

An Irish Energy

Perspectives and Policy Recommendations
on the Shared Ownership of Irish
Renewable Energy Developments

Foreword

Wind energy is at the forefront of our Irish debate on energy, sustainability and the role Ireland can play in global climate action efforts as set out in the Paris Climate Agreement. Every new year sees the share of electricity from Irish wind energy grow with 2016 seeing over 23% of our electricity come directly from the wind blowing over our Island nation.

Examining how we can, as a whole society, make the transition to low carbon energy sources is one of the key challenges we face, and we must ensure that we maintain stability, affordability, and security of supply as we make the transition to a low carbon energy future.

As the Government's 2015 Energy White Paper makes clear there must be a shift from passive consumer to active citizen, and that "the citizen will be at the centre of the transition and the energy industry, Government and public authorities will all contribute to ensuring that citizens are involved in the transition, and benefit from it."

It's important to stress that shared ownership, as set out here, is to be seen within the prism of existing community engagement process, and vibrant community benefit, which today sees wind energy working as a good neighbour in communities across the country. Shared Ownership can we believe build on these existing foundations and be an additional separate option for communities and individuals.

Drawing on the expertise of our wide wind energy membership, the Irish Wind Energy Association (IWEA) in bringing forward this report aims to help power a discussion, which can help map out a high-level principles based approach for the Irish renewable energy sector, and to submit policy proposals to Government and other agencies, which we feel can provide a supportive and enabling environment for shared ownership renewable energy projects to properly take hold here in Ireland.

This report is the product of the work of IWEA's broad membership pooling their Irish and international expertise over several months, and also we have been thankful to practitioners from Scotland, England and Canada who have also provided us with external insights and experience from their existing international practice.

This report is intended as a wind industry perspective on the issue of shared ownership provided by IWEA, and we do not claim to be speaking for all stakeholders but we do think that all stakeholders need to have their say in this important discussion. We set out ten policy recommendations in our final section, and I certainly feel that the very final policy recommendation No.10 is the one which needs to be acted on first. This sets out the need for the Government to convene a multi-stakeholder forum to bring forward clear recommendations on a voluntary shared ownership approach in line with the commitments contained within the Energy White Paper.

In this report we do not claim to provide definitive solutions but rather to provide a clear perspective on the possibilities, alongside some clear policy recommendations stemming from our own expertise on how we believe the renewables sector, Government and its agencies can act positively to enable this kind of approach.

Peter Harte
Chair of the Irish Wind Energy Association (IWEA)

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Executive Summary

Irish wind energy is now its 25th year with 2017 marking a quarter of a century since Ireland's first wind farm started generating in Mayo. Today, Ireland can proudly boast an installed capacity of over 2,700MW of wind energy, a quarter of our annual electricity provided by our Irish renewables, and strong support levels for Irish wind and renewable energy among the public. Wind energy also has a long tradition of contributing to and supporting directly the communities in which we operate as neighbours, with hundreds of examples across the country today of wind energy supporting local projects, initiatives and investing in our local communities.

As a sector however we are always seeking new ways to contribute to vibrant communities, and also to support the wider objective as set out under the Energy White Paper "Ireland's Transition to a Low Carbon Energy Future 2015-2030" to move from passive consumers to active energy citizens with roles and responsibilities in our national low carbon energy transition.

While, today the majority of wind and renewable energy projects have been successfully and sustainably delivered through private sector investment, we recognise and welcome the desire to diversify ownership structures. This document represents our first sectoral perspective on approaches to shared ownership of renewable energy projects.

It is important to note that this document is meant to contribute to a rich conversation on this issue and we do not claim to be speaking for all stakeholders. As wind energy developers are only one partner in possible shared ownership structures, this document does not aim to provide definitive solutions, but rather to provide a clear industry perspective on principles and possibilities, alongside ten policy recommendations to enable joint shared ownership approaches which are viable and can succeed.

It's important also to stress that shared ownership is to be seen within the prism of existing community engagement and benefit options not as an exclusive approach. IWEA believes that shared ownership should play a role as an option in Ireland's future renewable energy development alongside community benefit and options for developing Ireland's Energy Citizenship.

