in cases where a community group or community enterprise is keen to engage in shared ownership discussions with the developer.

The viability of shared ownership offers

Each project can set a minimum threshold for investment, below which the shared ownership offer does not go ahead. This may be because very small levels of community ownership, for instance, may make the project no longer viable. For example, some previous projects have required a minimum investment of around £500,000 from the community, in order to make shared ownership viable.

In circumstances where there is insufficient appetite within the community to support a shared ownership initiative, or where there is an explicit preference from the community for an alternative means of engagement, the project developer may choose not to progress with the ownership offer.

We would expect offers of shared ownership to be made at fair market value, based on the project's projected financial performance over the life of the planning consent. The price should reflect the risks borne by both sides, and the contribution that both parties (community and developer) have made to the project, for example in the pre-planning stage and in the planning process.

5) Implementation and monitoring

How to consult on shared ownership

Local people and community groups should be made aware of opportunities around shared ownership. Developers should publicise these opportunities alongside the normal planning consultation processes.

There is already a wealth of guidance available on the consultation and community engagement process and it is recommended that developers use such good practice guidelines as a basis for consultation and engagement on shared ownership.

Third party organisations, such as those listed in the annex, may be able to assist developers in identifying local community groups if needed.

Demonstrating that the offer of shared ownership has been made

For monitoring purposes it is important for developers to provide information on how communities were consulted, whether and how the offer of shared ownership was made and whether there was take-up from the local community. This will enable the Taskforce to determine whether this voluntary protocol is being followed.

If little or no interest is shown in shared ownership by the local community over the consultation period then the developer has the opportunity to discharge its obligation under the framework.

Submitting information for monitoring purposes

Monitoring is essential to evaluate the success of this protocol and this will be led by the Shared Ownership Taskforce.

The information required for monitoring will comprise:

- **Basic information about the project** – i.e. the name, size and location of the project, the type of technology and capacity
- **The development status of the project** – e.g. the date the planning application was submitted, whether the project was approved or refused and where appropriate, an anticipated commissioning date, and actual commissioning date
- **Information about discussions with the community** – e.g. How did the developer engage in consultation with the community? What approaches were consulted upon? Were there any community groups local to the project and if so, were they involved in the consultation? What was the outcome of the consultation?
- **The final outcome** – e.g. If the project received planning approval, has a shared ownership arrangement been reached with the community? If the types of approaches covered in this Report were not taken forward,

why was this? Were any other approaches taken to engaging the community?

The review process

This framework applies to relevant projects submitted into planning after the publication of the Shared Ownership Taskforce's recommendations. The monitoring and review process will therefore focus on these most relevant projects. However, where other good examples of activity on shared ownership exist, the Taskforce will note these also.

Six and twelve months after the publication of the Shared Ownership Taskforce's recommendations the Taskforce's monitoring group will conduct reviews of the voluntary framework. This monitoring group will comprise industry and community energy representatives and details of this group will be finalised by the end of 2014.

The purpose of the review process is to determine whether or not developers have engaged in public consultation on the offer of shared ownership options with their local communities.

In order to make the review process as simple and effective as possible, the Taskforce recommends that DECC work with industry and the community energy sector to establish a single database through which developers and communities can submit information ahead of a review. Reviews of this data will last no longer than six weeks and will conclude with a report to DECC. This will contain quantitative information on:

- the proportion of projects entered into the planning process since the Report's publication that have submitted information to the monitoring group
- the proportion of projects where developers have consulted with, or are in the process of consulting with, the community (including any community groups where appropriate) on possible options
- the proportion of projects where formal offers to the community have been made (in cases where a formal arrangement has been reached)
- the proportion of offers which were taken up by the community (in cases where a decision on the offer has been reached)
- the proportion of projects that have not yet entered into consultation with the community

The report will also contain qualitative information, such as:

- where shared ownership offers have not been taken-up, the reasons for this and whether alternative approaches were made or discussed
- where shared ownership discussions did not take place, the reasons for this
- the types of shared ownership options that were consulted on (where appropriate) and when

- the types of shared ownership options that were taken up (where appropriate) and when
- whether other aspects of Government policy are hindering the offer or the uptake of shared ownership and whether specific policy interventions are required.

Judging whether sufficient progress has been made

Six month review

Given that the Taskforce is required to undertake a light-touch review six months after the publication of this report (i.e. [April 2015]) few, if any, relevant projects will have been completed at this time, having entered into planning since the publication of this Report. At this review the Taskforce would therefore like to see the following:

- A majority of relevant projects entering into consultation on shared ownership with communities
- A range of different approaches to shared ownership being consulted upon with communities
- Any other examples of shared ownership projects that may have come into existence over this six month period

Following the outcome of this review the monitoring group will review and finalise the appropriate parameters for the 12 month review.

