

## Respondent Information Form and Consultation Questions

Please Note this form **must** be returned with your response to ensure that we handle your response appropriately

**we welcome both complete responses to the consultation and responses that focus on specific questions or areas.**

### **1. Name/Organisation**

#### **Organisation Name**

Citizens Advice Scotland

**Title** Mr  Ms  Mrs  Miss  Dr  *Please tick as appropriate*

#### **Surname**

Morrison

#### **Forename**

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3. Permissions - I am responding as...

Individual

/

Group/Organisation

*Please tick as appropriate*

- (a) Do you agree to your response being made available to the public (in Scottish Government library and/or on the Scottish Government web site)?

*Please tick as appropriate*   
Yes  No

- (b) Where confidentiality is not requested, we will make your responses available to the public on the following basis

*Please tick ONE of the following boxes*

Yes, make my response, name and address all available

*or*

Yes, make my response available, but not my name and address

*or*

Yes, make my response and name available, but not my address

- (c) The name and address of your organisation **will be** made available to the public (in the Scottish Government library and/or on the Scottish Government web site).

Are you content for your **response** to be made available?

*Please tick as appropriate*   
Yes  No

- (d) We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

*Please tick as appropriate*

**X Yes**

**No**

## **Introduction**

1. Citizens Advice Scotland (CAS), our 61 member Citizen Advice Bureaux (CAB), the Citizen Advice consumer service, and the Extra Help Unit, form Scotland's largest independent advice network. Advice provided by our service is free, independent, confidential, impartial and available to everyone. Our self-help website Adviceguide provides information on rights and helps people solve their problems.
2. We are champions for both citizens and consumers and in 2013/14 the Citizens Advice Service in Scotland helped over **330,000 clients** in Scotland and dealt with **over one million issues** overall. In addition, the Scottish zone of our self-help website Adviceguide received approximately **4.2 million** unique page views. In 2013/14, our citizens advice bureaux recorded a financial gain for clients of over **£124 million**. If we paid our volunteers it would cost the service **£10 million**. Research by the Fraser of Allander Institute into the economic benefits of advice shows that the Scottish CAB Service contributes an annual total benefit to the common good in Scotland of nearly **£180 million**.
3. Our Citizens Advice Bureaux network, which includes telephone helpline Citizens Advice Direct, deliver frontline advice services through more than 200 service points across the country, from city centres to rural communities. This network of bureaux is staffed by a team of paid staff and nearly 2500 volunteers.
4. In addition the Citizens Advice consumer service provides a freephone service for those needing advice and information on consumer rights and helps to solve problems with consumer goods and services. Citizens Advice Scotland delivers part of this Great Britain wide service from a call centre in Stornoway, helping people in Scotland and across other parts of Great Britain.
5. The Extra Help Unit, through a team of telephone caseworkers based in Glasgow, helps people throughout Great Britain who have complex energy or postal complaints or are at risk of having their gas or electricity cut off who are referred through our consumer helpline, Ofgem, the Energy Ombudsman, or their local elected representative.

Citizen Advice Scotland's simple but robust vision is paramount to all our goals:

***“A fairer Scotland where people as citizens and consumers are empowered and their rights respected.”***

## **Background**

1. The future direction of energy policy is currently the subject of intense national debate, in particular the impact on consumers of decisions taken by government and the industry. Energy prices continue to rise, and have effectively doubled since 2006, while company profits have also increased significantly. Above inflation price rises have occurred at a time when household incomes have remained largely static over a

sustained period. As a result, ordinary consumers feel squeezed, energy issues continue to make headline news, and trust in the industry remains extremely low.

2. CAS welcomes the publication of the Community Energy Policy Statement, which sits alongside the existing Electricity Generation Policy Statement and the draft Heat Generation Policy Statement. This is an area that Consumer Futures contributed extensively to in England, producing the interim report, 'Community Energy in the UK: A review of the evidence' for DECC.
3. CAS recognises that community energy has a significant role to play in diversifying the energy mix in Scotland and in a move towards low carbon, affordable, decentralised energy systems. CAS is broadly supportive of community energy and welcomes the opportunity to comment on the Scottish Government's ambition as laid out in the Community Energy Policy Statement, however we identify some key consumer concerns. Specific answers are included in the attached Respondent Information form; however as the questions posed on the form focus on achievability and delivery potential, this covering letter outlines five key consumer principles that we feel need to be further considered by the Scottish Government and addressed throughout the policy statement.

