



First Floor  
Custom House  
Main Street  
Bowmore  
Isle of Islay  
Argyll  
PA43 7JJ

Tel: 01496 810 873

[www.islayenergytrust.org.uk](http://www.islayenergytrust.org.uk)

26<sup>th</sup> February 2012

Dear Sir,

## **INVESTIGATION INTO RENEWABLE ENERGY TARGETS**

Please find below the Islay Energy Trust submission to the Scottish Parliament's Economy, Energy and Tourism Committee's investigations into the achievability of the Scottish Government's renewable energy targets.

### **Background**

The Islay Energy Trust (IET) is a community-owned charitable company whose objectives are to develop renewable energy projects for the benefit of the community and to reduce Islay's carbon footprint. It has over 300 members, which is equivalent to approximately 15% of the eligible population. It is currently working with ScottishPowerRenewables (SPR) on the Sound of Islay 10MW Tidal Energy Project; also, it is developing renewables micro-generation projects, and it has carbon savings schemes involving reducing energy consumption and improving energy efficiency in the domestic, commercial and community buildings sectors.

### **Additional question**

IET wishes to add a further question to those that have been posed by the Committee, viz. **"To what extent can communities contribute to and benefit from realising carbon savings/renewable energy targets?"**

### **Rationale**

There are three reasons for posing this question, supported by IET's experience on Islay.

1. Talk of energy supply targets is meaningless without addressing the issue of potential reductions in energy consumption, which could make supply targets more achievable, or not as the case may be. Community action can play a significant role in helping reduce consumption.
2. Community initiatives in developing renewable energy projects should not be ignored in the supply equation. Community Energy Scotland has already drawn

- the Committee's attention to the contribution nationally that community-owned projects can make, and IET's development of renewables projects is receiving widespread local support.
3. Community support for larger scale renewable energy projects can facilitate the consenting process and add value to all stakeholders. However, such support can be difficult to harness without early and genuine local consultation, and comprehensive social impact assessments.

### **Islay Energy Trust Experience**

#### **IET's Carbon Savings Project**

Utilising a grant of £117,000 from the Scottish Government's Climate Challenge Fund Project in 2010-11, IET achieved sustainable carbon savings (CO<sub>2</sub>e) of 1,500 tonnes p.a.

Quote from the Project Report (March 2011):

"As a result of the project, all homes on the islands have received basic energy advice, and an office base has been established in Bowmore where householders can call for a range of information on energy efficiency and domestic renewables. Two well-attended events have been held to showcase different renewable technologies, and contact made with MCS accredited installers willing to work on the islands. Almost 400 homes have benefited (or will soon benefit) from full or partial insulation measures, while over 300 households have also been referred for benefit entitlement checks or social tariff. Awareness and understanding of renewable energy sources has improved, as shown by the nature of enquiries at a recent roadshow and to the office."

The involvement of IET - a local, social enterprise group - helped raise awareness of the importance of energy consumption reductions and efficiencies via energy workshops, open days, clinics, school visits etc.

#### **Community-owned Renewable Energy Projects**

IET is currently involved in developing small and medium scale wind projects which could generate around £100,000 p.a. in sustainable revenues for community benefit, and yield carbon savings of over 600 tonnes p.a. The fact that these projects are community-owned, with significant economic and environmental benefits accruing to the local community, makes them more acceptable than might be the case with external developers.

The current feed-in tariff (FiT) and renewable obligation schemes enable renewables projects to be commercially viable, and in so doing present a business opportunity for local communities to 'recycle' into local economies some of what is seen as the 'subsidy' for renewables. However recent changes to the feed-in tariff scheme, and existing complex rules concerning state aid are undermining the business case for such community projects.

An additional factor is that communities generally do not have the same resources as corporate entities and face greater 'barriers to entry', e.g. through use of volunteers, lack of operating experience/track record etc. With the business case being undermined, they increasingly need preferential help in order to realize their own initiatives. The existing Climate Challenge Fund and the CARES loan scheme have been helpful in this respect but neither of these funds solves the problem of, for example, raising the necessary capital finance.

### **Marine Energy Projects**

IET's joint development agreement with SPR for the Sound of Islay 10MW Tidal Energy Project is expected to yield around £0.5 million direct spend into the local economies of Islay and Jura by the time installation takes place in late 2013 (£0.3 million has been spent to date). This is a good example of the significant local benefits that can result from renewable energy projects, and needs to be taken into account when examining the cost/benefits of the industry's targets.

The seas around Islay contain some of the most significant marine and offshore wind energy resources in Scotland. IET's long term vision is to develop tidal and wave projects on its own account. It completed a pre-feasibility study into the Sound of Islay Tidal Project prior to entering into a development agreement with SPR in 2009. These types of enterprise could make a significant contribution to the establishment of a new industry for Islay, and such a model could easily be replicated elsewhere in the Highlands and Islands.

### **Argyll Renewable Communities ("ARC") Socio-economic Impact Assessment Report on Proposed Offshore Argyll Wind Farms**

Extract from Foreword to Scoping Study Report, 9<sup>th</sup> February 2010:

"The ARC Consortium ("Argyll Renewables Communities") - founded by the community-owned Islay Energy Trust and Kintyre Energy Trust, and the Tiree Community Development Trust - has commissioned this study by SQW Energy in order to define the scope for the detailed socio-economic impact assessment (SIA) for the three communities most affected by the development and operation of the proposed Argyll offshore wind farms. The main objectives of this report are to set the context for the SIA by establishing baseline data and identifying the main areas of concern to the communities, and to make recommendations for communities' ongoing engagement with stakeholders..... The overarching purpose of the ARC Consortium is to ensure the best possible outcomes for their respective communities, as well as for all stakeholders, by being active participants in the development processes rather than just bystanders....."

The final report was published on 28<sup>th</sup> November 2011, and contained recommendations designed to help communities and developers maximise potential local benefits and mitigate negative impacts. One of the main recommendations specified the need for developers to engage at an early stage with communities, in order to establish the prospects for creating sustainable local economic benefits (as opposed

to arguing for community benefit payments) and ensuring that the local skill base is prepared in good time. Also, it was proposed that the planning/consenting process should explicitly require developers to include cooperation with local communities, so that the local socio-economic impacts are recognised prior to consent.

At present, international standards for socio-economic impact assessments for large scale development projects, e.g. as set out in The Equator Principles, Roundtable on Sustainable Bio-fuels, Global Reporting Initiative (GRI) guidelines, etc. promote higher benchmarks than our own national standards. Adoption of such standards would facilitate the development and consenting of larger scale renewable projects adding greater social, economic and environmental value.

### **Summary**

1. Communities have an important role to play in helping to reduce energy consumption and improve energy efficiency, particularly in local domestic and commercial sectors.
2. Communities also contribute to national targets by developing their own renewable projects, and thereby generate socio-economic benefits locally. However they need more assistance, both with FiTs and capital expenditure to overcome the barriers to entry particular to communities.
3. A fresh approach to local consultation will facilitate the development and consenting of larger renewable projects, adding value to all stakeholders. To assist that outcome, government should legislate for the implementation of world-class standards in socio-economic impact assessments.

Yours faithfully,



Mr Philip Maxwell  
Chairman