As stated above, the purpose of the review process is to determine whether or not developers have engaged in public consultation on the offer of shared ownership options with their local communities. However, once sufficient numbers of relevant projects have become operational under this protocol, the level of uptake of shared ownership offers will be further considered. If this is limited among relevant projects, the Taskforce will seek to understand the reasons for this and then make recommendations to Government on how uptake might be improved.

6) The policy environment: What is needed for shared ownership to succeed

Shared Ownership is a new development in the UK, and will need cross-government support if it is to succeed. Below the Taskforce has set out its views on areas where policy changes are needed in order to ensure the successful implementation of this framework. There have been other working groups emerging from the Community Energy Strategy, on grid issues, planning, hydropower and finance for community energy, and in many cases, the recommendations of these working groups would also benefit shared ownership.

When the Taskforce conducts its review of this Protocol, it will also consider whether the policy environment is working to facilitate shared ownership schemes.

Planning

An increased likelihood of gaining planning consent for projects through a shared ownership approach is a key driver for commercial developers and is a key principle of shared ownership within this report. The planning system does not currently establish a strong enough link between local community support and planning consent. We believe this link needs to be made clearer and supported further through the planning system.

Some support is provided through national planning policies and guidance. For example, the National Planning Policy Framework for England asks planning authorities to “support community-led initiatives for renewable and low-carbon energy”. However, this aspect of policy is often given little weight in planning decisions - at the local level and at appeal. No weight is currently accorded in law.

In addition, the process itself, the levels of complexity and cost required to progress renewables applications (often including large environmental impact assessments) can act as a barrier to entry for some communities.

In order to facilitate the successful development of more shared ownership of renewable energy projects stronger policy levers for such projects need to be developed within the planning system. Local planning officers and committee members, inspectors and judges will also need to be made aware of how to apply such policy levers.

In addition, greater support should be provided by local authorities to communities seeking to develop a community or shared ownership renewable energy scheme. There may be opportunity, for example, to treat discussions regarding shared ownership applications in a similar way to discussions with residential applicants on a residential proposal (i.e. providing greater officer support).

Local Authorities

As stated in the Community Energy Strategy, Local Authorities can play a vital

role in facilitating the deployment of renewable energy and the adoption of community and shared ownership. They may do this through developing their own projects, supporting community groups, linking developers and community groups, or by buying into renewables schemes themselves, for example. We encourage central government to support those Local Authorities who are working in these areas.

Finance

There is currently limited experience of bank and investor funding of shared ownership renewable energy schemes. Banks and other financiers can be very cautious in offering finance to either community groups or commercial developers within a shared ownership arrangement.

This caution has been further heightened in response to recent negative political coverage of onshore renewable energy developments and a range of current policy uncertainties. This caution is now impacting investment in all renewable energy types and scales. It is also important that shared ownership schemes do not disincentivise traditional sources of finance as this would be counter to the key principle of helping deployment.

In order to increase the uptake of shared ownership among community groups it will be necessary for banks and other financiers to become more flexible in their approach to the financing of shared ownership schemes - both for communities and the commercial developers involved in a project. However, to facilitate this flexibility, it will be necessary for the Government to stabilise the current policy environment for renewables and put an end to its negative politicisation of renewable energy development.

There is also a need to ensure that the tax incentives available for investment in community schemes are available to individuals investing in shared ownership schemes such as Enterprise Investment Scheme (EIS) eligibility.

Support mechanisms

The financial support mechanisms for renewable energy generation are currently in a state of flux. The Feed-in Tariff currently operates for technologies up to 5MW capacity, while the Renewables Obligation primarily operates for renewable energy schemes above this threshold. However, DECC is currently consulting on increasing the Feed-in Tariff for community energy schemes while the Renewables Obligation is due to be replaced by a new support system in 2017. These regulatory changes are a source of current uncertainty in the renewables sector - both for community groups and commercial developers – and they are compounded by the constrained budget set aside to fund these support mechanisms.

The Feed-in Tariff may be extended to cater for community renewables projects up to a capacity of 10MW. However, this could put pressure on all projects that seek finance through the existing Feed-in Tariff system if the funds available are not increased to accommodate additional projects between 5 and 10MW capacity. In addition, the degression thresholds under the existing tariff structure - and also as proposed in the current consultation -

are both frequent and steep. As a result, applicants will experience significant uncertainty as to the level of support their project will receive under the Feed-in Tariff should it be approved in planning and built. This uncertainty and financial risk can be particularly difficult for community groups to accommodate.