### **Consumer Principles**

- The Scottish Government should commit to a **consistency of support** for community energy projects across all local authority areas and for long-term support and investment.
- Community energy should be **accessible to all communities** in Scotland, whether through direct community ownership, shared ownership or community benefit.
- The Scottish Government should maximise the opportunities to **tackle fuel poverty** through community energy.
- There should be ongoing **monitoring and evaluation** of community energy developments in order to facilitate knowledge exchange and skill sharing, to ensure that projects are delivering against expectations and to build consumer confidence in the sector.
- The Scottish Government should **strengthen the protection for consumers** of community energy, ensuring that there is greater parity between consumers in the regulated gas and electricity market and those using community energy.

4. We expand on each of these areas below:

#### **Consistency of support**

5. CAS welcomes the Scottish Government's ambition to 'spread the benefits of the rich energy resource with which Scotland is blessed'. Evidence of operational and planned community energy projects shows

that this type of generation is currently distributed unevenly across Scottish local authority areas. Factors such as topography and population will influence the overall potential for community renewables in different areas in Scotland. However it is important that the opportunities to benefit from these resources are not limited by the support available within a regional location. Currently distribution of community energy generation varies significantly, from no or very little activity in some areas to over 30MW in others<sup>1</sup>. To avoid a 'postcode lottery', any barriers to participation in specific local authority areas need to be identified and addressed at an early stage.

6. Local authorities have the potential to play a key role in facilitating community energy projects<sup>2</sup>. Given the context of continued budget cuts, time and resource constraints, there may be opportunities for local authorities to enable projects, without necessarily leading them. This could potentially take the form of leasing land, co-investing, in-kind support and/or power purchase. However, it is essential that communities are offered consistent support. To further clarify this CAS would welcome the addition of clear guidance from the Scottish Government, outlining the role that government, local authorities and other stakeholders have the potential to play in facilitating community energy projects.
7. In addition to consistent support networks, consumers need certainty on the returns they will receive from community energy projects, if they are to have the confidence to invest in renewable technology. For example, Feed-in Tariff scheme (FiT) rates are currently reviewed on a regular basis by DECC, with a 'degression mechanism' applying to solar PV which will reduce the tariff on a quarterly basis<sup>3</sup>. Whilst control of FiTs is reserved to the UK government, we believe that the Scottish Government needs to work more closely with the UK government and Ofgem to establish the potential for a longer term commitment to supporting the renewables sector and an exit strategy for the completion of the current FiT scheme. It is currently unclear when the FiTs will finish and with what consequence.

### **Accessibility**

8. The Scottish Government defines community energy as being led by constituted, non-profit community groups operating over a geographical area. The issues with defining a community in a narrow or limited way are well-documented; a geographical community (even with a place-based identity, shared history, shared infrastructure, and a shared political and administrative power) does not imply the ready existence of a 'community'<sup>4</sup>. As was the case in the early days of the Climate Challenge Fund, without adequate support it is almost certainly the

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<sup>1</sup> Bhopal, V. Scene Consulting (2014) *Involving Stakeholders: Partnerships and Joint Ventures*. Community Power Conference: Edinburgh (29/09/2014)

<sup>2</sup> [The Scottish Government. \(2011\) \*Climate Change Scotland Act part 4: Public Bodies Duties Guidance\*.](#)

<sup>3</sup> [Which? \(2014\) \*Feed-In Tariffs Explained\*.](#)

<sup>4</sup> [Bulkeley, H and Fuller, S. \(2012\) \*Low Carbon Communities and Social Justice\*. York: Joseph Rowntree Foundation](#)

case that many groups who could be defined as ‘communities’ are poorly positioned to take advantage of complex projects and competitive funding opportunities.

