



Community Energy in Ireland: Our Low-Carbon Future Together

1st November 2016

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Executive Summary

'This agreement - the Paris Agreement to the United Nations Framework Convention on Climate Change – has the potential to build on progress. It is the basis for doing more and for allowing communities here, in concert with countries around the world take the decisive actions which ultimately safeguard our shared future on this planet.'

Minister Denis Naughton¹ 27/10/2016

This paper outlines a proposal to the Irish government on how to maximise the benefit to Ireland and, in particular, Irish communities, from the introduction of a support scheme for renewable energy projects in Ireland, expected in 2017.

The proposal centrally recognises the generally poor way in which the power industry has engaged with the Irish public in the deployment of critical energy infrastructure, and embraces the concepts of Energy Citizens and Community Energy Projects as outlined in the Energy White Paper (2015).

At the core of this proposal is the principle that communities closest to this infrastructure benefit the most from it. This is achieved in two ways:

- **A broad investor base**: Any member of the general public, with priority given to those living closest, has the opportunity to invest in and earn a return from a renewable energy project, and it is easy to do so.
- **Community Benefit**: Assets pay into local community benefit funds to deliver social impact to those living closest to those assets.

Clearly these principles impose higher costs on projects. However, that modestly higher and definable cost pays for greater public engagement and acceptance, improving project legitimacy, and as such, is a project cost to be subsidised in the same way the industry is asking the State to subsidise the cost of building an operating facility (e.g. planning permission, grid access, land lease, panels/turbines, etc.).

The proposal calls for the Department of Communications, Climate Action & Environment (DCCAE) to take a holistic approach to designing the support scheme for renewables and a proactive approach in the design of the market for raising finance for these assets. It recognises that low-carbon power is critical national infrastructure of value to every citizen of the state. In addition to the natural wind/solar/hydro/biomass resource, it recognises the critical human resource available in the country in finance and FinTech, and the delivery of social impact to local communities.

It recommends the appointment of a fund manager (FM) with a mandate to offer investment opportunities in renewable energy assets in Ireland to Irish retail and institutional investors, with very specific criteria designed to deliver on the principles established above, maximising benefit for local communities:

- The Irish public (with a time-based priority given to people living closest to the asset, and a low investment threshold, e.g. €50 min, €50k max) and Irish pension funds finance the acquisition of operating assets;
- the FM collects from each project (e.g. €5k/MW/aⁱⁱ) and distributes to the local community a community benefit fund to deliver positive social impact near projects. Such a fund could contribute over €30m to local communities over a 25 year period on 250MW.

It also recommends that the FM partner with social impact investors and community organisations delivering social impact, to maximise both the income and impact to local communities.

There are ample examples of all elements of the proposal presented here around Europe.

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Introduction

The publication in July 2015 of the government’s Renewable Electricity Support Scheme Technology Review Consultationⁱⁱⁱ outlined a timetable for the introduction of a support scheme in 2016. While such a scheme is not likely to be introduced until 2017, it remains unclear as to the form it may take.

Assuming a subsidy scheme is introduced, the government will have to choose between an auction based (private developers respond to public tenders to bid in a price at which they can deliver an operating asset), or feed-in-tariff (FIT) based, whereby project owners get a contracted price for every unit of electricity produced. Both Germany and the UK have transitioned from FIT-based schemes to auctions.

An auction based scheme has the benefit of allowing the State more control to cap the amount of projects developed (e.g. 250MW of ground-mount solar), thereby capping the cost of the subsidy for the energy consumer. If, as has happened in the UK, a limit is set for the maximum project size, then the number of projects is also determinable (e.g. if a 5MW cap is set, then 50 projects of that size are required to meet a 250MW cap). This would impact at least 50 communities, predominantly in the South and South East for solar.

Evidence from ESB Networks suggests that anticipation of the introduction of a subsidy scheme for solar energy is high. Over 4,000MW of grid applications for new connections are currently in a queue. The table below for wind in Ireland offers some perspective.

Table 1 Existing (connected and energised) and planned (contracted) wind farms, as of October 2015. ([source](#), pg 35)

	Connected (MW)	Contracted (MW)	Applied (MW)
Ireland TSO	1,007	1,788	
Ireland DSO	1,373	1,859	
Northern Ireland TSO	74	0	85
Northern Ireland DSO	567	587	578
Totals	3,021	4,234	663

What is Community Energy?

There is a spectrum of views on what constitutes a community energy project, along a number of different criteria.

Arguably the purest form is a group of people from a local community getting together and deciding to develop their own low-carbon energy project, often renewable generation (e.g. wind, solar PV), for the benefit of the local community. This requires them to complete all the activities outlined in the appendix regarding taking a project from feasibility through to operation.

Examples of generation projects are few and far between in Ireland, Templederry Community Wind Farm^{iv} being a particularly good example. There are dozens of examples in the UK, Scotland in particular, but represent only a very small portion (~1%) of total installed renewables in the UK. A reasonable explanation for this is that very few communities have the right mix of people with both the experience and the time to do something which the private sector pays teams of experts to do on a fulltime basis.

Given the current status on the pipeline of applications to access the grid in Ireland, such community-based initiatives have arguably already missed out without specific policy interventions to prioritise their applications. However, even with such, it wouldn't be reasonable to expect any significant level of take-up without significant capacity building support. SEAI is seeding this capacity building with its Better Energy Communities scheme^{v,vi}.

Recognising the integral role of commercial developers in the sector, an alternative approach has been to mandate that commercial developers offer for sale or gift a portion of their project to the local community. The recently introduced Infrastructure Act^{vii} in the UK attempts to achieve this.

The proposal included here, while recognising the desire to maximise 'genuine' community energy projects, assumes that the private sector will oversee the building out of most, if not all, renewable infrastructure, including solar ground-mount, based on an appropriate government subsidy to support the sector.

Social Impact Investing & Community Benefit Funds

Clann Credo describes^{viii} social finance as an alternative model of investment, which differs from conventional models in one key respect: it demands that investments produce both a social and a financial return. In other words, there must be a tangible social benefit for any community in which the enterprise is based: this could be improved child care services, creating jobs in disadvantaged areas, providing transport for people living with disabilities etc.