The Renewables Obligation is being phased out and will close in 2017. However, while many commercial developers will shortly be able to choose whether they apply under the Renewables Obligation or the new Contract for Difference (CfD) regime, it may be some time before commercial developers and financiers are sufficiently comfortable with the new support mechanism to prefer it over the Renewables Obligation. Large scale solar projects have already had this choice removed and are restricted to applying under the Contract for Difference mechanism.

There is a further complication for shared ownership projects seeking support as it is currently unclear as to whether communities will be able to receive support under a different mechanism to the commercially owned component, or whether there will be a further provision designed to cater specifically for shared ownership schemes.

In order to facilitate the uptake of shared ownership, therefore, there will be a need for greater clarity as to the type(s) and level of support available to both community groups and commercial developers when applying for support as part of a shared ownership arrangement. This issue is closely linked to issues of grid connection and the way in which such projects are treated by distribution network operators and Ofgem. These interactions require detailed consideration by government in order for shared ownership to succeed in practice.

Registration

Ofgem's registration procedures have been developed primarily with individual commercial projects in mind. There is a danger that this may inhibit the registration of shared ownership projects, particularly those with split ownership.

The accreditation system for the Feed-in Tariffs and the Renewables Obligation may not recognise co-located or neighbouring plants. Ofgem's guidance for the Feed-in Tariff has been developed specifically to prevent possible gaming by splitting up a large project into several smaller ones. As presently written, this could prevent the commercial plant and the community plant being registered as two separate stations under the Feed-in Tariff.

The regulations for the Renewables Obligation are rather different and would probably satisfactorily recognise a split ownership scheme as being two discrete plants provided that each has its own connection. However, it is unclear how Ofgem would deal with two neighbouring plants which shared a connection.

In some split ownership schemes the community may apply to register its part of the project under the Feed-in Tariff and the developer may apply for the other part to be registered under the Renewables Obligation / Contract for Difference.

These issues point to the need for Ofgem to engage early to ensure that projects in shared ownership, particularly where the site is split, are not disadvantaged through the registration process.

The administrative burden

The efforts required of commercial developers in offering shared ownership options to communities are not insignificant. Such costs will need to be minimised and offset within the wider project costs if we are to realise a significant increase in the shared ownership of renewable energy infrastructure.

There are a number of possible ways in which the Government could help facilitate shared ownership of renewable energy projects by reducing the administrative costs associated with establishing shared ownership provisions and their ongoing management arrangements:

1. Make it easier for renewable energy projects to secure planning permission where a community demonstrates support for the project and has been offered an opportunity to invest in it through shared ownership (reducing the costs associated with long planning delays and planning appeals).
2. Make it easier for commercial developers to secure Financial Conduct Authority (FCA) accreditation for the purposes of engaging in shared ownership arrangements with community groups (if required).
3. Make it easier and less expensive for developers and communities to secure bank finance for shared ownership schemes.
4. Make it easier for developers to integrate shared ownership approaches and monitoring arrangements within their existing project development processes
5. Enable the Green Investment Bank to provide low cost finance to community energy groups so that they can rapidly undertake the early stages of project development and 'catch up' with a commercial developer's timetable;
6. Require Distribution Network Operators to offer separate connection facilities, when called on to do so, to enable a community group to enter a split ownership scheme;
7. Resource a body / bodies to, for example:
 - Implement a platform where commercial developers can find suitable potential community partners;
 - Develop peer mentoring programmes to scale up and accelerate knowledge transfer into new community energy groups;
 - Develop template contracts to help community groups engage rapidly in shared ownership schemes.

Annex A

Split ownership

The term 'split ownership' is used to describe the approach where a scheme is divided into two or more separate generating systems, each of which can then produce energy for the benefit of an identified owner. One of the eventual owners would be a community enterprise. The other owner or owners would typically be the commercial project developer or a utility, independent power producer or investment fund to which the developer sells the energy generating station.

The community enterprise could be a Community Benefit or Co-operative Society or Limited Company. The community enterprise raises the funds to buy or build their share. In this case, the community enterprise owns a physical asset.

Examples:

- Baywind partnership – a co-operative owns 1 turbine out of 4 which operates on a site pooling of costs and income, so Baywind at this site receives 25% of the income and meets 25% of the operating costs, regardless of individual turbine performance. Note: this structure does not qualify for Enterprise Investment Scheme (EIS) relief.
- Fenland - EDF and a co-operative jointly own a wind farm. Turbines are in separate ownership and there is no pooling of income or direct expenses; but grid access and certain cabling is shared and this means that debt financing must by necessity be shared since the sites cannot each operate on a wholly standalone basis. The structure qualifies for EIS relief.

