

Contents

Executive Summary	3
Background	5
Methodology.....	5
Presentations	6
Presentations 1 (Llandudno) and 4 (Swansea): Background to Call for Evidence – Welsh Government.....	6
Presentation 2 (Llandudno): Local ownership for local prosperity – Gordon Cowtan, Fintry Development Trust	8
Presentations 3 (Llandudno) and 7 (Swansea): Local ownership for local prosperity, Shared Ownership: Changing the conversation.....	9
Presentation 5: Local ownership for local prosperity: Three board games outside Swansea (presentation 1 in Swansea) Chris Blake, Community Energy Wales...	13
Presentation 6: Local ownership for local prosperity (presentation 2 in Swansea) Martyn Popham, Cenin Renewables	16
Group discussions.....	19
Llandudno afternoon session 1	
Group discussion: What are the challenges of local ownership?	19
Swansea afternoon session 1	
Group Discussion: What are the challenges of local ownership?	23
Llandudno afternoon session 2:.....	
Group Discussion: What actions are needed to overcome the key challenges? ..	28
Table 1: Finance for Shared Ownership.....	28
Table 2: Cost and complexity	29
Table 3: Need for capacity to manage	30
Table 4: Explaining Shared Ownership to the public.....	31
Table 5: Subsidy free world.....	32
Swansea afternoon session 2:.....	344
Group Discussion: What actions are needed to overcome the key challenges?	344
Table 1: Finance for Shared Ownership.....	344
Table 2: Making projects work without subsidy	355
Table 3: How does planning enable?	377
Table 4: Engaging communities	388
Table 5: Definitions	40
Annex 1	422
Llandudno event, list of organisations represented	422
Swansea event, list of organisations represented	433
Annex 2	444

Agenda Llandudno event	444
Agenda Swansea event	455

Executive Summary

On 12 January 2018, the Welsh Government launched a call for evidence exploring Welsh Government's target for new renewable energy developments to have some [local ownership](#). In February 2018 Welsh Government held two events on the call for evidence to inform implementation of the target.

This report provides a note of the discussions at the two events. The information recorded reflects the views and understanding of participants at the event and not those of the Welsh Government. The key points from the events have been considered alongside the written responses to the Call for Evidence. Welsh Government has published a document summarising the evidence received, and including the Government's response and actions.

Overview of Llandudno workshop

The Llandudno workshop included presentations from Welsh Government, Gordon Cowtan, Fintry Development Trust and Berry Jordan, Vattenfall. Delegates were asked to discuss the following topics in break out groups:

- What are the challenges of local ownership?
- Finance for Shared Ownership
- Cost and complexity
- Need for capacity to manage
- Explaining Shared Ownership to the public
- Subsidy free world

The main themes arising from the interactive workshop in Llandudno were as follows:

- Cheap finance is needed, possibility of getting this via Local Authorities/pension funds or setting up Wales Bank Plc. Pension funds should invest in renewables rather than fossil fuels.
- Local people having a sense of ownership over a renewable energy project takes the conversation away from being about whether or not individuals like renewables or not.
- Community support through the planning phase for a project can be a significant benefit to a project as there are fewer objections.
- Must ensure opportunities are equitable and not a postcode lottery.
- Support needed to develop projects from mentor/development officer.
- Engagement and early communication with community is important.
- Land outside of the Strategic Search Areas needs to be given more support to achieve planning consents.

Overview of Swansea workshop

The Swansea workshop included presentations from Welsh Government, Chris Blake of Community Energy Wales, Martyn Popham of Cenin Renewables and Berry Jordan from Vattenfall. Delegates were asked to discuss the following topics in break out groups:

- What are the challenges of local ownership?
- Welsh finance
- Making projects work without subsidy
- How does planning enable?
- Engaging communities
- Definitions

Participants' perspectives from the workshop in Swansea were as follows:

- Cheap finance is needed. Whilst Local Authorities do have access to finance at 0.2% interest there are lots of demands on this from core services such as education and road construction and so Local Authorities shouldn't be expected to provide finance for renewables.
- Mapping out where the most suitable sites are for renewable projects is a priority. The Welsh Government's "energy atlas" will show where opportunities are.
- Shared revenue/virtual ownership is the best/most straight forward to establish between developers and communities (an example of this is when a local community is offered the opportunity to buy into a project and may own one turbine within a several turbine development).
- Weight should be given to renewable projects with community ownership element in planning process.
- Good examples of shared ownership should be promoted and replicated elsewhere.
- Welsh Government should lead by example on our estate and land managed by Natural Resources Wales.
- Important to keep financial benefit in Wales.
- Need for a Welsh investment bank.
- Definitions need firming up.
- Local businesses have an opportunity to own renewables and, in doing so, contribute to local employment, education and brown field site regeneration.

Background

In September 2017 the Cabinet Secretary for Environment and Rural Affairs set ambitious yet stretching targets for renewable energy in Wales. Wales now has a target for 1GW of renewable electricity generated in Wales to be locally owned by 2030. The Welsh Government also expects all new developments to have at least an element of shared ownership by 2020. Welsh Government launched a [call for evidence](#) to invite people to inform our approach to local ownership.

In February 2018 Welsh Government hosted two events to gather evidence in relation to the call for evidence on local ownership of renewable energy.

17 delegates attended the event in Llandudno on 12 February at Venue Cymru and 29 delegates attended from Swansea on 26 February held at the Village Hotel. Full lists of the organisations represented at the events are included at Annex 1.

The Welsh Government worked with Vattenfall, the Fintry Development Trust, Community Energy Wales and Cenin Renewables to deliver the events. An agenda for the workshop is attached at Annex B.

The event aimed to:

- Set the policy context for the Call for Evidence.
- Provide opportunity for stakeholders to contribute their evidence.
- Identify key challenges and actions for Wales on local ownership of renewables.

Methodology

The workshop was delivered using MeetingSphere, an interactive system for capturing and feeding back delegates' views in real time. Delegates were encouraged to submit comments and questions in response to each of the speakers using tablets. The key points delivered by the speakers were recorded on MeetingSphere as they were speaking.

The interface encouraged delegates to work together in groups and contribute to the engagement process. People could also see and respond to other delegates' comments as the event unfolded. During and after the event the speakers were encouraged to respond to the delegate's questions and comments on MeetingSphere.

Delegates in Llandudno were asked to contribute their views on:

- What are the challenges of local ownership?
- Finance for Shared Ownership
- Cost and complexity
- Need for capacity to manage
- Explaining Shared Ownership to the public
- Subsidy free world

Delegates in Swansea were asked to contribute their views on:

- What are the challenges of local ownership?
- Welsh finance
- Making projects work without subsidy
- How does planning enable?
- Engaging communities
- Definitions

Presentations

Presentation 1 (Llandudno) and 4 (Swansea): Background to Call for Evidence – Welsh Government

Welsh Government set out the policy background to the Call for Evidence and provided an overview of the Call for Evidence.

The full presentation is below:



The questions and comments posed by delegates during the Welsh Government presentation in Llandudno were grouped under the following themes:

Infrastructure

- **Consideration of infrastructure.** A delegate asked whether infrastructure was being considered as part of the call for evidence. Another attendee commented that infrastructure is an issue, however, financing improvements is a challenge. The grid is up to capacity, but systems must be future proofed, particularly in areas of high demand, and the network should be designed carefully, incorporating storage.
- **Interest in Smart grids.** A delegate asked whether there was interest in smart grids. It was confirmed that there was and that National Grid network operators and academics are proactively considering the challenges. Scottish Power Energy Networks are trialling active network management across North Wales.

Heat

- Delegates were keen to know whether **Welsh Government is considering heat** as part of the Call for Evidence. There was a concern that **Welsh Government** might be missing low hanging fruit by not considering heat early. Welsh Government responded to say that the current target relates to electricity. Very little heat data is available on which to base a target.

- **Firewood.** One delegate asked whether firewood is being considered as a CO₂ neutral system.
- **Local heat.** An attendee considered local creation of heat to be most efficient.