Sectors (within the social economy sector) with particular potential for use of social finance services were identified by research^{ix} conducted in Ireland as:

- Community transport, particularly in rural communities
- Environmental projects
- Training and resources centres
- Eldercare projects
- Childcare projects
- Social and voluntary housing projects.

SECAD is a partnership company, one of thirty eight in Ireland. This means that it works in partnership with state agencies such as the VEC, Solas, local authorities, the community sector and social partners such as employer, trade union, farming and environmental sectors. SECAD is funded by the government to roll out programmes such as the Rural Development Programme, The Local Community Development Programme, the Rural Transport Programme, South and East Cork Tourism, the Equality for Women measure, the Rural Social Scheme, the Tús workplacement scheme and others.



Since 2014, SECAD has taken its community development experience and approach, to support the management of community benefit funds for a number of wind farms across the State. Its approach is to maximise the potential and 'leverage' capacity of these localised investments, encouraging and

enabling the communities involved to attract additional funds from development programmes and social investment funds so that long term, strategic, sustainable, legacy projects can be realised.

SECAD administers on behalf of the ESB its Windfarm Community Fund^{x,xii}.

Policy Design Recommendation

The introduction of a government-backed subsidy scheme to support the wider deployment of renewable energy technologies, solar PV in particular, presents a unique opportunity for both policy-makers and the renewables industry to make a virtue of adversity and embrace the energy citizen and community energy projects. This report recommends structuring the scheme as shown in Figure 1 below.

The primary scenario is that the Department of Communications, Climate Action & Environment (DCCAE), in establishing the rules of the REFIT, and different from past regulations, implements the policy through a Fund Manager (FM). The FM raises and manages a renewable energy fund for the acquisition of Ireland-based renewable energy assets. This would be a publicly tendered contract, which would be expected to solicit many responses from Irish and international renewable FMs. Alternatively, more than one license could be offered if the market is expected to be enough to support multiple FMs.

The FM services contract would prescribe that the FM must raise investments from Irish retail investors, allowing them to invest in the range, for example, of €50 to €50k. Assuming the target for solar installations is 250MW at an initial cost of ~€1/W, then that's a ~€250m investment. Assuming 15-20% from retail investors on a first-loss basis, that's €40-50m to come from the Irish public. The ratio will be determined by the minimum coverage ratios demanded by the pension funds to minimise the weighted average cost of capital (WACC).

What practically amounts to a government-backed investment scheme because of the subsidy, offering, for example, >5%/a over a 15-20 year term, can reasonably expect a high take-up, particularly if an efficient secondary market can be established. An auction could be run to ensure the target is met at the lowest cost, without trying to second-guess what that might be – maybe it's closer to 10% than 5%.

In the UK, with no additional support, the community energy sector has raised c£28m over the past 5 years, offering returns typically 4-7%pa for solar. While a 30% tax break existed until Nov 2015 for community projects, investment has continued, albeit at a slower pace, since its removal^{xiii,xiv}. The tax break was removed on non-community projects in 2014, however prior to this, over £1bn was invested in UK renewables via this route^{xv}. YieldCos, see appendix, are another good benchmark of investors' expectations of returns from renewables^{xvi,xvii}.

The FM contract would also prescribe that investment for a project must be organised such that those who live within a certain proximity of the project, 5 miles for example, must be given a time-limited, 4 weeks for example, first option to invest in the project. This time lapse could expand in distance and time, out to 50 miles for example, before going national.

The FM contract would further prescribe that the fund must attract investment from Irish pension funds. Should DCCAE choose to offer an inflation linked subsidy, this would attract the lowest cost of capital^{xviii}. Currently in the UK, index-linked gilts carry a negative yield^{xix}.