Shared revenue

The developer enters into agreements with a community enterprise to provide a share of net project revenues or profit (revenues less operating costs) in return for the investment from the community enterprise. The maximum investment is typically sized at about 5% of the project capital cost. The investment is configured like a share offer where investors get an annual return on their investment and can recover their original investment (subject to some limits in initial years). The investment prospectus is typically launched during the commissioning of the project so that investors are not exposed to development or construction risk. Marketing of the investment is targeted locally.

In this model, the community have a financial stake in the development and a share of the profits. However, the community enterprise does not own a physical asset. Examples:

- Falck / Energy4All: have done six projects (eg Millennium / Great Glen Co-op) involving a co-operative, where the co-op invests and gets a return but does not physically own anything. The Co-operative's investment is equivalent to typically around 5% of the capital cost of the

project. A refinement on this is Boyndie, where the co-op builds up a cash reserve from the returns from the project to repay the initial investment at the end of the project life. In the other 5 projects the investors take a slightly lower return and the developer is responsible for repaying the initial investment.

Drumlin – in this project, the site is sublet to the co-operative by developer. The revenue share is part of the sublet agreement. The developer obtained planning consents and sold, on a sub-lease, the consented sites to Drumlin. Drumlin owns all the physical assets and raised all the capital for the development. The developer wished to retain a carried interest and this was achieved through the sub lease. Also a “below market” fee was paid to the developer for the consented sites, and the remainder of the fee is paid through rent. The rent is structured so that it is only paid for above plan performance (high wind years) so the community return is more secure

Joint venture

A commercial operator and community enterprise work together, from the beginning, to create a joint venture to develop, own and manage a renewables scheme, local to the community. The community benefits from partnering with a commercial developer who carries the risks at the early stages and brings the experience and competency required to bring a large-scale renewables project from the drawing board into reality. Part of the attraction of a joint venture arrangement lies in working in partnership. This can benefit community groups as they do not usually have the time, money, technical expertise or experience of the planning and construction processes necessary to make a large scheme from initial site assessments to the operational stage. This approach can also benefit a developer in working with the community and receiving its support.

Example:

- Neilston – Carbon Free (CF) and Neilston Development Trust (NDT) created a Limited Liability Partnership (LLP) in 2009 that was governed by an LLP Agreement. CF agreed to develop a potential wind farm site just south of Neilston. In exchange for NDT supporting the wind farm development (and managing the support of the Neilston community) CF agreed to manage and fund the whole of the pre-consent development process. If planning consent was not received, NDT could walk away without further obligation. If consent was received, NDT could invest up to half of the equity requirement on identical terms to CF. They raised 28.3% and NDT has received over £160,000 in distributions from the wind farm in the seven months prior to publication of this Report. Governance of the development is shared jointly. While CF have final authority on some reserved matters (all set out in the terms) this is ostensibly a 50:50 partnership.

Debt-based debenture funding

Crowd funding is a general term used for investing in projects by members of the public. It can be used as an alternative, or in addition, to more traditional funding routes such as equity investments by business angels, venture capital options and bank debt. One form of crowd funding is debt-based debenture funding - offering people the opportunity to own a company's debt.

In this model the individual energy project raises money directly from individual members of the community, with many offering low minimum investment levels in order to maximise participation. Debt based crowdfunding platforms are fully regulated by the FCA and are due to become ISA eligible from 2015. Crowd funding platforms such as Abundance also offer a Bulletin Board service which enables people to sell their investment if their circumstances change.

Examples:

- **REG Windpower – High Down.** Working with Abundance REG Windpower has sourced 100% of the finance for their 0.5MW Cornish wind project from the local community and broader UK community. The Debenture has a minimum investment level of £5 and has a term period of 20 years - matching the Feed in Tariff contract. The debenture is transferrable and tradable on the Abundance Bulletin Board. Abundance is also working with REG Windpower on two projects that are currently in the planning system to help mobilise the local community around the investment offer.
- **Resilience Centre – Resilient Energy Great Dunkilns.** Working with Abundance Resilient Energy financed 100% of their Great Dunkilns project through the issuance of a 25 year Debenture. The debenture is transferrable and tradable on the Abundance Bulletin Board. The term matches the Feed-in Tariff and offered a minimum investment of £5. This approach has enabled Resilient to achieve a community dividend payment of £30-40,000 per MW while also ensuring that the significant majority of community members who wanted to invest could do so regardless of wealth. The project achieved planning approval having received no objections and the community now manage the distribution of the community dividend money.

