

Consultation Title	<b>Local Energy Policy Statement</b>
Date	<b>04/12/19</b>
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Scottish Land & Estates (SLE) is the voice of rural businesses throughout Scotland. We are a membership-based organisation representing a wide range of rural businesses, including farmers, foresters, tourism operators, housing providers, leisure companies, and renewable energy providers.

Our members provide a wide range of economic, environmental and social benefits which are vital to the success and survival of communities throughout rural Scotland including the islands. They play a critical role in ensuring sustainable, healthy and empowered rural communities, providing housing, employment and a wide range of economic, environmental and social benefits.

As an organisation SLE welcomes the opportunity to respond to this consultation as we consider the generation of local energy to be an important factor in helping build those resilient rural communities as well as ensuring that our communities can better contribute to combatting climate change.

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**1. Are you clear on the purpose of the statement? Please explain your view.**

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Yes, we are clear that the purpose of the statement is to set out key principles and outcomes that should be taken into consideration during the development of local energy systems.

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**2. What are your views on the 10 principles?**

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We are supportive of the 10 principles outlined within the statement, along with the associated outcomes.

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**3. How can the Scottish Government encourage stakeholders to adapt the principles set out within this document?**

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To ensure that stakeholders adopt these principles, Scottish Government must ensure there is effective communication and interaction with all parties likely to be involved in the development of local energy systems. Stakeholders will engage with the process in different ways and it is important that the Scottish Government consider this when planning how they raise awareness of the policy statement. This will ensure everyone fully understands the practices that should be followed before their project begins.

SLE also considers it important that other policy areas incentivise stakeholder behaviour towards the principles in the document. For example, in the context of a rural business, permitted development rights for micro-renewables would reflect the needs of the local area, help build resilience through the use of a viable and replicable project.

It is also important that Scottish Government continues to engage with stakeholders after the implementation of the Local Energy Policy Statement to assess what is working and whether any improvements could be made.

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**4. Are you clear about the roles of all the different stakeholders who may be involved in the development of local energy systems?**

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SLE considers that further guidance from Scottish Government as this would ensure that all stakeholders fully understand the role that each stakeholder has to play within a local energy project.

While there is a clear articulation of the range of stakeholders that should be involved, it is not clear how joint working between these stakeholders will be facilitated or who will take responsibility for the coordination of this joint working. In existing local energy projects this role is often undertaken by a project coordinator specifically recruited for the purpose and supported through the Climate Challenge Fund. Careful consideration needs to be given to how such roles will be supported in the future both financially and through capacity building to ensure there is sufficient support and expertise to enable effective local energy system collaboration.

In addition, we consider that land owners should be included as one of the local energy stakeholders. Land owners hold important rights over land and it is therefore highly likely that they will be involved in some aspect of a local energy project. Many SLE members already play an important role in unlocking energy potential in rural parts of Scotland, it therefore follows, that in order to meet the first principles under the theme of 'People', land owners should be considered as key stakeholders. We also consider that the planning system should be specifically mentioned within the last of stakeholders as the length and complexity of the planning process has a significant impact on project viability.

## **6. How can we ensure that people and communities across the whole of Scotland can participate in local energy projects?**

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To ensure that everyone can participate in this transition there must be a greater awareness around the benefits that local energy systems can bring and how individuals can get actively involved in projects.

Local energy projects will differ depending on their location and the desired outcomes so there must be an appreciation that the way in which people engage with projects will also be different. Where individuals, local businesses or community groups are involved in these projects it is important to consider that they may have limited knowledge of developing local energy systems. Where volunteers are involved, they will often be working on the project in their spare time while holding down full-time jobs. These groups will likely be collaborating with full-time employees who have specialist knowledge, and this creates the potential for misalignments between parties. There must be careful consideration given as to how these communities are supported to ensure that they are able to take a full and active role in the process.

In addition to this, the level of community engagement to be undertaken as described within the policy statement could likely add additional costs to projects that come forward. There must be a balance between the need to engage with communities and individuals with the post-subsidy reality of delivering renewable energy projects. Where the financial viability of a project is finely balanced there is a risk that delivering the project through a community collaboration could cause some projects to become financially unviable. The statement does not make it clear what the advantage is for developers to engage in local energy projects with communities. Consideration should be given to whether projects based on community collaboration should be given more incentives, perhaps being looked on more favourably by the planning system or attracting additional government support.