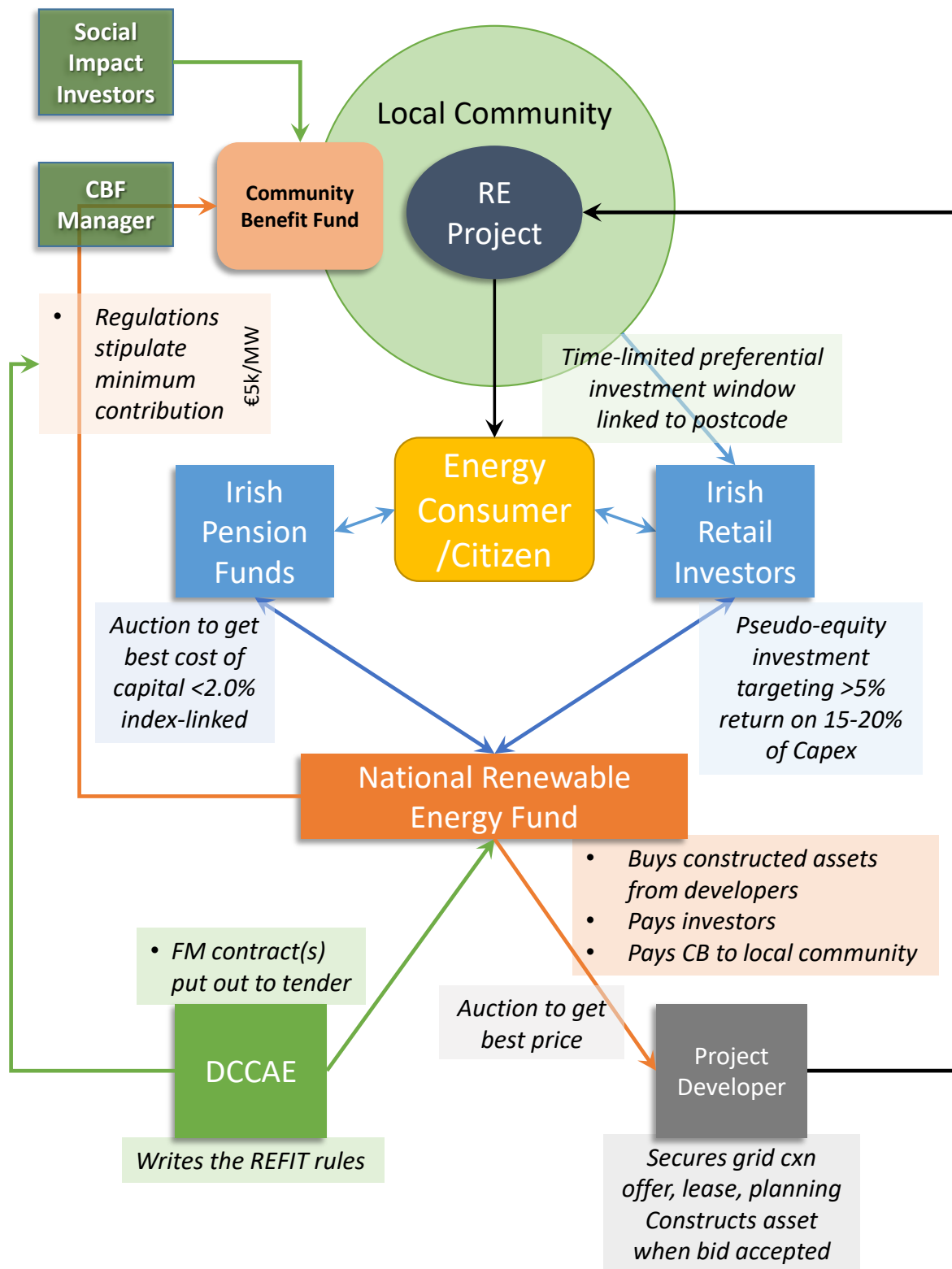


Figure 1 Policy Design Schematic

Finally, the contract would prescribe that the FM must pay a minimum amount from each project to a community benefit fund (CBF). The UK wind industry settled on £5k/MW^{xx}. While the UK solar industry never did, it became typical to contribute £1k/MW. Leapfrog Finance, an investor in UK-based community energy projects, requires a minimum of £5k/MW from solar projects^{xxi}. The administration of such a fund would be subcontracted to a suitable organisation to maximise social impact.

While such an FM contract imposes a higher administrative burden than would normally be the case, it is designed to maximise both public and local community engagement and benefit – creating energy citizens while promoting the community dimension to energy projects.

The rationale behind the proposal above is that if the State is going to ask the Irish energy consumer to pay higher prices for its energy to fund the deployment of low-carbon technologies, then the State should design the scheme to maximise the benefit to the people of the Irish State.

Community Benefit Funds

Recognising that investing for return can be discriminating against the least well-off in society, there are people close to renewable energy assets who, for economic reasons, can't afford to invest in such assets, despite the return.

The community energy sector in the UK has amply demonstrated^{xxii} that first-loss investors are willing to have their returns capped in order that a certain portion of the cash generated by a project can be invested in the local community to deliver social impact. A predictable 20-year index-linked income stream from such an asset into a community is transformational.

At the low end of the spectrum for a solar asset is £1k/MW into a community fund, with £6k/MW at the top end, in the UK, based on the subsidy available there. At €5k/MW, a 5MW asset will contribute €25k to the local community in its first year of operation. If index-linked, that's a real €625k over the 25 year life of the asset. If 250MW of solar assets are contracted, that would be a real €31.25m contribution to local communities in Ireland.

Irish Retail Investors

Again, the core proposal is that people close to such infrastructure should get the first right of refusal to earn a return on any investment made in it. Community energy projects in the UK have sold shares as small as £50. This does impose a higher administrative cost on such projects, managing share registers and paying dividends. However, such costs are dropping rapidly with the wider adoption of the internet in financial transactions (FinTech).

In a low-interest environment, such investments can be considered very attractive, targeting returns >5%, potentially inflation-protected, as in the UK. Assuming a 250MW solar target (50 projects) at a cost of c€250m, of which c15% comes from junior debt sold to retail investors, that would require raising c€37.5m from the general public (c€750k/project). By offering it to those who live closest to the project first, they have a time-limited first right of refusal. After that time preference expires, a wider catchment area can be brought in before finally making it national. This could include a national promotion campaign designed to help achieve the energy citizen agenda in the White Paper.

Irish Pension Funds

Pension funds have invested heavily in UK renewable energy infrastructure, particularly those with an inflation-protected income stream. UK index-linked gilts are currently trading at negative yields (11 year -2.0%), providing a very attractive cost of funds.

Given the relatively low technical risk and a government-backed subsidy, it is reasonable to expect that Irish pension funds would invest in such infrastructure assets, if the scheme is designed appropriately. That would further allow the wider public to enjoy the financial benefits of such infrastructure.

The National Pensions Reserve Fund, as of the end of December 2014, had a total of €1.4 billion committed to Irish investments, representing 20 per cent of its Discretionary Portfolio.

A recommendation from the 2013 OECD review of Irish pension system^{xxiii}xxiv:

Establish a clear framework to facilitate domestic investment in infrastructure projects, but a general subsidy to all infrastructure projects should be avoided as it would distort capital allocation. It is clearly desirable that pension funds should help support economic growth in Ireland, but the objective should not be used as an excuse to impose low returns on pension fund members.

There is already evidence of pension funds investing in Irish infrastructure:

Strathclyde Pension Fund and the Ireland Strategic Investment Fund (ISIF) join previously announced investors NTR plc and Legal & General Capital, bringing equity invested in the NTR Wind-1 fund to a total of €250 million.^{xxv}

ISIF is managed by the National Treasury Management Agency (NTMA) and invests money which was previously part of the National Pensions Reserve Fund, has committed €1.4 billion since the start of the year [2015]. Of that, €726m has already been drawn down. The ISIF has €7.4 billion in what is called its "discretionary portfolio", which includes a €300m investment in Irish Water.^{xxvi}

How much of a project should be community-owned?

There is much discussion about how much of a renewable energy project should be community-owned. Opinions vary along the full spectrum of 0% to 100%. For asset owners, minority shareholders are considered a risk, hence the desire to minimise the figure.