Unlisted retail bonds

Unlisted retail bonds, also called mini-bonds are debt securities. They can be issued via a crowd funding platform or direct and are required to be approved as a financial promotion by an FCA authorised body. In general they tend to be for a term of 3-5 years at a fixed rate of interest, and can be issued for general corporate purposes or in relation to a specific project, so are another way of achieving community investment.

Examples:

- Good Energy Bonds: £15 million raised from over 2000 investors via 4 year fixed interest corporate bonds.
- Willersey Solar Farm: £4 million was raised through bond finance for this 3.8MW project from retail investors via 5 year fixed interest bonds. These bonds were sold at £60 each as part of Belectric UK's Big60Million initiative
- Eden Project: £1 million retail bond raised via the Crowdcube platform

Annex B: list of organisations that can help

Government organisations and initiatives:

- Community And Renewable Energy Scheme (CARES) (administered by Local Energy Scotland): www.localenergyscotland.org
- DECC One Stop Shop: announced in the Community Energy Strategy; to be established shortly
- Scottish Enterprise: www.scottish-enterprise.com
 - Renewable Energy Investment Fund (REIF): www.scottish-enterprise.com/services/attract-investment/renewable-energy-investment-fund

Trade bodies and other associations:

- Anaerobic Digestion and Biogas Association: www.adbiogas.co.uk
- British Hydro Association: www.british-hydro.org
- Combined Heat & Power Association: www.chpa.co.uk
- Community Energy England: www.communityenergyengland.org
- RenewableUK: www.RenewableUK.com
- Renewable Energy Association (REA): www.r-e-a.net
- Scottish Renewables: www.scottishrenewables.com
- Solar Trade Association (STA): www.solar-trade.org.uk

Charitable organisations:

- Centre for Sustainable Energy: www.cse.org.uk
 - CSE PlanLoCaL: www.planlocal.org.uk
- Community Energy Scotland: www.communityenergyscotland.org.uk
- Energy Savings Trust: www.energysavingtrust.org.uk
 - Ynni'r Fro: www.energysavingtrust.org.uk/wales/Communities/Finding-funding/Ynni-r-Fro-programme
- Foundation Scotland: www.foundationscotland.org.uk
- PureLeapfrog: www.pureleapfrog.org
- Scottish Council for Voluntary Organisations (SCVO): www.scvo.org.uk
- National Council for Voluntary Organisations (NCVO): www.ncvo.org.uk

Cooperative organisations:

- Co-operatives UK: www.uk.coop
- Community Shares Unit: www.communityshares.org.uk
- Energy4All: www.energy4all.co.uk

Community Interest companies:

- Communities for Renewables: www.cfrcic.co.uk

Not-for-profit companies:

- Community Energy Wales: www.communityenergywales.org.uk
- Renew Wales: www.renewwales.org.uk

Other organisations:

- Abundance Generation: www.abundancegeneration.com
- Locality (Development Trusts Association & Bassac): www.locality.org.uk

Glossary

- **Commercial project developer** means an energy utility or a company whose main line of business is developing energy projects. Such companies would typically be members of the trade associations involved in the development of this agreement. Companies whose main line of business lies elsewhere may well choose to develop renewable energy projects, most probably to meet their own energy demands, in which case they might want to consider making a public ownership offer. However, the trade bodies involved in this report have no remit to speak on their behalf.
- A **project** is the development of an energy production plant (or multiple plants intended to be consented and constructed at substantially the same time and on the same, neighbouring or nearby sites), even where there may be multiple owners for such plant(s).
- **Project costs** are intended to refer to those costs associated with the development of a project – excluding grid and aviation mitigation costs which can vary significantly from project to project based on location.
- **Primary purpose** in this context means that we aim to distinguish between “on-site” generators and “merchant” plant. Onsite generation seeks to produce energy to meet a site’s own needs or that of a specific local user, whereas a merchant plant produces energy to sell to others. In reality an onsite generator will export at times when its production exceeds its demand.
- **Legally constituted** in this context means a community enterprise that is formally recognised and able to enter into a financial shared ownership agreement (e.g. a community interest company, development trust, co-operative society, community benefit society or limited company)
- **Export** means a project for which 75% or more of the energy production is destined for onward supply via an electricity or gas distribution network.
- **Public network** means an electricity network, which is controlled by a regulated licenced distributor (or transmission company).