It is clear that for shared ownership to be successful it must work for all parties, and there must be a stable regulatory environment and support. Communities must be empowered and enabled with the independent financial and advisory support necessary for informed decision making. We are clear there is also a positive and proactive role for Government and its agencies in enabling and facilitating shared ownership.

We stress in this document that:

- There can be no "one size fits all" approach as project specific and community specific solutions are as diverse as communities themselves.
- Ensuring communities have access to finance for advice, planning and project development is a core challenge, but innovative schemes, even possibly providing a new "green energy" role to local Post Offices and Credit Unions can be developed.
- Shared ownership is an investment and like all investments, involves risk. This risk must be clearly explained, acknowledged and where possible, mitigated against.

The document makes 10 policy recommendations:

Policy Proposal 1 – In a competitive market for investment in Irish energy, there must be clear added value for all parties involved in shared ownership projects to support and encourage them in leading shared ownership as an approach.

Policy Proposal 2 – Existing renewable energy authorities and agencies need to be resourced by the State to provide independent support to interested communities.

Policy Proposal 3 – Communities must be enabled to themselves appoint a community project manager to act as a lead point for engagement on shared ownership projects.

Policy Proposal 4 – Local Authorities should play an active role in planning and promoting shared ownership, ideally through a specific Renewable Energy Officer role.

Policy Proposal 5 – Investment risks must be clearly explained, understood and in as much as possible mitigated against.

Policy Proposal 6 – Existing wind energy development levies should be ring-fenced to empower local communities seeking a more active involvement in our low carbon transition.

Policy Proposal 7 – A register of independent and accredited advisors for communities to protect communities should be developed and maintained.

Policy Proposal 8 – Enterprise and investment agencies at state level should play a role in enabling access to innovative financing for shared ownership investments.

Policy Proposal 9 – Target and promote tax incentives for shared ownership investment by small scale investors. Examine proposals for use of local Post Office and Credit Unions as green investment aggregators for those wishing to invest in shared ownership opportunities, breathing new life into Post Offices and local Credit Union networks.

Policy Proposal 10 – Take forward shared ownership through a fact based multi-stakeholder forum with expert input.

Section 1

INTRODUCTION

Ireland has a hugely abundant resource in renewable energy, with Irish wind energy at the forefront of our low carbon energy transition. Wind has proven itself to be a cost effective solution to Ireland's electricity needs. As a result of new records set in 2016, wind is now providing almost a quarter of Ireland's electricity requirements.

Irish wind energy has a tradition dating back to the country's first commercial wind farm established in Bellacorrick Co. Mayo in 1992 and from humble beginnings has now grown to having approximately 200 wind farms in operation with a generation capacity of over 2700MW.

Considerable work by the industry and the community groups has seen advances in terms of interest in community participation in renewable energy and this growing recognition of the role which wind and renewable energy will play in Ireland's energy future has seen a growing focus on how the benefits of this indigenous Irish electricity can be proactively shared.

The Irish Wind Energy Association (IWEA) has always provided leadership in the area of renewable energy community engagement and guidance for the evolving Irish wind energy sector. This guidance has taken the form of best practice guidelines on wind farm development, which were updated with a specific set of guidance for the Irish wind energy sector on Best Practice Principles in Community Engagement & Community Commitment:

- Good Neighbour- IWEA Best Practice Principles in Community Engagement & Community Commitment (2013)
- IWEA Best Practice Guidelines For the Irish Wind Industry (2012)

More recently IWEA has also engaged with the EU funded Wise Power Project and Wind Europe, looking at community engagement around wind energy which had led to the development of a tool-kit tool <http://www.we-engage.eu/>.

The wind and renewable energy industry is a central part of a long term vision for Ireland's future as has been set out in the Government's Energy White Paper. IWEA is committed to ensuring that local people and communities are provided with opportunities to be actively involved in our renewable energy sector as it continues to evolve.