It is proposed here that all assets are owned by a fund. The fund is owned by its investors. Investors in the fund are Irish pension funds and retail investors, on which basis, it can be argued, depending on the profile of the investors, that a large proportion of citizens of the State have a stake in the assets in the fund.

It is proposed that pension funds are senior lenders into projects, and for the security of having first-loss investors ahead of them, accept a lower interest rate. Individuals, retail investors, with a bias towards those living closest to the projects, are junior lenders, taking the risk of first-loss, and therefore requiring a higher return on their investments.

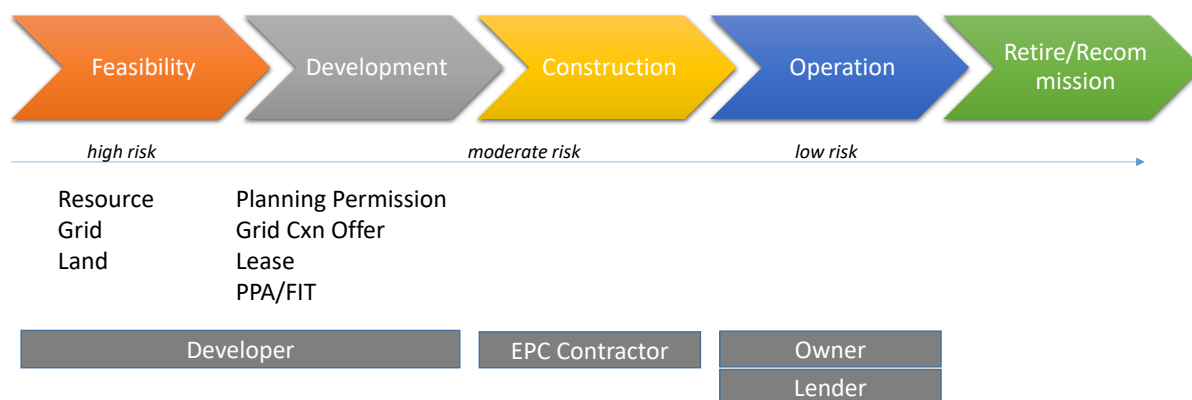
After the capital cost (capex) of building the asset and the operating cost (opex) of running it, the weighted average cost of capital (WACC) is the biggest determinant of the cost of the renewable asset (for a given resource yield). The auction process proposed is designed to ensure the minimum cost of capex, opex, and WACC. Thus there is a trade-off between minimising the WACC and maximising the community 'ownership' (junior investor). There is also a trade-off between minimising the WACC and maximising the contribution to the community benefit fund, for a given level of subsidy.

The proposal below attempts to sidestep the ownership debate and focus on maximising the return to investors and the community benefit fund.

Appendices

Developing a Renewable Energy Project

The schematic below outlines the main phases in the lifecycle of a renewable energy asset. Arguably the most significant phase is construction, as it represents the point at which the lion's share of costs are incurred.



The diagram shows the developer bearing the highest degree of risk. The EPC (Engineer, Procure, Construct) contractor builds the asset and is paid by the owner's equity and debt. Thus, the owner buys the development rights from the developer and pays the EPC contractor to build the asset. There are companies that develop, build, and own renewable assets, being fully integrated. However, the nature of renewable energy assets is that they're a particularly attractive investment for pension funds. But as pension funds are very low risk, they invariably don't take construction risk, acquiring constructed assets from developers. Exceptions have been seen for solar, it being considered a very low risk asset class.

Energy White Paper 2015

The launch of [Ireland's Transition to a Low Carbon Energy Future 2015 - 2030](#), took place at The Mansion House, Dublin on 16 December 2015.

The White Paper is a complete energy policy update. In it, a framework to guide policy and the actions that Government intends to take in the energy sector from now up to 2030 is set out.

The paper takes into account European and International climate change objectives and agreements, as well as Irish social, economic and employment priorities. As we progress towards a low carbon energy system, this policy update is intended to ensure secure supplies of competitive and affordable energy.

Of note is the inclusion of a chapter entitled 'From Passive Consumer to Active Citizen' which describes Energy Citizens and Community Energy Projects.

Energy Citizens

All citizens are energy citizens, interacting with the energy system as consumers, employees, transport users, householders and landowners. Every citizen has a role to play in the energy transition. Consumer choice, in the home, in the community, at work and when travelling is an important aspect of the energy citizen's role and responsibility.

Community Energy Projects

Community-level energy efficiency and renewable energy projects, using a range of technologies, will play an important role in the energy transition.

There will be opportunities for communities to collaborate, including with local government and energy agencies, to develop community energy efficiency and renewable energy projects.

Actions

The development of the White Paper revealed a wide citizen and community desire to be consulted on, and participate in, Ireland's energy transition and the development of energy related projects.

It is acknowledged that there is a need to develop mechanisms and instruments to make this happen:

- supporting community participation in renewable energy and energy efficiency projects, via the SEAI, to share best practice, provide information and ensure that local strategies align with broader Government policy
- facilitating access to the national grid for designated renewable electricity projects, and developing mechanisms to allow communities to avail of payment for electricity, such as the ability to participate in power purchase agreements
- providing funding and supports for community-led projects in the initial stages of development, planning and construction. These will be defined using criteria such as scheme size and degree of community ownership.
- ***providing a new support scheme for renewable electricity which will be available from 2016***
- ***developing a framework for how communities can share in the benefits of substantial new energy infrastructure which is located in their area***
- ***establishing a register of community benefit payments***
- ***examining shared-ownership opportunities for renewable energy projects in local communities***
- ***supporting, in particular, the emerging energy co-operative movement as one means of facilitating community participation***
- exploring the scope to provide market support for micro generation. This will be informed by an SEAI analysis of the potential of technologies in the field of small-scale wind, solar, micro-CHP and small-scale hydro
- engage with local government on advising consumers on energy efficiency initiatives and clean energy options, integrating energy options, scoping the opportunities for demand and supply related local energy action through integrating energy issues into local area planning, and bringing stakeholders together to find locally appropriate solutions that bridge the gap between demand and supply (E.g. biomass fuel, district heating solutions).

