

Putting the POWER into Community Empowerment



*All Energy
Conference*

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Pauline
Gallacher

NEILSTON COMMUNITY WIND FARM

The NCW story so far...

- Pre NCW: the Fintry model
- NCW: the JV model
- LLP
- Community engagement
- Current status
- Going forward

Early stages - scoping possibilities

- The 'Fintry model' (Frost Free consultants)
Relationship with commercial developer to 'buy' one of the turbines in a windfarm development near Fintry. Loan finance, outright ownership of revenues once debt discharged.
- Approaches on our behalf to developers of large sites near Neilston - no success
- Introduction to Carbon Free Developments

The developer proposition

- CFD - commercially driven
- Offering partnership to community as way to ease way to planning consent by delivering major benefits to host community, out of all proportion to current community benefit payments
- No 'favours' - community invests on same terms as developer. Mutuality of commercial interest protects community partner
- The big incentive - developer takes all risks prior to consent

The legal business

- Limited Liability Partnership (LLP) means that profits can be gifted to NDT (a registered charity), thus avoiding taxation.
- NDT is pledged to set up a Common Good Fund, which will be used to deliver projects in the Town Charter.

A bit of a first...

Windy wasteland points to profit for pioneer village

Turbines plan will help to fund redevelopment *TIMES 6-08-09, P20*

Melanie Reid

In a reversal of the usual Nimby syndrome, a hilltop commuter village near Glasgow is believed to be the first in the UK to commission plans for its own commercial wind farm.

Yesterday the people of Neilston, East Renfrewshire, announced an ambitious scheme for three wind turbines, to be developed in partnership with a commercial company, which they will use as an asset to fund local projects.

Although the island of Gigha has a community-owned wind farm, Neilston's venture is believed to be unique in that local residents have entered a business collaboration with Carbon Free, wind farm developers, and will share 50 per cent ownership of the resource with them.

It is being seen as a model for ways in which local communities can help meet the Scottish government's targets on renewable energy at the same time as they improve their own environment.

Neilston was recently designated the first Scottish Renaissance Town and its charter sets out a community vision for the future, a lengthy wish list which includes public space improvements, home insulation and a tourism strategy.

In 2006 the go-ahead community made history when it became the first to buy commercial property under the Community Right to Buy provisions of the Land Reform (Scotland) Act. It bought the former Clydesdale Bank in the village and turned it into a multi-purpose community hub.

The idea is that money to pay for future improvements will come from the electricity generated. The new turbines, if they get planning permission, should provide the village with a "robust" income stream of up to £350,000 a year for the first 12 years until the loans are paid off, and then up to £1 million a year thereafter for the 25-year life of the project.

The £8 million installation cost of the turbines, to be built on a landfill site nearly two miles from the village, is designed to be met by a loan from Social Investment Scotland, a govern-



Neilston will build three turbines that will sell power to the National Grid

Online
Green Central
The blog you can trust
timesonline.co.uk/environment

ment arm, with the rest coming from an ethical lender such as the Co-operative Bank.

The planned site for the turbines is close to the Whitelee wind farm on Eaglesham Moor, the biggest in Europe. If all goes as planned, Carbon Free Developments, which is directing and funding the £150,000 development phase of the wind farm, will own half of the wind farm on identical terms to the Neilston Development Trust.

Dominic Farrugia, the managing director of Carbon Free, said: "This is a fantastic opportunity for a community to make money, but it's quite technically demanding to develop a wind farm. We're putting in the seed capital and the community of Neilston, who are very articulate, smart and forward-thinking, will retain half the equity."

"This is the first time the true economics of wind have been exposed to the general population."

"Community renewables ownership is something that the Scottish government strongly encourages. We see Neilston as the first community in the UK where we can roll out our unique collaborative development model. Our long-term hope is to see this type of model replicated with other communities throughout the country."

Pauline Gallacher, from the Neil-

ston Development Trust, said the benefits from the wind farm would be felt community-wide. She said most of the 5,000-6,000 inhabitants of Neilston appeared to be in favour of the project, but there would be a full door-to-door consultation.

"We are making sure we treat people properly and with courtesy. The site is 1.8 miles from the village boundary, and around it is open agricultural ground. It is an old landfill site which could not be used for anything else. It's a windy place, very much so!" Tony Buchanan, the councillor for

the area, said of the scheme: "It's ambitious but it's an excellent opportunity for the village to have its own income stream. It shows a great willingness for a community to become involved in the regeneration of their own village."

Alan Walker, chair of the Neilston Development Trust, which has appointed a climate challenge officer funded by the Government's Climate Challenge Fund, said: "This presents an opportunity for Neilston to become an exemplar of ways in which communities can reduce carbon emissions and regenerate the area."

