

## **NLEI Community Benefit – Consultation**

We are writing to seek your views on our proposal for the delivery of community benefit from the proposed North Lowther Energy Initiative (NLEI) renewable energy scheme.

In line with Scottish Government Policy, North Lowther Energy Initiative Limited has committed to an annual payment of £5,000/MW for the lifetime of the windfarm. Based on the current design of 150 MW, this would equate to £750,000 a year.

Whilst the Government encourages developers to commit to an annual community benefit fund the design and implementation of any such fund is not prescriptive and developers are encouraged to consult and work with local communities to ensure funds are targeted to deliver maximum long term benefits to the community. The Scottish Government Good Practice Principles for Community Benefits from Onshore Renewable Energy Developments<sup>1</sup> sets out the Government's position on this issue. As per this guidance we are consulting with the local community around NLEI to ensure that the final community fund package is designed in line with your requirements and expectations and enables community projects to be realised.

We would like to hear your views on how the community benefit associated with the scheme would be best used and administered in the local community, and have set out some suggestions and questions below to encourage feedback.

**It should be noted that contributing to community benefit discussions does not affect an individual or organisation's right to express a view on the development proposals, and objecting to or supporting the development does not affect their right to discuss the community benefit proposals.**

### **1. Community Benefit Fund – Geographic Boundaries**

To help in administering the fund and ensure that it serves the local population it is suggested that the fund is ring fenced and only available to groups and organisations delivering projects/services to benefit those living within 8km (5 miles) of the windfarm site (see attached map).

**Question: Do you agree that an 8 km (5 mile) ring fenced radius is appropriate? If not please suggest a more suitable geographic area or a different approach to determining qualification on a geographical basis.**

### **2. Distribution Arrangements / Funding Priorities**

The guidance states that the output of community benefits should be driven by local people, who should play an active role in determining how funds are spent. It is important to make sure the correct mechanism is in place to allow for the community's wishes to be met, and developers should consider how best to distribute funds and different elements that might comprise the Community Benefit Fund.

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<sup>1</sup> <http://www.localenergyscotland.org/media/34682/Good-Practice-Principles.pdf>

Examples of different elements which could be tailored to the local context are:

- An open grant application process with an agreed number of rounds in any year which can support the ongoing and new activity of established or emerging groups and/or respond to unforeseen opportunities or challenges;
- Guaranteed funding to support delivery of a community plan and/or selected local strategic projects, including community wide energy efficiency initiatives. The fund could be structured such that guaranteed funds are made available for certain timescales for example half of the annual fund for the first five years of the windfarm operations could go to a specific community project or to be used in the implementation of a community plan. Delivering superfast broadband to the local area is an example of a strategic project but might entail committing a significant proportion of the Community Benefit Fund over several years and obtaining match funding.
- Discounted Electricity Scheme to an amount equating to the maximum community benefit made available to all residents within a specified geographical area to be determined e.g. £2,000/MW per annum of the £5,000/MW per annum payment could be available towards electricity discount for those in the fund area, with the remainder going into the community fund.

**Question: Would the local community be interested in adopting an approach with NLEI that enabled a hybrid approach to distribution including guaranteed funding to viable strategic projects?**

**Does the community have any existing projects or viable plans that would be able to benefit from a secured source of funding?**

### **3. Governance and Administration**

Community benefit funds are typically managed by a local organisation, by the local authority or by a third party such as Foundation Scotland

Administration of the fund, over its 25 year lifetime, will involve a number of tasks including assessment and evaluation of bids as well as distributing funds. If the funds are administered by a community body its voluntary Board of Directors/Trustees will also have accounting, auditing and legal responsibilities.

As an example you may be interested in Carrick Futures in South Ayrshire whose community fund is operated through a local community company with charitable status which Foundation Scotland administers. See <http://www.carrickfutures.org.uk/>

An example of a local community company providing its own administrative support is Blackhill Windfarm in Berwickshire. See <http://blackhillcommunityfund.co.uk/home>

Where a community does not have the capacity to administer the community benefit fund through its own Community Company an organisation like Foundation Scotland can ensure the community retains control about where funds are spent but hold and administer the fund on the community's behalf.

[See an example of this arrangement at https://www.foundationscotland.org.uk/programmes/clashindarroch/](https://www.foundationscotland.org.uk/programmes/clashindarroch/)

Two models are set out below which would allow for either a single fund involving the recipient communities, or could allow for more than one fund, with individual funds being run by individual communities. In the latter scenario, the total wind farm contribution would be divided between individual funds.

| Model                            | Application   |
|----------------------------------|---|
| Single Joint Fund                | Multiple communities within the area of benefit work together via a Community Panel or by establishing a new community entity.  |
| Fund devolved across communities | Fund proportioned across communities and run as separate sub-funds. Some communities may opt for Panel arrangement, some may opt for establishing or channelling fund through a local community body. |

In the case of the NLEI fund, we think that a single joint fund, with community representatives across the fund area working together on a community panel to award funding to suitable projects would be most efficient and effective. We would recommend that a third party such as Foundation Scotland is used in an administrative capacity, although the control of the funding allocation would lie with the community representatives. A single joint fund would enable funding to be available for larger scale projects than might be achievable through splitting the benefit into a number of individual sub-funds, whilst still allowing for smaller projects to benefit.

**Question: Do you think that the proposed single joint fund is a good way of delivering the community benefit? If not, please can you outline your preference for how the benefit could be delivered.**

#### **4. Next Steps**

The NLEI proposal is at the Environmental Impact Assessment stage and we are hoping to fix the design in the coming weeks. This will allow the assessment of effects and is necessary before any application can be submitted. We anticipate that an application for consent will be submitted in early 2017.

As part of the ongoing consultation, we are in the process of arranging a series of open public consultation events. We are aiming to hold these events in late September and will write to confirm details once these are finalised. These events will also be advertised in the local press, through letters to stakeholders and via the distribution of information locally to ensure that people in the local community are aware of them.

At the consultation events we will provide information on the latest design of the scheme and the progress and findings of the EIA to date. We will also provide the information in this

letter to allow all sections of the community to consider and comment on the community benefit proposals. Members of the NLEI team will be on hand to answer questions on the scheme at these events.

In relation to community benefit and seeking to maximise the local economic benefits associated with the scheme, we are working with Biggar Economics and Foundation Scotland to engage with local stakeholders to explore their aims and aspirations for the area, and where the proposal may be able to support the realisation of these. We will be contacting various stakeholders over the coming weeks with a view to discussing these economic opportunities. We are keen to speak to as wide a section of the community as possible through this process, so if you have any suggestions for organisations we should contact in this regard, please send these through to us.

We would welcome your comments on the proposed community benefit scheme and how it could be managed and delivered, and would be grateful for any response to this consultation letter.

Responses can be sent in the following ways:

By post to: NLEI Ltd c/o 2020 Renewables Ltd  
Clyde View (Suite 3F)  
Riverside Business Park  
22 Pottery Street  
Greenock  
PA15 2UZ

By email to: [info@northlowther.com](mailto:info@northlowther.com)

Via the contact us page on the NLEI website: <http://northlowther.co.uk/contact/>

We look forward to hearing from you.