Support for Renewables in Ireland

Ireland's first renewable energy feed-in tariff (REFIT) programme was launched in May 2006 and approved by the European Commission State Aid regulations in September 2007. The programme aimed to more than double the contribution of renewable energy technologies from 5.2% in 2005 to 13.2% in 2010 (initial target under Directive 2001/77/EC).

The schemes were designed to provide certainty to renewable electricity generators by providing them with a minimum price for each unit of electricity exported to the grid over a 15 year period.

The current REFIT schemes are now closed as of 31 December 2015.

REFIT 1

The original REFIT scheme, REFIT 1, was open for applications until 31 December 2009. Under the terms and conditions of the REFIT 1 scheme, plants were to be operational by end 2010.

The technologies covered in REFIT 1 are small wind (< 5MW), large wind (>5MW), Hydroelectricity and Biomass/Landfill gas. The support is provided for a period of 15 years. Due to delays in grid roll-out for REFIT 1 projects, and with State Aid approval in August 2013, the backstop date for REFIT 1 was extended by two years to 2027.

REFIT 2

REFIT 2, which succeeded REFIT 1, came into operation in March 2012. It provides for up to 4,000MW of renewable generation. The technologies covered are small wind (< 5MW), large wind (>5MW), Hydroelectricity and Biomass/Landfill gas.

REFIT 3

REFIT 3 is designed to incentivise the addition of 310MW of renewable electricity capacity to the Irish grid composed of High efficiency Combined Heat and Power (using both Anaerobic Digestion and the thermo-chemical conversion of solid biomass), biomass combustion and biomass co-firing.

REFIT 4?

Renewable Electricity Support Scheme Consultation (Published 31/07/2015, Closed 18/9/2015)

The initial consultation on potential future supports for renewable electricity is seeking views on the available technologies, their cost effectiveness and the level of support required. It also seeks views on some of the high level design aspects for a support scheme.

The announcement of the consultation has created a great deal of speculation that a FIT will be introduced for solar energy. So much so that over 4,000MW of grid connection applications are currently outstanding. There is further speculation that the target for solar under the FIT will be 200-300MW. If that's the case, then the market is arguably over before it's started, and communities, once again, will be locked out. For comparison, in the UK, over 1,200MW of solar was installed in the first quarter of 2015.

A recent report published by KPMG and sponsored by the Irish Solar Energy Association forecasts the deployment of 3,700MW by 2030:

"3.7GW of solar could be deployed by 2030 with an annual support equivalent to a 1% increase in domestic electricity prices"

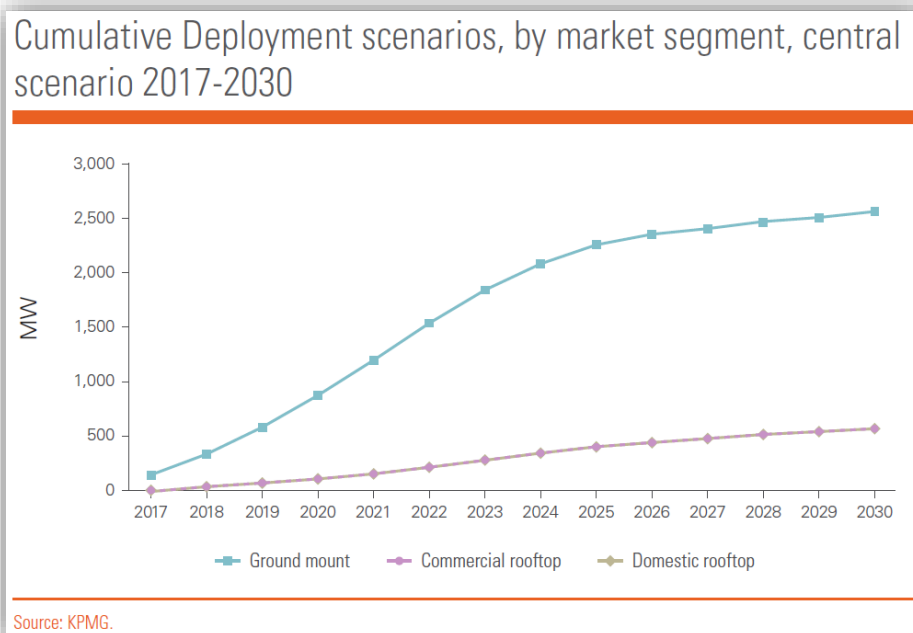


Figure 2 from [KPMG – A Brighter Future: The potential benefits of Solar PV in Ireland](#)

UK Experience & Solar Funds

The infographic below is a convenient summary of the benefits delivered by the community energy sector in England, much of which was achieved with little or no formal government policy support. Any support that was in place has been removed since the election of a new government in May 2016.

Scotland has been much more proactive in its support for community energy and refreshed its policy position September 2015^{xxvii}, setting itself a target of 500 megawatts (MW) of community and locally-owned renewable energy by 2020^{xxviii}.

It's worth noting deployment rates for solar in the UK. Over 3,000MW of FIT solar was installed over a five year period. Between 2013 Q3 and 2015 Q1 (~15 months) over 3,700MW was installed under the Renewable Obligation scheme alone, a different form of subsidy for large scale renewable projects. [Prices for solar PV](#) in the UK have dropped over 70% over the past five years, now below €1/W (ground-mount). The total investment in solar in the UK over the past 5 years exceeds £8bn.

Certainly as interesting, has been the emergence of a solar finance industry in the UK. Several solar funds (YieldCos) have been launched to invest in solar assets because of the attraction of a government-backed index-linked payment scheme for 20 years. Examples include [Foresight](#), [Bluefield](#), [Next Energy](#), [Cubico](#), [Blackrock](#). The government has also backed a [Pension Infrastructure Platform](#) which works with established asset managers to deliver attractively structured and priced specialist infrastructure investment funds. It is on course to become a direct infrastructure investor on behalf of UK pension schemes.