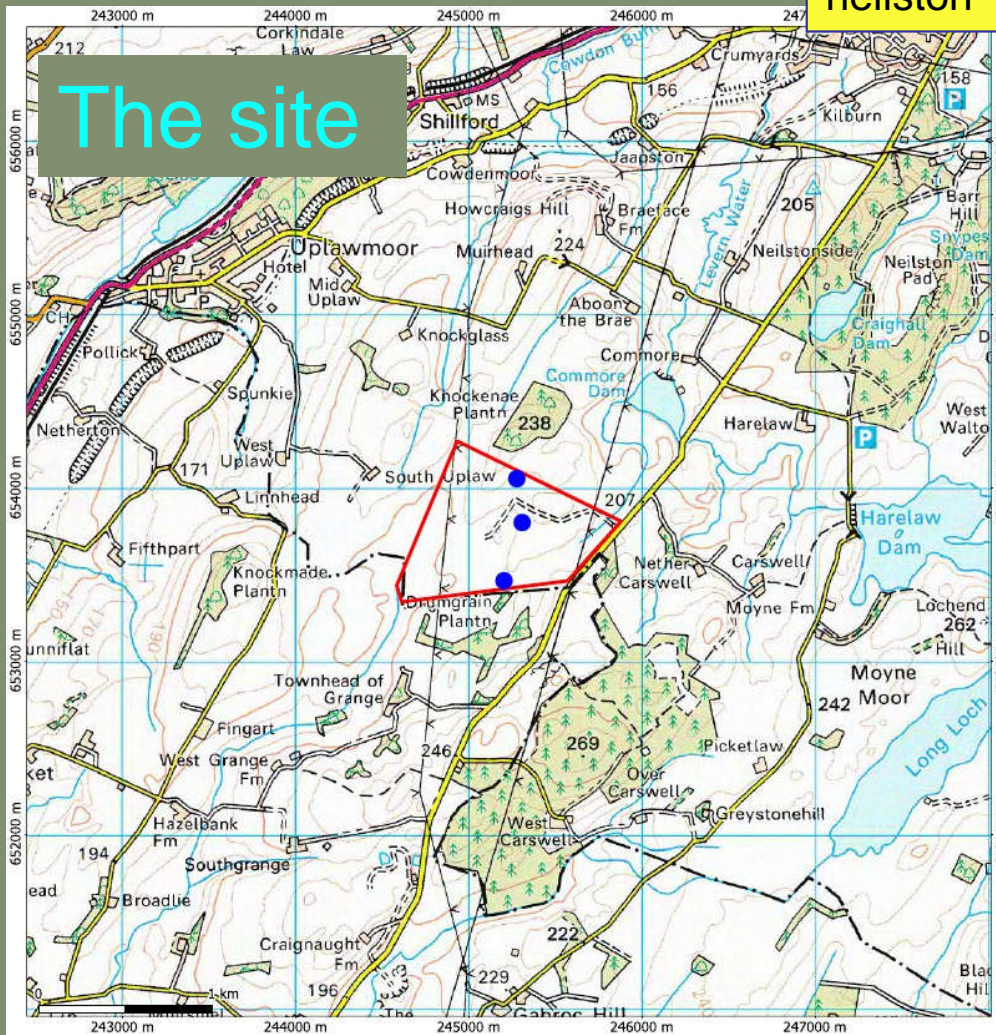
The Times, 6 Aug 09

Neilston Development Trust



neilston

The site



Neilston Community Wind Farm

Situated on capped landfill site

● Wind turbine locations
▭ Site boundary

4 turbines each 2.3 megawatts (was 3 but high cost of grid connection required a 4th)

- The project will take approximately four months to construct. Once constructed and operating, the wind farm would likely generate pre-tax profits, as follows:

Potential Annual Pre-tax Profits from Wind Farm		
	Total for Wind Farm	Allocable to 49.9%
Operating Years 2 – 12	£460,000 - £700,000	£230,000 - £349,000
Operating Years 13 – 25 – after debt is satisfied	£1,150,000 – £1,950,000	£574,000 - £973,000

- NDT will be required to repay any loans used to fund their equity requirement from their share of the wind farm distributions.
- NDT will be required to take the same operational risks as Carbon Free with respect to the wind farm. The Community’s annual revenue could increase or decrease with rises and falls in electricity prices and interest rates in respect of the project finance required to build the wind farm.
- By comparison, Whitelee Wind Farm (60 times larger) is paying £130,000 per year as community benefit.

Local responses

- Proposal presented to Town Team end June 09
- Public consultation weekend August 2009
- No local objections lodged
- Planning application made October 2009



Going forward

- No consent > no NDT liability (apart from legal costs)
- If consent, financing arranged (Co-operative Bank, Social Investment Scotland)
- Construction phase
- Revenues on stream 1 yr approx

Issues

- Deployment of funds
 - What projects?
 - Who decides?
- Neilston approach
 - Town Charter
 - Common Good Fund

Two essentials for 'fruitful' community renewables

- A **strong community vehicle** (in our case, the Development Trust)
 - transparent,
 - in for the long term
- A **strategic, community-owned plan** to locate revenues (in our case, the Town Charter)
 - Minimises risk of community friction
 - Separates democratic debate about holistic community futures from more individually motivated pressures

Is it for you?

- Commercial partner needs to assess the prospective community partner organisation:
 - Is it constituted properly?
 - Track record?
 - Can it be seen to represent the whole community?
 - Has it got capacity to deliver on its share of the bargain (local relationships, promotion, advocacy)
- Community has to feel comfortable in dealing with a commercial partner. Realism, awareness of risk, need for support in what might feel like an unequal relationship

Is it for you?

Not the only route. There are other models.....

- *local developments providing opportunities for local private investors and ‘small’ investors nationally*
 - e.g. co-ops(Energy4All), rural businesses
- *developments by non-profit distributing bodies on behalf of all people in a community*
 - e.g. local development trusts, Community Interest Companies
- *‘community benefit’ arrangements with private commercial developers*

Good luck to us all!