Nuclear

- One delegate asked 'how does **nuclear fit in?**' Welsh Government responded to say the 2.8GW generated by Wylfa is greater than the 2GW required to power Wales. Decisions on nuclear are, however, made by the UK Government. Whilst nuclear is relevant to decarbonisation targets, it is not relevant to the Cabinet Secretary's renewable energy targets set last year.

Future energy demand

- It was suggested the future energy demand profile should be mapped as new technologies such as electric vehicles will likely have a significant impact on energy demand. The future heat profile is also unknown.
- One delegate raised a concern regarding **disconnect between local owner operated systems and large scale developers.**

Business rates

- An attendee commented on the impact new business rates were having on small scale community hydro projects.

The following points and questions were raised by delegates in Swansea during Welsh Government's presentation:

- How would you stop a company setting up a **Special Purpose Vehicle** based in Wales to claim that it was a locally owned project?
- **Subsidies and community benefit** funds have been relatively generous, but are not likely to be so generous in future. We need to look at what the appropriate level of benefit might be in future what this means for shared ownership?

Presentation 2 (Llandudno): Local ownership for local prosperity – Gordon Cowtan, Fintry Development Trust

Gordon Cowtan from the Fintry Development Trust, Stirlingshire joined the Llandudno workshop via Skype to share the successes and challenges of the Trust in developing a community owned wind farm in Fintry. The Trust took advantage of significant local expertise to develop a wind energy project with £500,000 income to date. The developer, Falck, loaned the community £2.5 million to cover capital investment costs. Repayments are deducted from the profit over 15 years, with the remainder going to other energy reduction and sustainability projects. Following the loan repayment, it is anticipated the level of profit received by the community will increase. One third of the debt was refinanced through the Scottish Investment Bank's Renewable Energy Investment Fund (REIF) to save money.

The full presentation is below:



Fintry Development
Trust Llandudno.pdf

The responses to Gordon's presentation centered on project finances and project benefits.

Finance

One delegate wanted to know what the £2.5 million bought: was it a chunk of real estate? Gordon explained the community has virtual ownership of one of the turbines. Virtual ownership is a production share agreement (i.e. the community will receive a percentage share of wind farm income, minus debt payments, interest and operations and maintenance costs). If only one community is affected by a wind farm this is a much easier model to work with.

An attendee was curious to know whether, given the lean future, the Fintry project will make a return on the investment. Gordon anticipates the community will receive more profit after the loan is paid off on the turbine. It was noted, the community hasn't put any of its own money into the scheme and the community is confident it will be able to pay off loan with surplus.

Project benefits

One delegate asked Gordon 'What would you say the developer, Falck, gets out of this - from their point of view?' Gordon responded to say the project received the clear support of the community in the planning process. The planning process can take ten years without the support of the local community and so community support is a big win for the developer. Falck have a strong relationship with the community and the community is actively engaged. The developer factored the community benefits into their costings.

Presentation 3 (Llandudno) and 7 (Swansea)

Local ownership for local prosperity, Shared Ownership: Changing the conversation

Berry Jordan, Vattenfall

Berry Jordan, from Vattenfall, delivered a presentation at both the Llandudno and Swansea events, exploring Vattenfall's work with communities in Scotland. She focused on 'shared ownership' and described how shared ownership works in Scotland. She talked about why Vattenfall offers shared ownership, and what the risks involved and rewards are.

In Denmark communities have a legal right to invest up to 20% in renewable developments. Take up is variable with some communities keen to invest, others less so.

The definition of shared ownership in Scotland is different from the call for evidence. In Scotland, shared ownership is where a community group invests in a privately owned renewable energy project. Shared ownership is an arrangement between the community and developer.

Vattenfall find they have fewer conversations about whether people like or dislike turbines in Scotland than in Wales, because there is more of a sense of ownership. The conversation with local communities should be about our energy system. Shared ownership is a completely different type of offer with a sense of ownership for the community rather just another income stream. With shared ownership there are risks and returns for both the community and the developer.

A development trust might be used locally to handle the investment in and income out on behalf of a community, or individuals in the community might make a financial investment.

Berry explained how the Financial Conduct Authority (FCA) restricts companies to using factual information in share offers. Vattenfall commissioned Abundance to help shape the share offer to communities and comply with FCA rules.

The public level of knowledge about shared ownership is very low. It is therefore necessary to have long and ongoing dialogue to develop the level of understanding of what is required from the community side and what the risks and rewards are likely to be.

Berry highlighted the Local Authorities have access to cheap loans.

Berry Jordan's full presentation is below:



Vattenfall
presentation Swansea

Llandudno participants made comments and questions under the following themes during the presentation:

Scottish Government's planning and consent processes

- Can you clarify what the Scottish Government's role in the consent process is? I assume it's different from Wales and England?

Berry explained in Scotland, requires the developers to aim for Memorandum of Understanding (MoU) with a community. An entity embodying the community/ies must be established. The MoU is assessed by the planning authority. Shared ownership entails a considerable amount of work before the development is built and returns are made. This process can last 6-10 years before the development is built.

Welsh Government has since contacted Scottish Government to clarify whether they require a MoU. As a MoU is not legally enforceable it does not carry any weight in the planning process, and is not required with a planning application. However, it can be helpful for the community to develop a MoU with a developer to set out their respective roles in a renewable energy development.

The shared ownership return must be matched to the community's priorities but net economic benefit is a key consideration of this element of the planning proposal. This means the community benefit generated as a result of shared ownership is more likely to be actions that generate jobs or other economic benefit.

- The Scottish Government requires 50% of consented schemes to have local ownership. What happens when 50% is reached? Is this a yearly or a monthly target?

Equality between communities

- Would you say that some communities are better positioned to share ownership and benefits than others? E.g. because of geography, rural vs urban, transient populations vs more static populations. If yes, is there a way for transient urban populations to benefit from shared ownership?

Berry stated the first conversation with community should be about what the community feels like is 'local' in order to define the extent of the area of engagement. Once a developer has opened a share offer to a community, it may open the offer out to other groups for example, other cities in Wales or any investor in the world.

- Do community renewable projects make a postcode lottery of benefits to communities? Is this equitable?

Participants at the Swansea event posed comments and questions under the following themes during Berry Jordan's presentation:

Local Energy

- The phrase 'local energy' could cover a spectrum of arrangements. The call for evidence as a local ownership 'umbrella' and shared ownership forms one part of this.
- Local ownership gives more opportunities for renewable developments.

Planning

- The materiality of community ownership in the planning process is problematic and presents a risk to developers.
- In Scotland there is a link between getting planning consent and developing a project on a shared ownership basis.
- Need to prove there is a net economic benefit from the project in Scotland.
- Do Vattenfall contribute to the legal advice for the community as it benefits their project in terms of consent etc.?

Communities

- Developers can support the less able/ambitious communities to work on a shared ownership project.
- More people getting involved in renewable energy builds support and more people 'like it' once they get involved. This changes the 'them' and 'us' dialogue.
- We are used to talking about community benefit but shared ownership is completely different. It is a commercial offer to communities to 'buy in' to developments. The risks are higher, but so are returns.
- What does an 'affected area' look like in Scotland?

Finances

- Communities need to access their own debt funding (appropriate level that they are able to support). Once this is being repaid there is an income stream.
- In the post subsidy world, long term debt finance is needed. Once the community pays off the debt, money comes into community.
- In Scotland developers have to prove the project will generate a net economic benefit.
- The shared ownership timeline can be quite long with initial discussions describing the concept and talking about legal and financial implications. In Scotland, the Local Energy Scotland development officers are helpful with impartial advice and access to funding.