## **7. What do you think the benefits of developing local area energy plans might be?**

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SLE is of the view that developing coherent local area energy plans could help build resilience throughout Scotland's rural communities. If plans are effectively delivered through collaboration, local communities stand to benefit from reducing energy poverty and increased energy security as well as more opportunities for local employment and skills training.

## **8. How can we encourage greater collaboration between the key parties involved in the development of local energy plans?**

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This could be achieved by effective propagation of the benefits of developing a plan but also by thinking about the potential for a coordinator to facilitate the production of a plan in a similar way to the project coordinator mentioned in our answer to question 4.

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**9. How do we ensure that whoever is leading a local energy plan is fully integrated into the LHEES process?**

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SLE considers the LHEES should be conducted robustly and rapidly since they are key to unlocking investment in new heat networks, provided the Heat Networks Bill ensures that zones are exclusive. Therefore, whilst we can see the value of local area energy plans that allow consideration of the energy system as a whole, the integration of this aspect shouldn't be allowed to further delay conducting LHEES. If local area energy plans are slower to develop, their findings could be incorporated into the LHEES assuming there are set review dates.

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**10. What infrastructure challenges are you aware of that present an obstacle to delivering local energy projects? What actions would help solve the issue?**

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Access and cost of connecting to the electricity network remains a major barrier for the development of local energy systems. Many future systems will likely be smaller-scale developments with many stakeholders involved, and this can make the process of applying for a grid connection more difficult to navigate. The costs involved are often expensive and can potentially make some projects unviable. There must be continued engagement between network operators and those involved in the development of local energy projects to help generators through the process and ensure there is an even playing field when it comes to connecting to the grid.

Smart meters will be an important part of the energy transition as they will provide the real-time data needed for the operation of a smart grid. There are already local energy schemes that are dependent on the installation of smart meters to enable them to forecast local demand against generation and allow for system balancing. The delayed roll-out of smart meters across the UK remains a barrier to certain projects coming forward and there must be a commitment to see the roll out completed as quickly and efficiently as possible.

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**11. What other actions could the Scottish Government take to ensure Scotland will have the necessary infrastructure in place to enable resilient, local energy systems?**

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Many local energy systems already in place were developed to solve particular issues facing a local area, quite often grid constraints. We are likely to see increasing constraints on our networks due to the rapid rise in electric vehicles and the electrification of heat. Any major reinforcements to the grid will take a considerable amount of time and money to come forward and therefore new, flexible solutions to managing the network will be necessary. This provides local generation and storage projects with an opportunity to take an active role in emerging flexibility markets and local system management. One major opportunity will be how electric vehicles interact and provide flexibility benefits to the network. We would be keen to see the further development of electric vehicle charging and vehicle to grid infrastructure throughout Scotland to ensure that local projects can take advantage of the flexibility services associated with these.

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**12. What significant barriers are there to the replication of existing local energy projects and systems in Scotland that this policy statement should take account of?**

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Most existing local energy projects have been based on financial incentives which have provided a financially viable business case. With the closure of the Renewables Obligation and Feed-in Tariff schemes, there remains a lack of a clear route to market for most renewable generators. Where subsidy-free projects have taken place, these have been on a relatively small scale and have been helped by the local community raising money. Not all future local energy systems will be developed by

community groups and therefore it is unlikely they would be able to raise the same level of funding.

### **13. What actions can we take to accelerate the focus on economically and commercially viable low carbon local energy solutions in an inclusive way?**

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We believe that accelerating the focus on low carbon local energy solutions will require a range of measures designed to support the wider roll-out of renewable generation and Scottish Government will need to utilise all policy levers within their powers to achieve this. There must be incentives in place to encourage local energy projects to come forward – incentives could come in the form of additional government support, business rate relief, or local energy projects being looked on more favourably by the planning system.

In addition to this, the Scottish National Investment Bank should support the development of local energy systems once it is operational in 2020. This would align with the bank's primary mission to support Scotland's transition to a net zero economy. Furthermore, the development of a Publicly Owned Energy Company would offer an excellent opportunity to support the growth of renewable generation in Scotland and grow local energy systems.

We are also supportive of the commitment from the statement to share lessons learned and case studies from projects that have been through Low Carbon Infrastructure Transition Programme and Community and Renewable Energy Scheme. It is important that those who will be involved in future projects can fully understand what has and has not worked previously in order to maximise the success of their own developments.