9. The Scottish Government should utilise the opportunity afforded by current work on the Community Empowerment Bill to develop a community engagement strategy, specifically designed to strengthen approaches to engaging hard-to-reach communities or groups poorly equipped for participating in ‘community-led’ projects. In addition to the development of a structured approach to engagement, CAS would welcome provisions for additional support to enable participation from a broader range of communities. One way this could be achieved would be through the introduction of initiatives that facilitate professional mentoring, or community-to-community learning.
10. The consumer landscape is increasingly complex and places high expectations on individuals’ willingness and ability to engage<sup>5</sup>. Where once delivery agencies, such as the energy suppliers, would be expected to drive change in the energy market, community energy places the responsibility onto individuals, households and communities who are tasked not only with initiating and navigating complex energy projects, but also with driving significant change within their community. The capacity of a community to take on an energy project can be affected by numerous factors such as population, deprivation levels and housing stock<sup>6</sup>. The Scottish Government outlines a variety of support schemes designed to assist in project delivery, which CAS welcomes. However there needs to be greater provision to ensure that community energy does not become something perceived to ‘exist only for better equipped and capable communities’<sup>7</sup> we would ask that the Scottish Government recognises that the very communities who stand to gain the most are often the same communities who need extra support to instigate these projects.
11. CAS is concerned about the accessibility of community energy projects to individuals who have previously been relatively passive energy consumers and who may not be equipped to initiate or contribute to the design of a project. Furthermore we are concerned that the benefits of community energy will largely bypass communities that may not be well-placed to implement a project. CAS would welcome measures to ensure that the concentration of support and funding for community energy projects does not exclusively benefit well-equipped and capable communities.

### **Fuel poverty**

12. The issues of accessibility for community energy projects are exacerbated by the fact that the Feed-in-Tariff (FiT), which rewards small-scale generation of renewable electricity, is funded through

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<sup>5</sup> [Consumer Futures. \(2014\) \*Building on the past, Focused on the Future.\*](#)

<sup>6</sup> [Seyfang G et al.\(2013\) \*A Grassroots Sustainable Energy Niche? Reflections From Community Energy Case Studies.\* Norwich: University of East Anglia](#)

<sup>7</sup> Park, J. (2012) *Fostering community energy and equal opportunities between communities.* Local Environment, 17:4, 387-408.

additional levies on consumer bills. Given that community energy has the potential to provide multiple benefits to consumers, including a variety of economic gains, such as reduced energy costs and financial remuneration from electricity generation<sup>8</sup>; CAS would welcome more focused efforts on ensuring that these benefits are levied towards areas with a higher likelihood of fuel poverty.

13. The Housing (Scotland) Act 2001 places a statutory duty on the Scottish Government to eradicate fuel poverty in Scotland, as far as is reasonably practicable, by 2016. Furthermore, the Fuel Poverty Forum recommended that greater links should be made across Scottish Government programmes and initiatives so that funding to alleviate fuel poverty by the November 2016 target can be maximised and greater coherence across housing, energy and skills policies be realised for tackling fuel poverty in Scotland.
14. We welcome Scottish Government's more detailed discussion about their fuel poverty schemes in The Draft Heat Generation Policy Statement. The Community Energy Policy Statement focuses on the economic benefits and gains and on the wider environmental impacts of community energy throughout, but places a lesser focus on fuel poverty. CAS believes that the policy statement requires a greater emphasis on the potential for community energy to contribute to tackle fuel poverty and considers that the statement would be strengthened if all three mutually dependent pillars of sustainable development (social, environmental and economic concerns) were embedded throughout<sup>9</sup>.
15. Whilst CAS welcomes the additional off gas grid funding that the Scottish Government has allocated to the local authorities in remote parts of Scotland in an attempt to tackle fuel poverty, we would further welcome more detailed information about the supporting mechanisms to ensure that financially disadvantaged households in hard-to-treat housing, off the mains gas network and/or occupying properties with solid walls also benefit from existing and proposed programmes<sup>10</sup>. This is particularly pertinent given recent estimates which suggest that fuel poverty is at a rate of 71% on the Western Isles, making this the worst affected area in West Europe<sup>11</sup>. Community energy seems to provide an excellent opportunity to help tackle fuel poverty in cases like this.

### **Ongoing Monitoring and Evaluation**

16. In addition to monitoring the units of energy generated by community energy projects, CAS would welcome clear information about how the consumer experience of community energy will be monitored and evaluated. This should include the collection of both qualitative and quantitative data and, in the advent of households directly consuming any community energy generated, will be an essential element in

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<sup>8</sup> [Consumer Futures. \(2013\) \*Community Energy in the UK: A Review of the Evidence\*. London: DECC](#)

<sup>9</sup> [United Nations. \(2012\) \*Sustainable Development\*](#).