- Income from rent can be divisive as only the landowner benefits and not the whole community.
- Difficult to make finance on shared ownership stack up at the moment, particularly on share offers.
- Need to match share offers/crowd funding with communities buying in with loan finance. Developers will only do this in Wales if the incentive is there to pursue shared ownership.
- Shared ownership does have costs associated - Vattenfall has invested in this to take forward shared ownership.
- Difficult for communities to take out debt finance to fund taking forward shared ownership arrangements. Grants are more appropriate.
- How do you reach those parts of the community who cannot afford to invest?
- In current energy market, it's very difficult to get finances to stack up. Could there be investment from Crowd funding/Wales Bank Plc?
- The communities Vattenfall work with in Scotland are time poor and cash rich. Investing in a local scheme is a clear way locals can demonstrate their support for a project.
- Circulating money in Wales has a benefit for local communities.
- Communities need to consider the benefits they want to achieve and how to allocate the money to get the desired benefits.

Scottish Government's rules relating to shared ownership of renewables

- Evidence needed (from developer) that offer of shared ownership is genuine - records of meetings, conversations etc.
- Developers should demonstrate the shared ownership is genuine. However, this carries no weight in the planning process.

Models of ownership

- What types of shared ownership has Vattenfall pursued?

In Scotland Vattenfall pursued three key models:

- split asset, where the community owns portion of the asset;
 - virtual ownership, otherwise known as shared revenue, where a community has 'notional' ownership x% of development; and
 - joint venture where a developer and a community go into a development together. This includes voting rights which can be problematic for developers.
- Shared revenue is the preferred model for Vattenfall.
 - Is there an issue with transparency in shared revenue? Even if there is no legal responsibility to consult on decisions, developers are keen to have a dialogue. The trust of the community and a sense of transparency are gained through long term community engagement.

Presentation 5: Local ownership for local prosperity: Three board games outside Swansea (presentation 1 in Swansea)

Chris Blake, Community Energy Wales

Chris Blake from Community Energy Wales delivered a presentation about local ownership of renewables using the analogy of three board games.

Chris highlighted the importance of the Welsh Government's energy targets, in particular the target to generate 70 per cent of electricity consumption in Wales from renewable energy by 2030 and the target for 1GW of renewable electricity generated in Wales to be locally owned by 2030.

Chris used the analogy of Snakes and Ladders to demonstrate the issues impacting renewable energy developments. The Feed In Tariffs (FITs) ladder has gone and so there will be less support for renewables available in future. Hydro rates relief will be important going forward and represents a small ladder in the snakes and ladders analogy.

Grid constraints represent a big snake in the analogy. How do we deploy projects at scale with the constraints we have on the network?

Welsh Government has introduced useful ladders such as the Strategic Search Areas under TAN 8 and use of the public estate administered by Natural Resources Wales.

Chris used the analogy of Monopoly to discuss financial issues relating to renewable energy developments. Keep the money generated by energy generation within local economies. Rent from renewable projects typically stays within the area from a renewable energy project with some of the rental income going out of Wales, for example where there are large estates from landowners based outside Wales. Rental income is a relatively small part of the pie, whilst shareholder returns from renewable energy projects are bigger in proportion, much of which is going outside of Wales.

Jobs are also important, although renewable energy is not a high contributor in terms of job creation. Smaller projects create some local employment, larger projects are usually less successful at keeping the benefits local as they often employ staff from elsewhere.

Chris used the analogy of chess to explain how we all need to work together to meet the renewable energy targets as an individual piece never wins at chess. Government, communities and Local Authorities need to work together.

Chris' gave the example of a project which uses local land assets with the community group encouraging energy to be used locally.

Chris' full presentation is attached below:



Participants posted thoughts under the following themes in response to Chris' presentation:

Finances

- An Abundance type investment platform for renewable energy developments in Wales should be established. Another participant agreed with this idea, and suggested there are too many, highly complicated investment schemes out there, this puts business leaders off making the commitment. A clearer, more trusted route is needed for investors.
- The public sector could use its procurement of electricity through Power Purchase Agreements to make projects viable.
- Cheaper finance is key to progress as profit margins are small and it's becoming increasingly difficult to pay generous dividends. Local authorities may be able to provide long term low interest loans.
- As it stands there is no subsidy for renewable projects. Some sort of price stabilisation mechanism would be welcome.
- Community benefit is currently a small portion of the profit for renewables.
- We need to keep money within Wales.
- Local Authorities can provide cheap loans and land and can engage with the local community.
- Prudential borrowing through Local Authorities can work, however revenue budget can end up just servicing loans and not delivering the services that Local Authorities are obliged to deliver. Whilst Local Authorities can access loans at 0.2% interest, other areas of Welsh Government expect prudential borrowing to be used for a number of other purposes. Local Authorities depend on these loans for schools, roads and many other projects. However, renewable energy can generate an associated income stream.
- Germany has publicly owned banks that give cheap loans. Could there be a Public Bank of Wales? Public banks could also help with reducing costs of finance. Work is underway to look at setting up a Public Bank in Wales.
- Sustainable amounts of local borrowing have been used in other countries such as Germany.

Targets

- How challenging are the Welsh Government targets and how will we meet them in the future funding environment?
- We are over half way towards reaching these targets and we have fourteen years to achieve the other half, however, going to be hard to meet the other half.

Grid constraints

- The issue of grid constraints could be helped with battery installation.

- There is not always capacity in the network to receive new generation. It is a question of cost and who pays?
- Wales needs smarter grids and to match demand to supply.
- PV for on-site consumption is not restricted by grid constraints. Every hospital, prison, care-home etc. could and should be generating on-site.
- What is the potential for private wires/connections between schemes and communities to reduce grid problems?

Heat

- What about heat? The emphasis of the presentation has been on electricity.
- The Welsh Government targets were for renewable electricity, so the focus of the call for evidence is on electricity, but it could also apply to heat. The first presentation said Welsh Government will be looking at heat policy in more detail later in the year, to respond to the UK Committee on Climate Change recommendation to have a heat strategy for Wales. A number of the smart living projects are working at the frontiers of decarbonised heat delivery.
- Heat only makes sense in well-insulated buildings. We need zero carbon homes standard, and serious refurbishment like Energiesprung Programme.

Planning conditions

- There is a need to improve planning conditions outside Strategic Search Areas (SSAs). The obligations of the Wellbeing Act could be helpful in terms of improving outcomes from planning for renewable energy projects - particularly outside the SSAs.

Working together

- Use public assets for renewable developments. For example, the Alwen project was a wind energy project on Natural Resources Wales (NRW) land. This is a good example of a shared ownership project now in development
- Trusted partners and behaviour change are needed.
- Communities can help in a number of ways, for example, by working with developers communities can access capital and take larger risks. A community can help build support around a project, particularly where benefits and income will come directly back into the community.
- Could aggregation of groups of domestic systems encourage local ownership?
- Registered Social Landlords (RSLs) should be considered as a tool to push forward community schemes, not just Local Authorities.

Modeling

- Local Authorities and NRW could model sites likely to be suitable for renewables.
- The City of York had mapped out where renewable energy projects might be acceptable. Is this happening in Wales?
- Most Local Authorities have identified suitable sites but this needs communicating. Local Development Plans are a way of communicating suitable

sites in Wales. Most Local Authorities have done some strategic mapping using the Toolkit.

- The Energy Atlas for Wales could model and communicate sites suitable for renewable developments. The Minister has made a commitment for Energy Atlas for Wales and work is being done to scope this project now.
- Strategic energy mapping in has taken place in Talgarth where they are consulting to find out which sites are financially viable and publically acceptable.
- Bridgend have modelled the potential for heat in their area with the Energy Technologies Institute Energy Path Networks tool.

Presentation 6: Local ownership for local prosperity (presentation 2 in Swansea)

Martyn Popham, Cenin Renewables

Martyn Popham from Cenin Renewables delivered his presentation on the Cenin Renewables project at Parc Stormy, Bridgend.

Martyn explained how Cenin has an integrated site with solar PV, wind energy and an Anaerobic Digester taking food waste. Cenin renewables are working to make sure that schemes have a positive local economic impact beyond the site itself.

The site produces enough energy to supply the local town (around 10,000 homes).