Local Communities Are Today Benefitting from Irish Wind Energy

As established in the Good Neighbour Best Practice Principles, IWEA has long supported early engagement with Communities, positive communication and consultation throughout development and then continuing contact through the lifetime of the wind energy project. IWEA is also proud to have led the clear commitment to provide support equivalent to a value of at least €1000/MW of installed capacity per annum, index linked for the lifetime of the project to be provided. This direct community benefit is now paying for improvements to our communities and helping local people get the cash they need to help neighbours.

A small snapshot of the many established examples of community benefit includes:

1. Community Benefits around the Bord na Móna Mountlucas Wind Farm in Co. Offaly and the Bruckana Wind Farm on the border of Laois, Kilkenny and Tipperary, established in 2014 which sees a combined fund of €125,000 every year distributed to support clubs, associations, and other such groups in the locality for support for various community-based initiatives and improvement projects.

<http://www.bordnamona.ie/company/our-businesses/powergen/community-benefits/>

2. Raheenleagh Wind Farm in Co. Wicklow, operated by Coillte and ESB has established a community fund which will be made available every year for the operational lifetime of the wind farm. All applications for the 2015

fund were adjudicated by a local community panel and has seen funding allocated to a diverse range of local groups including the Ballyfad Community Hall Committee, Croghan Athletics Club, Ballythomas Community Field & Area Development Group, Ballintemple National School, The Gap Arts Festival, and the Coolgreany Amateur Dramatic Society.

<https://raheenleaghwindfarm.ie/community-benefit/>

- Since 2006, more than €4.5m has been granted in Ireland to community groups through the SSE Airtricity Community Funds, which endure for the lifetime of the associated wind farms. SSE's approach supports energy efficiency and social sustainability projects in the locality around the wind farms, prioritising groups within a 5km vicinity. In Co. Limerick alone for example, over €1m has been granted to local groups since 2008 through the community funds from four of SSE's wind farms in the area. This funding has gone towards projects like reviving Templeglantine Community Hall. Over €50,000 has been spent by SSE on upgrading the hall's lights, replacing windows, adding attic and wall insulation, and introducing an energy management plan. Heat loss has been cut by 75%, reducing running costs and improving the hall's Building Energy Rating from F in 2009 to B.

<http://ireland.sse.com/being-responsible/responsible-community-member/community-funding/sse-airtricity-community-fund-2016/>

Shared Ownership as Part of a Diverse Range of Community Benefit & Engagement Opportunities

IWEA believes that shared ownership should play a role as an option in Ireland's future renewable energy development alongside community benefit and options for developing Ireland's Energy Citizenship. We are clear however, that in itself shared ownership is not a single panacea and should be part of a broader menu of tools and options, alongside options such as Community Benefit, for use where appropriate to engage more directly Ireland's energy citizens.

This document is aimed at progressing the conversation on shared ownership from the perspective of the majority of the wind energy sector in Ireland, represented by the IWEA on how this goal can be achieved within a distinctly Irish setting and policy environment. We also believe that progress today in shared ownership for Irish renewables, will also hold lessons and experience for Ireland's evolving renewable technologies from wave and tidal energy to offshore wind and solar.

There are a number of different approaches to shared ownership projects and it is important that flexibility remains a key element of any emerging principles, and creativity and

innovation from all stakeholders is encouraged where genuine mutual added value is seen. Each community has its own unique set of desires and a range of options should be available.

It is also essential to be aware of the significant current barriers to shared ownership today in Ireland which include access to advice, capital, expertise and established models within what is today a small experience pool.

In setting out our sector's approach on this issue, as well as bringing together the expertise of our members, IWEA has also looked to international practices in this area and in particular we have taken inspiration and insights from the following:

- Scottish Government Good Practice Principles for Shared Ownership of Onshore Renewable Energy Developments¹, September 2015, Local Energy Scotland.
- Wind Energy in Ireland: Building Community Engagement and Social Support, July 2014 National Economic and Social Committee (NESC).
- Shared Ownership Taskforce Final Report – November 2014, Renewables UK, and The UK Government Response to the Shared Ownership Taskforce Final Report – February 2015, Department of Energy & Climate Change.