<sup>10</sup> [Stockton, H & Campbell, R. \(2011\) \*Time to reconsider UK energy and fuel poverty policies?\* York: Joseph Rowntree Foundation.](#)

<sup>11</sup> [The Energy Advisory Service. \(2014\) \*Fuel Poverty Report 2014\*. Stornoway: Comhairle nan Eilean Siar.](#)

determining: consumer satisfaction, changes to energy bills, changes in consumption levels, and in ensuring that households understand how to operate any new system controls.

17. It is essential that monitoring and evaluation systems are built into the policy statement to ensure that projects are accountable and provide value for money, so that future funding can be well invested. Such systems would also provide an opportunity to monitor policy progress, to learn from experience, to instil consumer confidence and motivate others to participate in projects. Building consumer confidence in the community energy sector is paramount to ensure sufficient uptake and clear evidence of success will help build that confidence.
18. Furthermore, measures could be incorporated to allow Scottish Government to measure the success of community energy against the national indicator which seeks to improve the responsiveness of public services and to empower individuals to agree with the statement that they 'can influence decisions affecting their local area'<sup>12</sup>.

### **Consumer Protections**

19. It is essential that domestic and micro-business customers using community energy are adequately protected in a cost effective manner. To ensure that there is greater parity between regulated electricity and gas and renewable energy provision, CAS would welcome further information from the Scottish Government about the consumer protections that will be available to those households consuming community energy.
20. This could take a similar format to the industry-led Independent Heat Customer Protection Scheme which seeks to establish a common standard in the quality and level of protection for household customers and micro-businesses<sup>13</sup>. DECC's March 2013 heat policy paper announced that protection for district heat consumers should be "at least as good as that offered by the alternatives" and offer "protection of vulnerable customers, similar to the terms used in the utility sector". CAS welcomes the joint work between Scottish Government and the UK Government and awaits more information on appropriate options for administering such a scheme in Scotland.
21. Whilst CAS welcomes the Heat Customer Protection Scheme we would welcome further thought from the Scottish Government to define assessment criteria which could apply to community energy projects, to ensure there are protections in place as technology develops. This is particularly important given the range of potential 'supplier' vs. 'customer' relationships that could result from community energy projects. For example, community groups or housing associations could both become a supplier.

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<sup>12</sup> [The Scottish Government. \(2014\) National Indicator: Improve the Responsiveness of Public Services.](#)

<sup>13</sup> [CHPA. \(2014\) Independent Heat Customer Protection Scheme.](#)

## 1. Introduction and Overview

a) Are the ambitions of the Scottish Government clearly set out in this section when viewed alongside the Scottish Government's existing Electricity Generation Policy Statement and our draft Heat Generation Policy Statement?

**22.** CAS finds the ambitions of Scottish Government's Energy Policy Statement to be clearly set out in the Introduction and Overview. The main ambition is detailed as securing 500 MW of renewables in community and local ownership by 2020. Whilst we welcome carbon emissions reductions targets and recognise these as a critical aim of all energy policy, an arbitrary target is limiting as a main ambition. Community energy offers the opportunity to introduce innovative and effective local energy solutions which tackle all aspects of the energy trilemma<sup>14</sup> and alleviate fuel poverty<sup>15</sup>. CAS would encourage a broadening of the main aim of the community energy policy statement to ensure that projects introduce 500MW of *secure and affordable* energy supply within the communities in which they are placed.

**23.** The inclusion of affordability and energy security as a main ambition of community energy, with additional targets to measure the impact on households in fuel poverty would encourage a joined-up approach to energy policy<sup>16</sup> which would allow Scottish Government to:

- work towards their statutory duty to eradicate fuel poverty by 2016<sup>17</sup>,
- ensure consumer energy bills are lowered<sup>18</sup>
- accurately measure community carbon emissions reductions,
- identify and work to alleviate grid constraints and back-up supply issues,
- collect valuable data on impacts to inform project design for other communities, and
- help to increase consumer confidence in the energy market<sup>19</sup> through a commitment to ongoing support after project implementation

**24.** The Scottish Government outlines an additional ambition to address climate change and reduce carbon by widening the scope of community energy to include decentralised community energy *systems*. We recognise that this offers opportunities for community ownership and control across the full range of components in the system: generating low carbon energy, improving energy efficiency, distributing energy and storing energy. Whilst we welcome incentives for ambitious innovative energy system solutions to supply, this ambition is complex. To be accessible, it needs to be clear what