The brownfield site began to be redeveloped from 2007 when it was cleaned up. The renewables project started with 'small' PV installation in 2011. Planning permission for Anaerobic Digestion plant was given at an early stage, but took 9 years before this made economic sense and it was taken forward. In the meantime developed one (and then more) wind turbines. Now Cenin Renewables also have a low carbon house.

A low cost grid connection and one site energy use helps the economics. The site attracted a large scale battery installation through a competitive process which fits with the company aim to showcase innovative projects on site.

Moving to a low carbon future is a marathon and not a sprint, you need to complete a project and move onto the next.

Martyn's full presentation is attached below:



Cenin Renewables
26 Feb 2018.pdf

In response to Martyn's presentation, delegates posed questions and comments under the following themes:

Planning

- If areas of preferential planning for renewables are established by Local Authorities will there be a mechanism/obligation for the areas to be developed by local energy developers (otherwise larger developers with capital available may be able to secure the land rights before local developers)?
- The history of community schemes making their way through planning has not always been that encouraging. How safe is the proposition that community based schemes will face less opposition?
- How can we use the Wellbeing for Future Generations Act ways of working, collaboration and engagement in particular, to garner support locally and politically for schemes to make a smoother ride through the planning system?

Finance

- Low cost finance is needed for renewables projects to succeed as there are lots of projects that don't get off the ground. There is a lot of ethical funding out there but do we need a broker to connect good projects with good finance?
- There is disconnect between funders and schemes, we need to find ways of linking them up.
- Large investors only want large schemes to invest in. Smaller scheme finance is more of a problem. Even so, getting a viable project is the main barrier not finance.
- Renewables is becoming one of the cheapest forms of energy; it is now cheaper than fossil fuels. Offshore wind is coming down significantly in cost. Lowest cost provider wins.
- Carbon is important if you can afford for it to be, however, for many people food etc. is more important. Any financial benefit needs to benefit all.
- Community ownership of between 20-30% ideal.

The value of small scale renewable projects

- Large renewables projects are efficient but the reasons to allow small scale energy for local use are overwhelming. In terms of building motivation, skill, demand management, innovation and especially it is or rather should be a human right to produce your own energy renewably, should your community want this.
- Maybe the smaller schemes should integrate to create a big scheme.
- Renewables projects have a regenerative effect and invest into an area.
- Martyn, how replicable do you think your story is now in the post subsidy world?
- There is economic value in putting PV on land with low agricultural value. Sheep graze under the panel. Pond and wildlife area.
- Cenin is also looking at what benefits it can offer off the main site with PV development alongside sheep grazing. Scrub land was renovated to create a renewable energy supply (economic activity) with an improved grazing and wildlife area.
- Cenin is working with local schools to fund learning on environmental issues, in particular schools in particularly deprived area. The school group visits provide an opportunity to hear what young people think, for example they have enthusiasm to challenge elected members about increasing new build standards.

- Cenin is keen to share information, create employment and provide education.
- What is the potential for small scale projects?

Learning from other projects

- Is there is a way of finding out the reason why projects don't get off the ground to take learning from failures?
- How replicable is what Cenin do?
- There is learning to be had from what Cenin do but each project needs to be developed on own merits.
- Energy has a significant cost to business.
- Solar PV on agricultural fields competes with food production by taking away the energy for plant growth so developers should consider placing PV on steep banks and borders to provide microclimates or shade for livestock.
- There was some confusion with the local authority regarding TAN 8, in Bridgend, in relation to whether wind turbines should be installed at all outside Strategic Search Areas.

Group discussions

In the afternoon, the key themes which arose earlier in the day were discussed at a deeper level by participants.

Llandudno afternoon session 1

Group discussion: What are the challenges of local ownership?

Participants were asked to discuss and record their thoughts regarding the challenges of locally owned renewables. As in the morning sessions, particular themes emerged from the group discussion:

Finance

- Finance is needed for communities and for developers.
- Finance should be provided for all aspects of the process with grants for communities to gain advice of shared ownership offer.
- Cuts to Feed in Tariffs make projects less economic.
- Welsh Government is making a statement without providing money.
- Low interest loans from Welsh Government would be highly beneficial.
- Shared ownership creates an extra financial burden for the developer, how does this differ from community benefit funds?
- Oversubscription: there's a ceiling for investment, this can lead to disappointment when some community members miss out.
- Problems with pre-consent modelled figures etc. Companies need a business plan etc.
- Loss of subsidy support means private developers are looking for other routes for funding. Will they be looking for other routes for funding? Possibly Power Purchase Agreements with local businesses.
- Developers need to reduce costs as it is a really hard time to develop and make projects work in a subsidy free environment. Providing the community benefits as well, supporting the community to be in the right place to work with developers is resource intensive.

Models

- Common model elsewhere in Europe, 100% community ownership.
- What is cut off for developer? Can 50% of the benefit be made available for the community?
 - Vattenfall would say no to that, as they must consider risk and return. Community could also be liable for risk.
- There need to be some example financial models that realistically give the "community" a sense of the returns available.
- Are there ways to encourage existing large schemes to add an element of local ownership after a site has been established? For example, Gwynt y Mor to provide greater community ownership of benefit flow if not a greater share of profits? Also there is the example of a privately owned wind farm being acquired by community in North West England.

- The shared revenue/"virtual" ownership model is the most viable model for developers to offer. Other models can be much more challenging. How to finance that share is the real challenge.
- Given the effort needed from the community, is a community benefit fund a better option? Scotland expects both shared ownership and a benefit fund; how viable is that going forward? One community in Scotland (sparsely populated area in real need of investment) wants the benefit fund. To come together and set up a structure to manage the income is a hard enough challenge.

Working together

- Developers and communities have different cultures, this can make understanding and communication tricky to start with.
- Shared ownership can prevent a community creating a barrier to development.
- Working with a community is very time consuming, needs real buy in to see it through.
- Community led projects are running now, negotiating all the agreements, technical, legal, financial and administrative management as well as spending any benefits. These groups are not resourced and so this is a big commitment from the community. With shared ownership these commitments could be more resource intensive.

Support

- There is a need for substantial local support in terms of development officers to assist community groups across the board.
- Development officers should be provided by Government to provide support and advice on various issues raised by the community.
- There is very little support for volunteers involved in delivering community schemes, compared to resources developers have e.g. level of resource and uncertainty around annual budgets to support them.
- Need guidance for community groups in getting through planning process.
- There is a lack of awareness of where to get help e.g. a participant involved in renewables for 10 years wasn't aware there was a team in Welsh Government working on this.

Skills

- Communities with skills to set up schemes more likely to be affluent, and, therefore, potentially have less need for community benefits and additional income etc.
- A solution to the issue of having sufficient skills in a community group is to conduct a skills audit and work out who is needed on board of a group? Then the group can recruit to fill the skills gap.

Engaging communities

- If communities want this they're probably doing it anyway.
- There needs to be flexibility around community benefits.
- There can be a 'them and us' relationship between developers and communities.
- There can be cultural issues as highlighted in the book 'A Machynlleth triad' which discusses the wind farms of the hated English.
- Getting communities interested is one of the hardest challenges when there don't appear to be many benefits.
- If a community really doesn't like a project, no financial incentive might be enough.

Public bodies

- Local Authorities are barrier, for example Gwynedd's forms are too complicated.
- NRW nationally owned resource cannot be ascribed to a local community. Publically owned assets could aid a local community. Communities can't access resources that surround by the community.
- Local authorities and NRW could be instrumental in borrowing and lending capital to community groups to buy in or can they assist the return to the community in other ways.
- There is pessimism on the part of some community councils.

Policy

- UK policy doesn't allow for renewable energy.
- Danger of making consenting regime in Wales too complex and therefore make developers look for sites in England where additional complexity of local ownership isn't a factor.
- The Scottish system is a bit restrictive and hard to deliver, it doesn't enable innovation.
- Is local ownership just about renewables and just onshore? What about nuclear?

