Scottish Government Good Practice Principles for Shared Ownership of Onshore Renewable Energy Developments

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Introduction

Scottish Land and Estates is a member organisation representing the interests of Scottish land owners, farmers and estates. Our vision is for land-based businesses able to contribute to resilient rural communities, enabling them to thrive. Renewable energy installations are a part of that diverse economy. As the shape of future support regimes for the energy sector remain uncertain, we welcome the principle of encouraging shared ownership models where appropriate. We have set out our views on the revised Good Practice Principles in more detail below.

Summary

As we noted in our consultation response to the proposals in 2014, we agree with the overarching principle of shared ownership and welcome the Good Practice Principles as a guide to helping deliver Scottish Government's aims. The guidance should make a clear distinction between shared ownership and community benefit, while allowing both to be offered as part of a flexible package of benefits. It is appropriate that government should provide this guidance as the material economic benefits of shared ownership may become more difficult to establish when building a business case, particularly in the context of an increasingly challenging policy landscape.

The majority of all shared ownership projects have been delivered under the Renewables Obligation (RO), Feed-in Tariff (FiT) and Renewable Heat Incentive (RHI). The closure of the RO, and future closures of the FiT (April 2019) and RHI (April 2021) including tariff reductions and development caps, bring development risks for smaller-scale renewable installations.

Flexibility is a key component of the deliverability of shared ownership projects. It is important that the approach taken towards shared ownership is one which allows communities, companies and land owners to pursue models best suited to their circumstances. Allowing communities and companies to pursue any shape of shared ownership model is crucial. We therefore support the approach proposed in the GPPS that does not prescribe a particular model to be adopted.

Consultation Questions

Question 1: Do you consider that the revised Good Practice Principles (GPPs) offers clear and practical guidance that will support the deliver of successful shared ownership schemes in Scotland?

SLE considers that the revised GPPs does offer clear and practical guidance from a community and a renewable energy company perspective. However, we are of the view that advice for landowners/private businesses looking to develop a shared ownership scheme are not adequately covered. Key to this is a lack of reference to existing guidance which can help landowners understand who and how best to approach a community about proposals. We therefore suggest that the Guidance on Engaging Communities in Decisions Relating to Land should be signposted to assist landowners in approaching their communities about the possibilities of shared ownership.

Equally, we are concerned that there is a lack of reference to the possibility of landowner-landowner shared ownership. This is a model which may become more attractive in the context of challenging policy and financial support for onshore renewables.

Question 2: Do you consider that the revised GPPs includes sufficient detail on the investment risk? If not, how could this be enhanced?

We consider that the opportunity to frame the section on investment risk in the context of uncertainty over support for the renewables sector has been missed. As the FiT Scheme closes it is vital that all installations can be developed and operated subsidy free – this will have implications for shared ownership models, yet it is an area that appears to have been overlooked.

Reference should be made to the risks associated with communities raising finance for their investment stake and how finance is secured. Also, we consider that practical case studies highlighting the investment risks could better enhance the message here.

Question 3: The revised GPPs now includes a section on the Typical Shared Ownership Journey. Are there any additional details that you consider should be included?

What is considered a typical approach now, will undoubtedly need to be flexible and adaptable as the policy landscape changes significantly. We therefore consider there should be more reference to the private company/landowner + community + developer model as well as a landowner + landowner approach.

SLE considers that terminology in this section could be more consistent and that it would be useful to indicate types of timescales that projects can take from initiation to commissioning, noting that these may not be concrete from the outset, could change or be delayed.

Question 4: It is the intention to amend the guidance on a regular basis to ensure it reflects changes to policy and/or other relevant issues. How frequently do you consider this should happen – annually, every 2 years or other time period?

We consider that the guidance should be reviewed every two years. This does not necessarily mean it should be amended every two years. There should only be a need to amend the guidance if there has been significant shift in policy or other relevant issues.

Question 5: Do you have any other views on the revised GPPs?

The guidance does not address the availability of personnel to undertake the work on behalf of the community, in addition to skills and expertise, and that this resource is generally voluntary and limited as a result. There is also a need to recognise the challenges faced by communities and landowners in receiving multiple offers of shared ownership, and practical steps for how this should be dealt with.

The guidance should clearly set out what level of information might be expected at the pre-consent stage so as not to unduly raise expectations within the community.