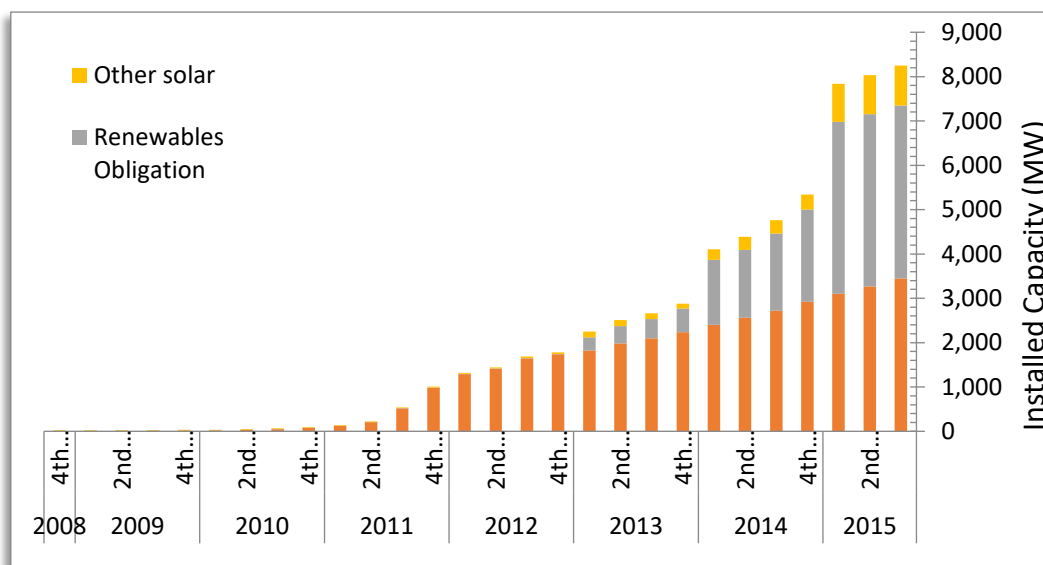


Figure 3 UK deployment of solar PV

HOW COMMUNITIES BENEFIT FROM COMMUNITY ENERGY SCHEMES:

**REDUCED
ENERGY BILLS**



FOR LOCAL ORGANISATIONS
(SCHOOLS, CHURCHES, SPORTS CENTRES ETC)