Grid

- Electric vehicles can't be supported by the National Grid.

Equality

- It's important to try to avoid a postcode lottery where a community benefits solely because of its proximity to a site suitable for generation.
- Less coherent communities less likely to be able to work together to kick off a project like this.

Establishing and maintaining community groups

- Less experienced groups could be mentored by ones who have already been successful.
- Close knit communities have their own structure and therefore are more likely to succeed. This would be harder in a larger community, or larger scale.
- Secondments, possibly from developers, into community schemes for very short term to project manage might help.
- There are quite serious governance issues around keeping local groups going in the long term in particular when original 'founders' retire and move on. A lot of people are involved in running schemes are older or retired which creates issues around institutional knowledge, and succession. Some of these assets will be operational in 50 years' time. How do you take that forward as communities change over time? How can we get younger people/people still working involved so there can be continuity?
- One scheme managed to get a grant from an energy company to help student be involved in board for a local scheme.
- There is a need for different legal entities, for example, a separate body to give out funding from the one that collects it in the first place.

Finding appropriate sites

- Have the big companies already bought up all the prime sites for generation?

Community Benefits

- How do you define the benefit? e.g. a dividend, cheaper tariffs
- There are low levels of job creation from certain installations, PV, wind farms. Doesn't help create jobs within communities.
- Developer will have a commercial incentive. As an individual or a member of a community group, why would I invest? It is a hard sell to sell the softer benefits.
- A developer needs to explain the benefits locally if a community group invests in a shared ownership project.
- Should there be restrictions/limits/guidance on how communities use income?

Lessons learned

- Should we be asking them what they have learned from their perspective about the process of working with Falck at Fintry?

Swansea afternoon session 1

Group Discussion: What are the challenges of local ownership?

Delegates in Swansea were asked to discuss the challenges of local ownership of renewables in groups and make a record of their discussion. Responses to this question fell under the following themes:

Planning

- Planning seen as a big risk for the developer, need to reduce the barriers to development in Wales.
- Community benefit is seen as a benefit in planning.
- Planning cannot take into account the community, how does Scotland do this?
- Would planning targets facilitate locally owned renewables developments receiving consent?
- There is a clear benefit of having a community partner onboard.

Procurement

- Procurement mechanisms make it difficult to ensure benefits, such as jobs, are retained locally.
- Local suppliers could be used, which would help to get local buy in.
- Current procurement is based on a 'go big, go cheap' philosophy which doesn't help with use of local suppliers

Definitions

- The local area needs to be better defined to be useful.

Public sector

- The public sector only responsible for 8% of locally owned renewables. The public sector could generate much more on-site and maybe buy from locally owned suppliers through systems like Piclo.
- Local authorities could make better use of their estate and assets to generate e.g. roof space.

Location of renewables

- The public estate, throughout Wales, provides a clear opportunity for community renewables, in particular with regards to onsite demand. Although the procurement issue remains. How can you use sources of energy onsite if it then has to go through procurement?

Policy

- There is a need to join up Welsh Government policies e.g. local ownership targets and the public sector 2030 carbon neutral target. Public sector bodies

might buy green energy from the grid to meet targets and they might be unsure about who owns the energy they are buying. Why not develop more energy generation assets on public estates with local authorities working with community groups etc. and provide energy directly on site?

- Might there be people more prepared to buy local clean energy at a higher premium than public sector bodies who are looking to make best use of public money? The whole point is to give the generator the best return beyond subsidy. There's a big difference between selling electricity from existing projects and getting Power Purchase Agreements (PPAs) to bring on new generation. It is very difficult for public bodies to use electricity-buying funding, which is to meet today's electricity needs, to support new generation.
- PPAs ensure guaranteed revenue for a number of years, which helps to raise finance.

Barriers to development

- From the developers' point of view, projects are not as secure as they were previously, therefore adding community engagement over the current pressures is not viable.
- Where are the benefits of local ownership for developers?

Grid constraints

- Grid infrastructure is a barrier.
- The first developer has to bear the cost of new infrastructure but this can be impossible for communities (even when they can recoup some of cost from subsequent projects connecting).
- The way the grid calculates what can connect is out of date. There is limited headroom for new low carbon development as large assets (e.g. Aberthaw) are still assumed to be generating 'all the time' by the regulation system.
- Local grids are a potential solution – Independent Distribution Network Operators can help, but it's difficult to identify sites where this solution might be appropriate.

Heat

- There is a need for a heat strategy.
- Part L of the Building Regulations (Conservation of fuel and power) needs to be used to improve new build standards.
- Locally owned supply chains should be developed such as Swansea University's SPECIFICS model - ownership driven through peer to peer models etc.

Mapping

- There is a need for a 'map of Wales' viable sites, projects and communities.
- A map of viable sites will help to attract finance.
- Wales doesn't have federal bank and so investment decisions are often made in London.

- Spread the knowledge of sites suitable for renewable developments via word of mouth and leaflets not just social media.
- Schemes need to be 'on merit' to make sure investments are made in the right places.

Benefit for communities

- Just offering the opportunity to invest is not generous and may not provide real community benefit as it is restricted to people that can afford to invest. This, however, is the reality of current development costs compared to income. There is not sufficient profit to be generous.
- Consumers buy electricity at around 15 pence per kW and generators sell electricity to the grid at 5 pence per kW, this disparity means those generating electricity lose out when buying electricity back off the grid.
- A micro-grid could provide the benefit of electricity generated locally with local suppliers to giving power at lower price to local people when in surplus.
- Could there be a better procurement policy which includes criteria for how much economic benefit stays in Wales?
- Materiality of community ownership in planning is tricky, as you can't take into account community benefit, or who the applicant is. This provides a planning risk. Why doesn't Welsh Government consider setting legislation to clarify the materiality of community benefit?

Battery storage

- Battery storage is expensive. Is it possible to make battery storage cost effective and bring forward the value of batteries in demand management?
- Battery storage can be risky.

Innovation

- Change legal risk setting to allow more innovation with knowledge.
- Funding should be provided for real situation innovation.
- Smart half hourly metering will change use of energy.

Research and knowledge sharing

- Getting community action research to be peer reviewed, to count as research and get research funding is challenging.
- Use innovations and experiments as part of the appeal of a town so people can visit and learn about a project.
- Where innovation takes place we should ensure we are learning from information already available and good practice elsewhere, e.g. city level data.
- Trust is vital for engagement and local investment.
- How do people find the right technology for their own home and a trusted installer?
- Civil servants in Wales could be trained as experts through secondments in Scotland, or elsewhere in UK and in Europe.

Community support

- The developer often ends up organising the community.
- Who are local community groups? If they can't be reached, how can they be engaged?
- Do we need more resource in terms of development officers on the ground in Wales?
- Welsh Government should continue to provide free advice.

Engagement

- It's important to find local pride, and use this as a basis to educate and engage people.
- We need to work out the balance between seeking investment, benefitting people and getting their support.
- It's important to win the trust of the people locally and to gain their ongoing commitment.
- Could local authority or housing associations be an intermediary in more deprived areas where there may be more appetite for engagement?
- The challenges for Housing Associations getting involved in local energy include the large scope of work involved and the cost.
- There have been tensions between local authorities and empowered communities aspiring to earn an income from renewables - although this has improved.

Tie in with Well-being of Future Generations Act 2015

- The 5 ways of working (from the Well-being of Future Generations Act 2015) should be used to develop the concept, rather than trying to justify in the end.

Working together

- A forum/a core of 'deal makers' is needed where all parties can 'marry together'.

Funding

- Finance is a big issue, if we are going to build 600MW of renewables that is locally owned how much will that cost and where will the finance come from? Capital funding is needed.
- Funding is needed for the early higher risk stages of development.
- Abundance, investment platform, type funding might be an option.
- Should there be a central wales 'investment mechanism/pot'?
- How do we make opportunities for public sector pension funds to invest in renewables?