<sup>14</sup> [The Scottish Government. \(2014\) Expert Commission on Energy Regulation: High-Level Report.](#)

<sup>15</sup> [The Scottish Government. \(2014\) Scottish Government's Fuel Poverty Policy.](#)

<sup>16</sup> [The Scottish Government. \(2005\) Joined Up Working in the Scottish Executive - Research Findings.](#)

<sup>17</sup> [The Scottish Government. \(2014\) Scottish Government's Fuel Poverty Policy.](#)

<sup>18</sup> [DECC. \(2013\) Estimated Impacts of Energy and Climate Change Policies on Energy Prices and Bills.](#)

<sup>19</sup> [YouGov. \(2013\) Voters: Energy prices are number one threat.](#)

this might mean for individuals and communities. It would be useful to include some examples or resources, such as an energy system infographic in the Overview and Introduction to make clear where interventions could be made for the community groups it is hoping to engage.

**25.** The Scottish Government states that, *'In Scotland a new relationship is emerging between energy developers and communities'*. CAS welcomes stronger relationships between communities and developers. However, whilst the provision of community benefits stemming from the development of renewable energy projects remains a voluntary activity in Scotland it is important not to underestimate or over simplify the complexity of these relationships. Increasing public trust in developments and in all aspects of community energy is integral to the success of projects and meeting renewables targets, however currently an institutionalised or standardised approach to community engagement is lacking<sup>20</sup> (see point 9).

b) Are the ambitions of the Scottish Government correct to focus on support at differing levels of risk/benefit to the community while encouraging transition to Local Energy Economies? (e.g. mitigating risks of local ownership and encouraging community benefits paid by operators)

**26.** We agree that different levels of support will be required depending on whether a project is to be fully owned by a community, to be held in shared ownership or to be commercially owned, generating a community benefit fund. However, there are other additional factors which may influence the support a community might require, such as the demographic make-up of the population, levels of deprivation and the quality of the housing stock (see point 10).

**27.** To ensure equitable distribution, support needs to be tailored for community groups' individual needs. The Scottish Government should seek to lay strong foundations for support, embedded in all relevant agencies. Local authorities are well positioned to identify opportunities for local community energy projects (e.g. in the proposed project portal), however as their budgets continue to be squeezed the support they are able to provide may be limited (see point 6).

**28.** Evidence from Scene Consultancy demonstrates that there is an uneven distribution of community energy projects across Scottish local authorities<sup>21</sup>. Any barriers to participation based on the levels of support available in a region must be addressed to ensure that participation in these projects is not a 'postcode lottery' (see point 5).

**29.** The policy statement outlines that 'The Scottish Government can play a crucial role' in 'providing information, advice and reducing financial risk'. Consumers will want to know exactly what support is available to them from Scottish Government, their local authority, CARES, developers and other

<sup>20</sup> Aitken, M. (2010) *Wind power and community benefits: Challenges and opportunities*. Energy Policy 38 (2010) 6066–6075.

<sup>21</sup> Bhopal, V. Scene Consulting (2014) *Involving Stakeholders: Partnerships and Joint Ventures*. Community Power Conference: Edinburgh (29/09/2014)

parties. To avoid confusion, the Introduction and Overview section of the statement should include a table which clearly outlines the roles that government, local authorities and all other stakeholders are able to fulfill (see point 6).

## 2. Direct community ownership

a) Is the support available for direct community ownership and the Scottish Government's aim for this clearly and fully explained?

**30.** We find that the description of direct community ownership is clearly explained in the policy statement. There are some points, however, on which we require further clarification. The challenge of direct ownership will lie in communicating and mobilising communities to participate in this, because communities will often not be active in identifying energy projects or funding opportunities.

**31.** The Scottish Government states in the direct community ownership section of the statement that the transition to a low carbon society will be enabled by infrastructure and technology. This places the onus on consumers to define the pace of the transition as opposed to government delivery agencies. However, in a report for the Royal Society of Edinburgh it was found that the single most important barrier to tackling climate change in Scotland is the lack of coherence and integration of policy at different levels of governance<sup>22</sup>.