**INCREASED
AWARENESS OF
RENEWABLE ENERGY**



**IN THE
COMMUNITY**

CREDIT: GRAPHIC COURTESY OF POWER TO CHANGE

**ENERGY
ADVICE**

TO THOSE IN
FUEL POVERTY



**DRAWS ON
SKILLS AND
EXPERTISE**



OF LOCAL PEOPLE

**IMPROVEMENTS
TO ENERGY EFFICIENCY**



**OF COMMUNITY
BUILDINGS**

**KEEPS ENERGY
GENERATED IN THE AREA**



COMMUNITY ENERGY: THE BENEFITS SO FAR



£23
MILLION
TO COMMUNITY
BENEFIT FUNDS

£28
MILLION
RAISED IN
COMMUNITY
SHARE ISSUES

£50
MILLION
LEVERAGED IN
PRIVATE INVESTMENT

45%
OF SPEND
GOES TO
LOCAL CONTRACTORS

83%
OF SCHEMES MENTOR
OTHER COMMUNITY
ENERGY ORGANISATIONS

88%
OF COMMUNITY
ENERGY GROUPS ARE
ACTIVELY INVOLVED IN
WIDER COMMUNITY
INITIATIVES

155,000 VOLUNTEER
HOURS VALUED AT **£5M**

SOURCE: BASED ON FEEDBACK FROM 80 ORGANISATIONS WITH ALMOST 11,000 MEMBERS IN 2015

CREDIT: GRAPHIC COURTESY OF POWER TO CHANGE

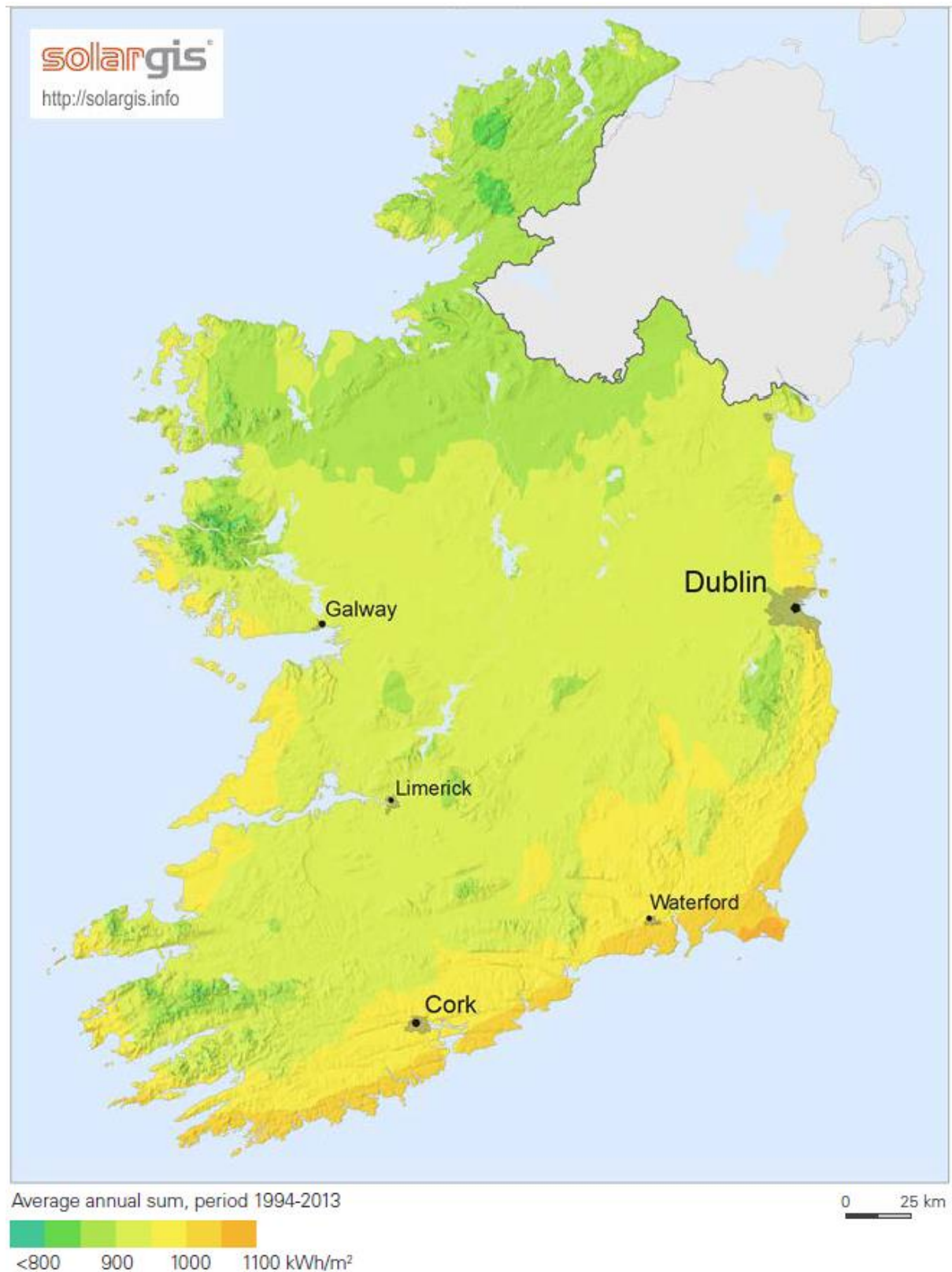


Figure 4 Where the best solar resource is in the country and where solar projects are likely to be concentrated.

Renewable Energy Community Benefit Funds

Bord na Móna - Community Gain Funds^{xxix}

Bord na Móna set up two community gain schemes in 2014 thanks to the help and cooperation of the communities local to its Mountlucas and Bruckana Wind Farms. An annual fund, based on the installed capacity of each wind farm, is established and applications are sought from clubs, associations, and other such groups in the locality for support for various community-based initiatives and improvement projects. The combined funds amount to €125,000 per annum.

Bord na Móna administers each scheme and an awards committee is drawn from the local communities. This committee decides which projects are granted financial support. The funding has benefited schools, sports clubs, general amenity, social initiatives, as well as community facilities.

Additional benefits include upgrade of local roads, local employment, sourcing of goods and services locally; as well as rates paid to the local authority. For example, Offaly County Council has received over €430,000 in rates in 2014 from Bord na Móna's Mountlucas Wind Farm. This money helps the Council to fund the provision of local authority services to the people of Offaly such as upgrading local infrastructure and providing essential community services.

ESB - Energy for Generations Fund^{xxx}

ESB's Energy for Generations Fund sees over €2m per year disbursed across a range of community and issues-based initiatives. Each year the Fund awards €1m in direct funding through a quarterly fund to charities working in the areas of suicide prevention, homelessness and education access and support. The remainder is allocated across a range of initiatives including support for ElectricAid, wind farm community funds^{xxxi}, fuel poverty programmes and support for staff volunteering. Each year, ESB awards funding to approximately 150 projects across Ireland, working to address these issues.

Coillte - Charter for the application of Community Benefit Funding^{xxxii}

Coillte has a long history of working with communities and its experience around the country has generated an inherent understanding of the communities in which it operates. It has developed a wind farm Community Benefit Scheme (see appendix) that reflects this fundamental understanding and which outlines the support that our wind energy projects can provide for local communities. Such schemes have been implemented by Coillte in other communities around Ireland and have created opportunities for local groups to enhance and sustain facilities and services in their local area.

Cullenagh Wind Farm Community Fund^{xxxiii} receives €67,500 (index linked) each year over the 25 year lifetime of the wind farm to benefit local community projects and initiatives:

- Improve local amenity and recreation
- Support local projects
- Support the local economy
- Protect the environment

Coillte Community Benefits Policy – Wind Farm Projects

**Community Benefits Policy - Wind Farm Projects^{xxxiv}**

Coillte's core purpose is to enrich lives locally, nationally and globally through the innovative and sustainable management of natural resources. Coillte is committed to helping reduce Ireland's carbon emissions and achieving the Irish Government's renewable energy targets. It considers the development of renewable energy projects such as wind farms to be fully compatible with its policy of responsible forest management.

Coillte has a long history of working with the communities in the environs of the forests and land assets under its stewardship. As an extension of this, Coillte will continue to work with and retain their relationship with local communities where they develop alternative uses for the land under their stewardship, such as wind farms.

Our experience around the country has generated an inherent understanding that each community and receiving environment with which we interact is unique. The Coillte approach to Community Benefits reflects this fundamental understanding. Reflecting on this and on the fact that each wind farm will also be different in terms of its capabilities to deliver benefits to the local communities, Coillte makes the following commitments in relation to the Community Benefits Scheme on its Wind Farm projects..

- Coillte will provide a Community Benefits mechanism at all of its wind farm projects.
- The Community Benefits Scheme will take the form of one or a combination of the following options
 - A Community Fund, available to support projects on an annual basis
 - "Benefit-in-kind" scheme, consisting of, for example, improved recreational facilities or services relevant to the locality.
- We will engage in open and transparent consultation with local communities to explore the most appropriate community fund or benefit-in-kind scheme for each project.
- Any Community Benefit Scheme will consider the following:
 - The uniqueness of each area in terms of its population density and demographic; social and infrastructural needs; physical environment and any other types of funding in the area (e.g. other wind farms)
 - The delivery of an appropriate application and distribution mechanism to ensure a fair and transparent sharing of Community Benefit, where a Fund is the mechanism implemented.
 - Proposed initiatives and the dispersal of any fund will prioritise projects and activities that have a focus on environment and sustainability. Any specific projects and activities will be assessed on their own merits and should benefit the wider community.
 - It is intended to support community projects in the locality of the wind farms. The geographic area eligible for the fund will vary on a case by case basis but will be defined through the consultation process.
 - Applications are open to not-for-profit groups only. Funds will not be permitted to support individuals or private enterprise.
 - The governance and operation of any fund or initiative will be completed in a transparent manner and will involve both Coillte and non-Coillte representatives, as appropriate to each project.