- Need to provide cheap finance (2-3% APR) to ensure that there is local benefit from the scheme. Local Authorities may be able to provide loans as they have access to cheap loans.
- A large Welsh Development Bank needed to borrow and offer finance on behalf of communities and enable system.
- Welsh Local Government Association have said there are a lot of possible projects of different types competing for local authority funding. There are also limits beyond which LAs are not permitted to borrow.
- State Aid presents an issue around beneficial rates of lending, but are there ways around it?
- Financial backing from Welsh Development Bank or a Local Authority frees up other more flexible forms of finance e.g. share offers, bonds etc.
- Focus needs to be on the actual figures that make the energy finance model underpinning shared ownership work.
- To maximise benefits from renewable energy, funding really needs to come from Wales (whether individuals, a bank, local authorities, government) so any interest on the capital is paid back to organisations within Wales for future use. How might this be done? What are the structures that might enable it?
- Money is going out of Wales via electricity suppliers, local matching or private wire developments could ensure that more money goes directly to the locally owned generator.
- Perhaps there needs to be a Welsh Renewable Energy Fund for individuals to invest in at lower rates?

Selling energy locally

- More awareness is needed of how power is used and creates benefit locally.
- There is a long term ambition to sell energy to local people in the future. How do we enable this to happen?
- Would it be possible to link shared ownership and development consent to a responsibility to supply or offer local community cheaper energy? There is currently a lack of incentive for Local Authorities and Developers to support this.

Helping deprived communities

- How do we help deprived communities access returns from energy projects?
- Where communities aren't able to invest in renewables, would a wider investment from Wales still lead to good feeling within the area where the generator is located?

Exploiting support

- Being Welsh cannot be entirely a paper exercise, Welsh Government needs to be clear about aim and not leave a loophole that companies can exploit.
- There is a big risk regarding the definition of local ownership. How do you stop a large company from outside of Wales setting up a separate company to own the asset that is based and registered in Wales? The 5+5 PV schemes was exploited by some developers who set up Community Interest

Companies to benefit from the scheme but the community value was questionable.

Household renewables

- We need to start integrating renewables into new homes. They should be our homes for the future, with micro-grids, storage and really energy efficient.
- It's important not to build housing that needs retrofitting.
- There is a need for holistic planning of towns and settlements at all levels including their energy needs as businesses and industrial estates are heat and electricity drains.

Llandudno afternoon session 2:

Group Discussion: What actions are needed to overcome the key challenges?

In the second afternoon session of the workshop, delegates in Llandudno were asked to propose the actions necessary to overcome the challenges which had been raised in discussions earlier in the day.

Table 1: Finance for Shared Ownership

The group at Table 1 was asked to discuss actions to be taken to resolve the issue of **Finance for Shared Ownership**. Actions have been grouped into themes.

Actions required

Sources of funding

- Local Authority pension funds.
- Non commercial finance via Local authorities at 2.7%.
- Soft loans with below market interest rates.
- Is a central loan fund a viable option?

Finance modelling

- Finance modelling needs to be undertaken so that community and share ownership figures have been worked out in terms of returns, interest and admin payoff. This should be done by Welsh Government economists to ensure neutrality. There is the problem of non-disclosure of commercially sensitive financial information in devising this model.
- How can community groups use these models?
- Social return on investment should feed into modelling

Support

- Provide a list of trusted consultants as is provided in Scotland.
- A web platform is needed to compare and assess community projects. The web platform needs a downloadable modelling system and support to use the model from Welsh Government.

- A support service, including independent financial and legal advice, should be paid for by Welsh Government.

Grants and loans

- Grant support should be given for development phase to community groups up to the consenting phase. Should there be a grant available for the build phase proportional to the social benefit.

The group considered Welsh Government, Natural Resources Wales and Local Authorities were responsible for driving forward the above actions. Action is needed as soon as possible and the actions were dependent on political buy in.

Table 2: Cost and complexity

Delegates at Table 2 were asked to discuss actions to be taken to resolve issues around **Cost and complexity**. Actions have been grouped into themes.

Actions required

Guidance

- Guidance should be provided from a range of experts (e.g. Welsh Government, Natural Resources Wales, Community Energy Wales, networks, developers, finance people) to community groups on how to set up local ownership including legal advice, financial advice, how to set up company, how to draft an Memorandum of Understanding, how to set targets and timescales.
- Welsh Government should raise awareness of existing toolkit from Welsh Government local energy.
- Better promotion of resources is needed, including resources from outside Wales (EU), which are already available.

Support

- There needs to be more stability and continuity of support schemes over time.
- There needs to be more resources for mentoring.
- Quicker decisions on support are needed.
- A support network for providers is needed including a Frequently Asked Questions type resource and peer support. There is a need to pool resources and expertise.
- Distribution Network Operators could play a role in mentoring groups to get connection.

Funding

- In a post Brexit environment, there is a need to replace funding that has previously come from EU. Local Authorities should be legally responsible for this.

Cost of grid connection

- Cost of connecting to the grid is around £1m per mile. Is the infrastructure the responsibility of Welsh Government?

Delegates felt the actions above should take place by the end of 2018. The actions are dependent on buy in from Distribution Network Operators, Local Authorities, Welsh Government, community groups, financial organisations, legal organisations and Ofgem.

Table 3: Need for capacity to manage

Participants at Table 3 were asked to discuss actions relating to the **need for capacity to manage**.

Actions required

Advice and support

- Independent guidance, advice and support should be made available for example a toolbox or template of how to move forward should be provided including advice on how to develop a feasibility study, working to NRW, employing a project manager.
- There is a need for quality advice from people with good ideas. A public rating system platform should be developed by Welsh Government ('tripadvisor for consultants').

Community group

- The structure of a community group is important. There is the need to audit skills and ensure they have a representative covering each area, legal, finance etc.
- A community group has a challenge in demonstrating a mandate to act on behalf of rest of community. May community councils be best placed to act on behalf of a community? The advantage of community council is they address issues of capacity, governance and succession.
- Pubs are often the keystone of communities and should be used in engagement.

Gaining momentum

- Use Facebook advertising to raise awareness of schemes.
- Ogwen scheme was kicked off by three community councils who had raised small amount of EU funding, created incentive for them to work together.
- Pool resources from multiple sources.

Brokers

- Brokers are needed who can bring together and assist communities and developers find each other as well enable people to invest i.e. abundance, shareenergy.

Network capacity

- Grid capacity is needed on a network for new developments.

Heat

- District heating can have heat source changed much more easily than individual homes. Investment should be in district heating not gas networks.

Attendees considered the above actions should take place as early as possible. They felt the new targets should create an incentive for community councils to move into this space.

Table 4: Explaining Shared Ownership to the public

Attendees at Table 4 were asked to discuss actions in relation to **explaining shared ownership to the public**.

Actions required

Awareness raising

- Awareness raising is needed on an all Wales level to facilitate engagement with communities. If a community has low level awareness and are able to see the benefits of community renewable projects, this makes a developers job much quicker and easier when engaging with communities.
- Explain the different types of local ownership and participation.
- Have a story line in the Archers.
- Facebook is more effective in getting people interested than a static website.
- Resources are needed which explain more high level concepts, for example, changing the energy system from centralised to distributed.

Engagement

- Community engagement is harder in Wales as many people already have strong opinions on renewable energy. It's important to take things back to basic principles and what benefit this has for community.
- How might we be as proud of our renewable industry as we are of our coal and steel industries?
- Learn from mistakes of TAN8 and use the argument around exporting a resource to England and profiting.
- Trust is important and should snowball from successful projects. News doesn't travel between counties so it's important to mobilise champions of community renewables.
- How do you address myths about what a project will or won't consist of?
- Engagement should consider questions that the individuals have, 'how will this affect me? Will I get money off my bills? How will I make my home warm?'
- Need to identify which community your project is related to, and ensure you understand them.