Community Benefit Was the Start, Shared ownership Can Now Build on Energy Citizenship

IWEA believes that shared ownership can be the start of further local and community social investments. Proceeds from shared ownership could potentially be pooled and used to deploy in novel ways relating to community scale Combined Heat and Power (CHP), district heating, small scale hydro and electrification of energy use. This would further empower communities, increase distributed technology use and align with broader Government climate objectives.

Ensuring a clear incentive to building shared ownership

It is also clear that shared ownership must work for both the developer and those taking a financial interest. There must be a material consideration for the developer in incentivising approaches on shared ownership.

Possible approaches in this regard are outlined in our first policy proposal below. It is clear however that in order for shared ownership to work within an Irish context there must be clarity and stability within our wind and renewable energy regulatory environment. Sudden regulatory changes or shocks would see all project types undermined in unison and over prescription could, we believe, delay progress towards the achievement of Ireland's EU and International binding Climate Change obligations.

¹ <http://www.localenergyscotland.org/good-practice/shared-ownership/>

It regularly takes between ten and fifteen years from inception to planning to construction for a renewable energy project to become fully operational and so stability over this long timeframe is key to the success of any approach.

SHARED OWNERSHIP CONTEXT IN IRELAND

Wind energy is a vibrant industry in Ireland today bringing a range of benefits to Ireland's communities from employment opportunities which today sees over 4,400 people working in the growing sector and significant investment to date of over €4.4bn.

Ireland can boast a proud heritage of wind energy leadership which sees the country now ranked in the top three globally, in terms of wind energy integration into national electricity use by the International Energy Agency (IEA).

However this success is not enough, and IWEA is clear that there is increasing interest from communities to become involved in renewable energy projects and for Irish people to be active as energy citizens. This level of interest, and the strong support for the concept of the Energy Citizen as outlined in the Energy White Paper, will bring benefits to the future of the renewable energy sector in Ireland, for industry and for communities themselves.

There are a number of different ways Ireland's Energy Citizens can engage with the development of renewables, these can include engagement through community funds, regional funds, apprenticeships, habitat improvement and access initiatives, discounted electricity schemes and shared ownership. It is important to stress there is no "one size fits all" approach, and the part our communities in Ireland want to play will be reflected in the level of involvement and risk appropriate for them.

The Government's Energy White Paper – Ireland's Transition to a Low Carbon Energy Future 2015-2030, within Chapter 4 has specifically highlighted how the Government will proceed on "examining shared ownership opportunities for renewable energy projects in local communities." The White Paper also sets out within its actions a commitment to "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"

IWEA welcomes the emphasis within the Energy White Paper on the proactive role of the citizen, as we consider that sharing the risks and rewards of renewable energy projects can

support the development of a participatory, progressive and clean energy future. We believe that shared ownership is one of many mechanisms through which net economic benefit can be achieved to further support rural regeneration and development.

An ethos of transparency, trust and shared responsibility must be at the core of shared ownership processes.

For the purposes of this document IWEA understands "shared ownership" to refer to any structure which enables Ireland's energy citizens to have a financial stake in a renewable energy project.

In this scenario, IWEA considers that projects already in development, in construction or in operation, and which have established legal ownership structures and financial/development timelines should not be called upon (unless they volunteer) to alter existing arrangements, as to do so could unnecessarily threaten the viability and delivery of the project, endangering Ireland's renewable energy transition and progress towards our 2020 EU targets.

Shared ownership is a relatively new concept for Ireland and particularly in the energy field – this document aims to set out the principles towards a specific Irish approach to shared ownership of wind energy developments. This approach must work positively for all parties if it is to be a success.

Community choices must be at the forefront of any approach to shared ownership and it must be recognised that some communities may be most comfortable engaging through traditional community benefit schemes of the type and scale outlined in the IWEA Best Practice Principles in Community Engagement & Community Commitment (2013), whilst others may be seeking new opportunities through shared ownership. However, all of these measures have the ability to empower communities to become actively involved in our national low carbon energy transition.