Case Study: Plymouth Energy Community



CASE STUDY

Plymouth Energy Community



"We are hugely proud to be watching our solar farm come to life. This was the project that many said would not be built; and to see it realised is a great credit to those that have had the vision to support us." Alistair Macpherson, Chief Executive at Plymouth Energy Community

Project Summary

In March 2016 Plymouth Energy Community (PEC) installed a 4.1MW solar array on a derelict brownfield site. The project, Ernesettle Community Array, was built in partnership with Plymouth City Council, Communities for Renewables CIC and the Four Greens Community Trust. Not only will the array generate enough clean energy to meet the annual needs of 1000 homes but it will also generate an estimated £2,900,000 of additional income for PEC to help them continue to tackle fuel poverty and develop climate change projects. The Four Greens Trust will also receive £600,000 through rent income which will go towards improving services and opportunities in Ernesettle and the surrounding areas. PEC have also established 18 acres of bug-friendly wild-flower meadow around the solar panels, complete with two bug hotels built by pupils from a local school and local volunteers using recycled materials.

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Key Project Information



Technology

4.1MW solar array



Leapfrog Finance construction-loan

£3,961,328



Total Community Revenue

£3.5 million



Social Impact:

Reduction in fuel poverty, job creation, community engagement, environmental education and awareness

End Notes

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- ⁱ [Opening Statement at Initiation of Domestic Ratification process for Paris Agreement](#)
- ⁱⁱ €5k/MW/a on a 5MW generator would provide €500k to a local community over 20 years.
- ⁱⁱⁱ <http://www.dccae.gov.ie/energy/Lists/Consultations%20Documents/Renewable%20Energy/Renewable%20Electricity%20Support%20Scheme%20-%20Technology%20Review%20consultation%20-%20final.pdf>
- ^{iv} <http://tippenergy.ie/irelands-first-community-owned-wind-farm-opens/>
- ^v http://www.seai.ie/Grants/Better_Energy_Communities/
- ^{vi} <http://www.irishexaminer.com/ireland/solar-panel-scheme-helps-slash-cork-community-centres-electricity-bills-by-40-427325.html>
- ^{vii} <http://www.blplaw.com/expert-legal-insights/articles/infrastructure-act-2015-key-effects-uk-renewable-energy-market>
- ^{viii} <http://www.clanncredo.ie/default.aspx?m=22&mi=172&ms=0>
- ^{ix} http://www.dublinpact.ie/pdfs/social_finance.pdf
- ^x <http://www.secad.ie/community/esb-community-windfarm-fund/>
- ^{xi} <https://www.esb.ie/tns/press-centre/2015/2015/10/15/esb-opens-new-33m-woodhouse-wind-farm-in-county-waterford>
- ^{xii} <http://www.windfarmcommunityfunds.ie/>
- ^{xiii} <http://blueandgreentomorrow.com/2015/11/30/community-energy-solar-raise-7-8m-in-month-as-eis-tax-relief-for-clean-energy-investments-removed/>
- ^{xiv} <https://www.ethex.org.uk/positiveinvesting2015>
- ^{xv} <https://www.moneymarketing.co.uk/eis-industry-faces-367m-renewables-hit-following-govt-clampdown/>
- ^{xvi} [There are still some good things one can say about yieldcos](#) (FT.com, 15/1/2016)
- ^{xvii} <http://www.pfie.com/yieldcos-reprice-renewable-equity/21176767.fullarticle>
- ^{xviii} https://web.actuaries.ie/events-archive/Events%202005/050208_Social_and_Economic_Benefits%20of%20Irish-Inflation%20Linked%20Government%20Bonds.pdf (2005); see also <http://uk.reuters.com/article/uk-ireland-debt-idUKKCNOXC21B> (2016)
- ^{xix} <https://www.fixedincomeinvestor.co.uk/x/bondtable.html?groupid=3530>
- ^{xx} <https://www.gov.uk/government/publications/community-benefits-and-engagement-guidance-for-onshore-wind>
- ^{xxi} <https://youtu.be/7vOLS0xldV4?t=48s>
- ^{xxii} <https://www.gov.uk/government/publications/community-benefits-and-engagement-guidance-for-onshore-wind>
- ^{xxiii} <http://www.ipe.com/irish-pension-industry-should-consider-infrastructure-fund-oecd-says/51717.fullarticle>
- ^{xxiv} <http://www.oecd.org/els/public-pensions/OECD2013ReviewOfTheIrishPensionSystemPreliminaryVersion22April.pdf>
- ^{xxv} <http://www.scottishenergynews.com/exclusive-massive-scots-pension-fund-invests-e50-million-in-irish-renewable-energy/>
- ^{xxvi} <http://www.rte.ie/news/business/2015/0702/712184-strategic-investment-fund-publishes-strategy/>
- ^{xxvii} <http://www.gov.scot/Resource/0048/00485122.pdf>
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- ^{xxx} <https://www.esb.ie/acting-responsibly/community-stem-and-the-arts/esb-corporate-responsibility>
- ^{xxxi} <https://www.esb.ie/our-businesses/generation-energy-trading-new/wind-energy/wind-farm-community-funds>
- ^{xxxii} http://www.coillte.ie/coillteenterprise/renewable_energy/cullenagh_windfarm/community_benefit/
- ^{xxxiii} http://www.coillte.ie/fileadmin/user_upload/Cullenagh/Cullenagh_CommunityFund_Guidelines.pdf
- ^{xxxiv} http://www.coillte.ie/fileadmin/user_upload/documents/2012_documents/Community_Benefit_Policy_Fo_r_Wind_Farm_Projects.pdf