- It's important to mobilise everyone and not to only focus on parties that are already involved and interested.
- Get community to identify a priority for itself, before then identifying Shared Ownership as a potential way to make funding available for that priority. Tailor explanations to reflect key issues raised by individual communities, for example highlighting how much will it save individuals on electricity bills.
- Ensure shared ownership of renewable energy is in local development plans.
- Publicise case studies.
- Platforms should be used to make it simpler to understand shared ownership, community ownership and local ownership.

The group felt Welsh Government owns these actions at the highest level but local groups can have the biggest local impact on engagement.

Table 5: Subsidy free world

Delegates at Table 5 were asked to discuss actions in relation to a **subsidy free world**.

Actions required:

Financial

- Systems must be self sufficient not reliant on funding.
- It's likely projects won't be viable without subsidy. Welsh Government should discuss this one to one with developers to understand the figures.
- Give grants as replacement for subsidies, in particular provide funding for projects with social benefits.
- Consider economies of scale, larger projects or investments may be more financially viable. For example, heat pumps have a large initial investment, but more long term financial benefits.
- A carbon currency would improve the viability of renewable energy. Welsh Government economist to work on interim economics.

Managing expectations

- Managing expectations is going to be tough from now on.
- Do we develop new projects if it's not going to provide a decent return in Wales?
- Recognition of reality is needed. Similar thinking to legally binding carbon budget.

Innovative ways of working

- Use renewable energy to supply local users and tackle fuel poverty.
- Store energy for use in peak demand.
- Drax uses biomass from North America in a 25% efficient generator.
- Water is one of Wales' best resources and so Welsh Government should facilitate shared ownership of wave power.

- More research and development is needed and universities should be used to help problem solve.
- Complement what private developers are doing to adjust to a subsidy free world, for example, with new generation to complement heat pumps.

Improving robustness

- More rigorous business cases will be needed.

Swansea afternoon session 2:

Group Discussion: What actions are needed to overcome the key challenges?

In the second afternoon session of the workshop, delegates in Swansea were asked to propose the actions necessary to overcome the challenges raised in discussions earlier in the day.

Table 1: Finance for Shared Ownership

The group at Table 1 was asked to discuss actions to be taken to resolve the issue of **Finance for Shared Ownership**. Actions have been grouped into themes.

Actions required

Sources of funding

- Energy projects can generate a return on income, in particular there are opportunities for local authorities who have access to cheap finance.
- Welsh local government pension funds should be invested into renewables. £1 billion is currently invested in fossil fuels (with more money being invested recently at a time when we are phasing them out). Local authorities are administering authorities for pension funds and are subject to the Well being of Future Generations Act. Pooling resources allows scope for collective investment in climate friendly projects such as renewables. Renewables isn't just 'nice to have', funding projects delivers more than just the installation, it includes energy, carbon savings, behavior changes. However, pension funds may not be ideal because of the risk involved.
- A secure source of income is needed to support long term forecasting and viability of development, similar to the Feed in Tariff 20 year period. The current financial situation reduces certainty and makes the conversation harder with community organisations.
- A Public of Bank of Wales, funded by individuals, could provide finance.
- Can a Welsh Development Bank offer cheaper finance to community schemes or to the locally owned element of shared ownership scheme? Is there a state aid an issue?
- Crowd funding could cause problems for example how is this managed? Who would act as a clear point of contact for developers?
- When FITs was higher, private wire solar projects often provided free or cheaper electricity to buildings they were installed on (by a third party developer). You may pay more through Good Energy so why not pay more for private wire if it fits ethical aims.
- Could locally owned renewable projects access low interest finance (2%) via prudential borrowing through local authorities or other public authority? There are difficulties here due to conflicting priorities within public sector and only a certain amount of money to go around.
- Turn the levy control framework on its head, e.g. community owned cheapest energy, then privately owned renewables, and put the greatest levy on

polluting technologies so it becomes the most expensive energy. Can this happen in Wales?

Project viability

- The scale of a project impacts the viability of the project. Larger projects will attract debt finance from banks etc.
- A scheme is only viable if finance is offered cheap enough.
- What are the hurdle rates of developers? Will they tell us?
- Somehow Welsh Government need to have "eyes on" the Internal Rate of Return for developers to understand how the finances of a project actually work in the current financial climate.

Support needed

- Help is needed organising the community aspect of finance, to administer it and make decisions. A developer needs to deal with an entity. There needs to be an intermediary, who finances and who facilitates the establishment of a community organisation.
- Clear support is needed for the developer and community organisations.

Policy

- Wales needs to adopt a Green Economic Policy.
- Can Wales's larger organisations, Welsh Government and Local Authorities take on the risk at the beginning of putting agreements in place and sell a scheme on to a community once consent granted.
- Welsh Government support could support more innovative social finance e.g. share offers, community energy bonds and ISAs. Other social lending possibly.

Table 2: Making projects work without subsidy

Participants at Table 2 were asked to discuss actions needed to **make projects work without subsidy**. Actions were grouped into themes.

Actions required

Skills

- Ensure communities can visit and learn from real examples.
- Partner up to make up shortfalls of skills.
- Provide free education and sharing of knowledge.

Innovation

- Encourage innovation and allow communities to do research with funding to decrease the risk.

- Spend more on energy conservation as well as renewable energy.

Payback period

- When measuring energy benefits look at the wider benefits and allow longer term paybacks.
- A cost/benefit analysis of total lifetime of a project is needed, include local usage of generated energy, non-financial support to help projects develop, community infrastructure levy on planning (replacement of section 106), green mortgages.
- Looking at life-cycle costs of all infrastructure developments is similar to paying more for better housing initially.

Finance

- Generate electricity on sites where there is demand to remove peak demands and have local supply. Create companies so the retail price goes to the generator not the Distribution Network Operator or other company.
- There is a difference between a private investors' demand for 8% interest and public acceptance of 4% or 5% interest to find finance for social enterprise companies.
- Long term Power Purchase Agreements provide security of income over the lifetime of the project.
- Private wire projects should not necessarily pay less for their energy than buying for a third party supplier. Renewable energy should be seen as a premium product.
- Could the public sector buy their energy from community owned and locally owned projects as a priority at an agreed rate?
- Cheaper Finance could make schemes more commercially viable along with business rate relief.
- Don't create barriers to external investment.
- Larger projects can be subsidy free, not just larger in installed capacity overall but also larger turbines (4MW). Larger turbines, better economies of scale subsidy free environment.

Reducing bureaucracy

- Time and costs associated with planning and red tape should be slashed to liberate local initiative, for example, share past surveys, make survey and Environmental Impact Assessments public knowledge link all studies with the Energy Atlas to ensure they're accessible.

Policy

- Designate all the land of Wales as renewable potential for local benefit, meaning any renewable development would have to demonstrate how it benefits local people.
- Use definitions from other areas e.g. housing.

Models

- Local ownership could involve owning a percentage of the energy produced.
- Finding the right model is important to making a project work e.g. the Alwen Forest model in North Wales.

Access to land

- Cheap access to public land and buildings for community owned energy.

Table 3: How does planning enable?

Delegates at Table 5 were asked to discuss actions relating to the question **How does planning enable?**

Actions required

Skills

- Energy specialists should be brought in across local authority areas to make process most efficient, as in Cornwall.
- Specialist teams of renewable and community energy perhaps across two or more planning authorities.

Reducing bureaucracy

- Remove red tape, work together to achieve the end goal.
- The planning system needs to be clear and transparent.

Planning considerations

- Local ownership should carry explicit weight which is not just loosely attached to wider policies in planning system.
- Create conditions which are positive for locally owned renewables in the planning system. Where renewables don't get through the planning system, this needs to be challenged. For example, permitted development rights with a criteria based planning system, so consent is presumed, provided that you meet the criteria, if you don't, you apply in the old way. Have a score sheet showing where all the money goes, i.e. rent goes to this place, jobs are made here, contractors are here, finance comes from here. Any development getting above a certain score should get planning. The scoring mechanism could be similar to procurement scoring.
- Planning need to consider what they need to assess to make a decision and then connect this to a consent in the planning process without over burdening communities with undue legal or financial commitment before planning consent is given.
- Apply non-financial benefits in overall business model. Strongly link to Well-being of Future Generations indicators.