**32.** The Scottish Government states that 'hard-pressed households are learning that energy efficiency in the home leads to reduced fuel bills'. Whilst CAS welcomes all efforts to encourage greater energy efficiency, efforts to reduce bills through energy efficiency have been largely negated through price increases over recent years; with bills having risen by a third since 2010. Whilst efficiency can lead to savings it is important not to imply that households are wholly in charge of the costs of their consumption and that efficiency savings can always be made. As well as placing an emphasis on energy efficiency we would welcome the Scottish Government placing more emphasis on rising wholesale costs and committing to supporting consumers in or at risk of fuel poverty.

**33.** CAS welcomes The Community Empowerment (Scotland) Bill and the work being undertaken to facilitate an asset-based approach to community energy which makes land acquisition easier for communities. We are of the view that the Community Empowerment Bill offers an excellent opportunity to further consider community engagement, with particular emphasis on how to reach 'hard-to-reach' communities or those that are often ill-equipped to implement energy projects (see point 9).

**34.** CAS welcomes the CARES scheme and considers the model of end-to-end support to be an excellent asset to assist communities. The CARES

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<sup>22</sup> [\*The Royal Society of Edinburgh Committee of Inquiry. \(2011\) Facing up to climate change: breaking the barriers to a low-carbon Scotland.\*](#)

end-to-end support diagram outlines the starting point of a 'community group exploring the option of investing in community renewables'. CAS would welcome further thought being given to the stage prior to this, with emphasis on how best to encourage individuals, households or community groups to identify community energy as an option. This is something that could perhaps be facilitated by CARES Local Development Officers.

**35.** CAS welcomes the CARES grants investment fund, which is available to add renewables to community buildings in some of Scotland's most deprived areas, where individuals may not be prepared or able to take on loan finance, and would welcome more information about the uptake of this funding and the role of Local Authorities and other stakeholders in identifying and facilitating this scheme.

**36.** CAS welcomes the research commissioned by The Scottish Government to establish the success factors of community energy and we further welcome alterations to CARES, based on barrier identification which covers the pre-planning stage of the project. CAS would encourage regular reviews of the CARES programme and thinks that this could provide an excellent opportunity to monitor community energy's reach and to ensure that funding is not solely being taken up by 'the usual suspects' (see point 8-11).

**37.** Whilst we welcome attempts to address market failure CAS would welcome further detail from the Scottish Government as to whether lower, competitive interest loans are a possibility for REIF loans. This would serve to ensure that the Scottish Government are not being perceived as profiting from community renewables. Similar to the Scottish Government's Gas Infill scheme, 0% loans could be offered to communities. Although not always directly comparable, there are lessons to be learned from examples of low interest loans for energy efficiency and renewables being successfully employed elsewhere in Europe (e.g. KfW in Germany<sup>23</sup>).

b) Do you agree with the Scottish Government's aims for community ownership?

**38.** Whilst we agree that community ownership may offer significant financial benefits and has the potential to significantly empower the community which it serves, CAS does not necessarily agree that direct community ownership should be presented as the 'main prize' of community energy. Direct ownership is not necessarily suitable for all communities, owing to the associated risk and uncertainty attached to investing in a project. In addition, issues of maintenance and upkeep may render such projects undesirable for some community groups. In placing this as the 'main prize' groups may be encouraged to pursue the direct ownership model whether it is suitable for their needs or not.

**39.** Community ownership is clearly the most financially rewarding community energy model, but before promoting this as such, there needs to

<sup>23</sup> [Schröder, M et al. \(2011\) \*The KfW Experience in the reduction of energy use in and CO<sub>2</sub> emissions from buildings: operations, impacts and lessons for the UK\*. London: UCL Energy Institute](#)

be careful consideration around the consumer protections for those households investing or potentially receiving energy from this source. (See points 19-21)

**40.** CAS would again point out that if the People and Communities fund is competitive it is likely that it will favour an organised and skilled community type (See points 8-11).

**41.** DECC states that the average minimum cost for a share in a community energy project is sold at £200<sup>24</sup>. This is not accessible to all. CAS would also suggest that the benefits from these shares could be most useful for those who are unable to afford them. Whilst there is some provision for those who cannot invest to take part in projects through the Community Buildings grant, CAS invites the Scottish Government to consider whether 0% interest loans or help-to-buy schemes could be put in place to facilitate participation from those community members that cannot afford to invest in community energy.

c) Do you believe that the current and proposed support mechanisms and programmes will have the required impact on direct community ownership?

