



Innovatively investing  
in Europe's Northern  
Periphery for a sustainable  
and prosperous future



# Potential Funding

## Empowering Communities Renewably

### SMALLEST, CARES, WARES

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and recycling institute

## Community Renewables in Scotland

- Scottish Government set this as a component of its overall renewable energy strategy.
- Scottish Government and administration are fully committed to support the sector.
- Lots of money and support have been invested into Community Renewables across Scotland.

## CARES

- New Support for Communities
  - Communities need certainty and confidence to take forward projects.
  - CARES (pre-planning) Loan Scheme will continue; budget of £23.5m over next 3 years.
  - CARES support will also include advice to communities on technical and financial issues, government structures and use of income from projects.
  - Plus in 2012-13 new £2m package of CARES support for capital build and to encourage innovative solutions to grid access.
  - In development: £103m Renewable Energy Investment Fund – communities a top priority.

## SMALLEST

- Solutions for Micro-generation that ALLow Energy Savings Technologies.
- Objective is to enable rural communities throughout the Northern Periphery region of Europe to access micro renewable energy solutions.
- Working across all nine partner regions.

## SMALLEST - Outcomes

- It is looking to deliver policy engagement and change at a regional, national and transnational level, which in turn will assist communities.
- A proven model for future adoption showing how to embed renewable energy in the smallest rural communities throughout the region.
- A contribution to a carbon-free, self sustaining rural economy for the long term.

## Success or otherwise?

- Have SMALLEST and the CARES programme been a success?
- To a degree.....
- Identifies a series of blockages in the process
- Detailed understanding of what the problems are
- Possible solution?

## Challenges faced by communities

- Changes in policy cause uncertainty across the sector.
- No legal status in communities
- No real decision making process in place
- Communities tend to be risk averse – often have charitable status so must abide by charitable laws.
- Policy changes lead to disparity between communities.
  - Grants and FITS
  - FIT rates

## Challenges - continued

- Grid connection difficulties:
  - National grid is privately owned so connection charges must be calculated on a commercial basis.
  - Communities in areas of weak grid infrastructure must find additional funding.
  - Publically owned national grid could allow for geographical compenstation
- Planning Issues:
  - Planning guidelines need more emphasis on socio-economic benefits for community application.



## Positive effects of FIT and RHI

- Creates opportunities for community energy projects.
- Can provide long term financial stability.
- Opportunities for communities to up-skill.
- Can be a big step towards becoming carbon neutral.
- Generates interest.

## Financial challenges

- Limited sources of finance – communities usually require unsecured loan.
- Cost of capital is high and often in the form of debt.
- Economics of scale not possible.
- Can't always pick the best sites so not able to maximize returns.
- Long term ongoing public subsidy is not an option

## Financial challenges- continued

- Grants for renewable energy have largely stopped, since the onset of FIT and RHI.
- This is to prevent ‘double funding’ projects.
- Loan funding is aimed at medium to large scale projects.
- Big decrease in the number of community micro generation projects.
- Uncertainty makes projects non-bankable in many instances.

## A new way forward?

- Ask the communities what they want or are prepared to do is a start.
- Looking at utilizing existing private sector assets in a different way?
- Link them into community assets.
- Unlock unused renewable energy resource within private sector.
- Established PPPs with communities who adjoin each of the private sector sites.
- WARES – seeking communities within HIE region to participate.



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