Policy opportunities

- Create leverage systems to create new mindsets such as Well-being of Future Generations Act.
- The National Development Framework gives new opportunities to define areas for generation.
- Local engagement with Local Development Plan formation and consultation.
- Carbon budgets would be useful at a local level. This would give financial reward and penalties to match so overall its cost neutral.

Taking a strategic approach

- Look at other mechanisms from around UK and Europe - what has worked elsewhere?
- Many issues are local, so a strategic approach at local authority level would allow management of resources such as grid upgrade allowing communities to have a say in the approach.
- Planning can identify technologies to make new infrastructure viable e.g. multiple sites for new grid connection.
- How is community benefit/local ownership defined? In some cases providing a community benefit fund is better because the local community can feel the benefit from the financial return of the impacts of a renewable energy development, however this is very top down approach. However, how can local ownership and the economic benefits from this (specifically in terms of share offer) ensure that it is inclusive of the whole of the community?

Table 4: Engaging communities

Attendees at Table 4 were asked to discuss actions relating to **Engaging communities**. Actions have been organised into themes.

Actions required

Awareness raising

- A Wales wide shared ownership awareness raising scheme is needed if Welsh Government intends to encourage shared ownership of renewables. Engagement should be led by Welsh Government or a subsidiary organisation over the next year.
- Do a road show on the energy map, there could also be an electricity road show and a heating road show.
- A platform needed to enable everyone to look at Wales energy map off community, shared and other projects and enables people to finance and invest in energy projects in wales.
- Improve media coverage on local projects.

Financial

- Successful financial models such as Energy ISAs and Bonds may be appealing to communities.
- Cheap finance is required by a Welsh bank type of organisation.
- Every child should get an energy trust fund investment from the Welsh Government, instead of the Plant! Scheme.
- Local people should be able to buy their energy locally. We need to find a way of enabling this so local people have direct connection with the energy generated locally.

Selling a vision

- We need to sell the vision of what the 1GW of local ownership target means for the Welsh Economy. How much is retained in the Welsh Economy? What will this be used for?
- Spread the news of successful examples e.g. Pen y Cymoedd.
- Learn from other housing associations as they have a lot of experience of bringing communities together.
- Use trusted people to encourage people to invest and buy shares.
- Consider how the energy is used and use it for something of local benefit and exciting or innovative which would get the media story. Use small scale renewables with local quirky uses e.g. solar powered community fridge or mine water heating, free electric car charging to create a tourist attraction in innovative small scale renewable uses.
- Electric cars could be the incentive for people to get their act together regarding energy generation.

Benefits

- A democratic decision making process is needed to decide what happens with the community benefit. How to make engagement and benefits in the most equitable way?
- People want cheaper power, so find a way to create it and let them know when there is surplus power so it's cheaper or free. Use mobile phones or a kitchen display to let people know.
- Welsh Government should make sufficient finance available for the up front costs of electric vehicles such as electric busses and charging points on large bus stations and park and ride.

Models

- Local communities should have a greater stake in a project. 100% local ownership is best, but smaller projects are more challenging.
- The definition of community should incorporate businesses etc. not just the voluntary sector as there may be benefits to manufacturers etc.
- There should be scope for the community to buy in at different points along development cycle.
- Local ownership of electric busses/cars/taxis.

Empowering communities

- Communities could be paid to fill the gaps in public body jobs.
- Communities should be allowed to use public assets.
- Communities should be encouraged and allowed to do their own schemes, provided they can get permission.

Innovative solutions

- Link up all the kinds of development we need to do to get multifaceted solutions.

Support

- Anything ensuring the continuation of the renewables industry in Wales is welcomed by developers but it needs to have sufficient support to ensure success. If the targets/aims are for community organisations, the capacity needs to be in place to allow this to be delivered without additional hindrance to the development and the commercial partners.

Table 5: Definitions

Participants at Table 5 were asked to discuss the actions needed regarding **definitions**.

Actions required

- Could the Well-Being of Future Generations Act help to shape the definitions? It would be better to try to work within the frameworks we already have/are trying to establish.
- Could there be certification criteria which are revised as necessary? Also could there be a business rates relief system based on your certification criteria, as in Scotland?
- The definition of a community needs to be wider than just residents, it needs to incorporate local authorities, health boards, business and the third sector.
- A project should ensure a certain amount of community benefit before then allowing investment from local business etc.
- We don't want to say that it is better to not have a wind turbine rather than a wind turbine owned by a non-Welsh company.
- Energy mapping is required so that responsibility put on local authorities to meet their own renewable development targets and energy efficiency measures. Targets should be set for Local Authorities.
- More opportunities should be given for smaller scale projects. Welsh Small and Medium-sized Enterprises, Local Authority and Community projects can develop these but often can't compete on large tenders that are put out by Natural Resources Wales etc.
- Is 1GW ambitious enough?
- Renewable heat should be included in the 1GW target.

- What benefit is Welsh Government expecting to see? Is it to grow Wales energy plc (Welsh owned) or is it to sponsor diverse energy mix of small, community and larger developers?
- False local companies need to be policed but how to do it? Will need assessment up front and ongoing checks.
- If only Welsh owned companies/organisations are able to own renewables in Wales, will this reduce GDP and Inward Trade and Investment?
- There is a role for Natural Resources Wales, Local Planning Authority etc. to encourage and monitor local benefits and buy-in to local ownership process.

Annex 1

Organisations represented at the Llandudno event

Ynni Anafon Energy Cyf

Ynni Padarn Peris

Citizens Advice

ecodyfi

Ymddiriedolaeth Arbed Ynni/Energy Saving Trust

Ynni Ogwen

Wild Resources Ltd

Innogy renewables UK

Natural Resources Wales

Cyngor Tref Penrhyndeudraeth

Flintshire County Council

TOP Woodfuel & Sustainable Forestry

Scottish Power Energy Networks

Local Partnerships

Conwy County Borough Council, Environment Roads and Facilities

YnNi Lly^n

Organisations represented at the Swansea event

Coastal Housing Group
Melin
Newport City Homes
ecodyfi
Friends of the Earth Cymru
Energy Saving Trust
ABMU HB
Eco2
Coed Cymru
ABMU HB
Energy Saving Trust
Cardiff University
Newport City Homes
Welsh Government - Planning Directorate
Welsh Local Government Association
Burgess Salmon LLP
Wales Co-operative Centre
Energy Saving Trust
NFU Cymru
Local Partnerships
Community Energy Wales - Ynni Cymunedol Cymru
Institute of Welsh Affairs
Bangor University
Innova [G]
Welsh Government - Planning Directorate
Cardiff Community Energy
Cilgwyn community group
Friends of the Earth Cymru
Vattenfall

Annex 2

Agenda Llandudno

10:00	Registration	
10:30	Introduction	Jennifer Pride, Welsh Government
10:40	Background to the call for evidence	Vicky Davies, Welsh Government
11:00	Presentations: Local ownership for local prosperity	Gordon Cowtan, Fintry Development Trust Berry Jordan, Vattenfall
11:30	Breakout groups: Discuss and prioritise the challenges of local ownership	
12:30	Lunch	
13:30	Breakout groups: Identify actions to meet the challenge	
14:30	Sum up and next steps	Jennifer Pride
15:00	Close	

Agenda Swansea event

26 February 2018

10:00	Registration	
10:30	Introduction	Jennifer Pride, Welsh Government
10:40	Background to the call for evidence	Vicky Davies, Welsh Government
10:50	Presentations: Local ownership for local prosperity	Chris Blake, Community Energy Wales Martyn Popham, Cenin Renewables Berry Jordan, Vattenfall
11:45	Breakout groups: Discuss the challenges of local ownership	
12:30	Lunch	
13:30	Breakout groups: Identify actions to meet the challenges	
14:30	Sum up and next steps	Jennifer Pride
15:00	Close	