**42.** Locally-owned projects make up almost 50% of the 500MW target. CAS welcomes the opportunities for businesses to benefit from locally-owned energy and welcomes the £10,000 per MW that those receiving support from CARES commit to invest in their local community. The Scottish Government acknowledges that ‘the distinction between “community energy” and “locally-owned energy” above may become more blurred in the future’. CAS would welcome comments on how this will be regulated/monitored to ensure that communities are at the fore and that locally-owned initiatives do not take precedent given the likelihood that these projects may produce greater capacity (see points 16-17).

**43.** We would further welcome information from the Scottish Government about how local business is currently being engaged and encouraged to participate in local energy projects, with community benefit.

### **3. Shared ownership and investment**

a) Is the support available and future ambitions for shared ownership and investment clearly and fully explained?

**44.** CAS finds the Shared Ownership and Investment section of the policy statement to be clearly laid out and welcomes moves to ‘create

<sup>24</sup> [DECC. \(2014\) Community Energy Strategy: Full Report. London: DECC](#)

a new paradigm of “mutual benefit” between communities and developers in commercial schemes’.

- 45.** CAS welcomes the ClimateXChange report which investigated obstacles to shared ownership. Given the volume of barriers to engaging with a shared ownership project that are highlighted in the report, CAS would welcome any efforts to lessen the identification / procedural / negotiating burden for communities. We welcome the work that is being completed with the Forestry Commission, CARES officers and REIF team to remove barriers.
- 46.** Given that lack of knowledge / skills is identified as the most significant barrier to participation in shared-ownership community energy projects, CAS welcomes the new online partnership portal and other support mechanisms and refers back to some additional ideas covered in **point 9** in our response.

b) Do you agree with the Scottish Government’s aims for Shared ownership and investment?

- 47.** Yes, CAS agreed with the Scottish Government’s aims, however as mentioned in **point 41** we would like to see far greater provision to enable community members who are unable to afford shares to take advantage of this financial opportunity.

#### **4. Community benefits**

a) Does this section clearly and fully explain the current support available and the Scottish Government’s aims for community benefits?

- 48.** CAS finds the Community Benefit section of the policy statement clearly explained.
- 49.** CAS welcomes new standards of good practice and the additional measures that the Scottish Government seeks to implement, such as the publicly available register of community benefits.
- 50.** We encourage the Scottish Government to continue to work with the UK government to ensure that community benefits become mandatory, such as has been seen in other European countries including Denmark, Spain and Germany.
- 51.** We would welcome further thought from the Scottish Government on how community benefit could be specifically levered to benefit households in fuel poverty (see points 12-15).

## 5. Local Energy Economies

a) Is the concept of Local Energy Economies and the Scottish Government's ambitions for them clearly and accurately described?

- 52.** CAS finds that the Local Energy Economies section is clearly explained, however as this section of the policy statement proposes far-reaching and potentially complex projects, it would benefit from some additional detail throughout.
- 53.** CAS welcomes acknowledgement of the potential benefits that community energy projects might bring to households in fuel poverty and would welcome further thought and comment on what the additional support for these areas might constitute (please see points 12-15 for further thoughts on fuel poverty).
- 54.** CAS would welcome further detail on market constraints and how these issues could be overcome by community groups and other stakeholders, with particular emphasis on the community protections that will need to be in place pending the advent of new players entering the energy market (see points 19-21).
- 55.** We welcome the Scottish Government's new focus and would be keen to see detailed and timely information about any pilot projects which already exist or are consequently put in place.

b) Do you agree that Scottish Government's ambition to promote Local Energy Economies is the correct way to tackle the issues highlighted?

- 56.** CAS welcomes the ambition for innovation within the community energy sector, and welcomes initiatives designed to encourage the uptake and implementation of decentralised, low carbon, affordable energy systems.
- 57.** Whilst we are firmly supportive of the Local Energy Economies initiative, we are also clear that any developments in this sector should be mindful of the consumer principles outlined in our covering letter (pages 4-9).

## 6. The Future of community energy

a) Is the Scottish Government's vision for the future of community energy clearly described?

- 44.** CAS welcomes the Scottish Government's vision for the future of community energy and finds this section to be clearly laid out. We welcome the exploratory work that is being conducted in various

areas. Again, whilst we are firmly supportive of the direction of ideas for the Future of community energy, we are clear that any developments in this sector should be mindful of the consumer principles outlined in our covering letter (pages 4-9).