IWEA is clear that a number of enabling policies and programmes must be put in place to enable the renewables sector to deliver shared ownership, while at the same time empowering and protecting communities who wish to participate.

It is also important to note that as this document relates to projects which would have an element of shared ownership, the issue of wholly owned community projects is not dealt with specifically. This does not in any way diminish the role which wholly community owned projects can (and will) play in our energy transition, and in this regard IWEA would highlight the range of positive work being done through the SEAI's Better Energy Communities Scheme which is empowering communities to take hold of their own energy transition.

APPLICABILITY TO IRISH RENEWABLE PROJECTS

IWEA considers that there should be a clear threshold for which an element of shared ownership would be welcomed and commercially viable. There are a number of possible approaches in this regard for establishing a threshold but in order to serve the needs of the project developer and those who wish to share ownership, there must be a clear and direct link to commercial project viability

IWEA would propose that developers would be encouraged to explore shared ownership opportunities on all pre-planning application renewable energy projects, but note that other smaller projects are also free to engage if considered possible.

WHY SHARED OWNERSHIP?

Over recent years in Ireland, there has been an increased clamour for information and discussion on our national low carbon transition and the role of wind energy. Most recently this positive level of engagement was seen in the significant consultation around the Government's Energy White Paper.

Shared ownership can, alongside other types of already existing community engagement, bring a number of positive benefits both in terms of seeing communities benefit from Ireland's renewable opportunities but also in terms of promoting and building an inclusive transition process to a low carbon future economy.

We are clear that citizen participation in energy, either through the range of existing benefit and engagement programmes, and through shared ownership can bring a range of positive benefits:

- Activation of communities – Energy citizenship in action.
- Financial opportunities of communities.
- Educational opportunities
- Wind farm grid connection and planning advantages.
- Strengthening relationships between developers and communities – trust.
- Possibility of smoother evolution of projects through milestones with local community knowledge and support.
- Progress Ireland's targets – national and international.
- Opportunities for communities to help Combat Climate Change.

Section 2

OVERVIEW OF PRINCIPLES TO BE RESPECTED

When designing and developing a shared ownership model, IWEA believes that the following themes should be incorporated.

- 1. Setting out a clear high level national vision for shared ownership** – establishing the core principles and really putting the option of shared ownership on the Irish energy map, alongside other existing energy citizenship measures, as a viable opportunity.
- 2. Ensuring flexibility of approach for all parties at project level** – just as there's no one typical community, there's no single model. Concepts of shared ownership must be flexible at grass roots level to allow compromise between stakeholders, must allow for transparency and be allowed to develop to organic processes.
- 3. Ensure benefits to all parties in terms of engagement, understanding local needs, education** – both the developer and the communities must be able to learn from each other towards ensuring the project's success.
- 4. Commercially viable for all and with clear understanding of engagement** – shared ownership projects are commercial ventures. Projects should aim to minimise costs and where possible should not add unnecessary additional financial expenditure beyond the standard.
- 5. Inclusive to involve all relevant stakeholders** – not everyone in a community may be in a position or want to have an involvement. Equality of opportunity to become involved should be at the forefront and where possible wider benefit options should be considered.
- 6. Work within a reasonable time** – The timescales must be realistic in terms of project development and be workable for all parties. Developers should engage and commence dialogue on possible shared ownership at the earliest opportunity.
- 7. Transparent and voluntary** – the processes should be explained and discussed clearly and openly. We consider that parties should share a signed agreement around the undertaking. It must also be recognised that developers may be restricted by commercial sensitivities and regulatory limitations in terms of information disclosure but developers are encouraged to act openly and share information, technical due diligence reports and models with communities.
- 8. Liability understood and minimised** – Any investment incurs risk, this kind of financial arrangement is no different. Communities and developers should seek professional independent advice to manage and understand the risks and liabilities involved.
- 9. Sharing knowledge** – The prospect of shared ownership in Irish wind and renewable energy projects is a new one. We consider that, in order to avoid overlapping experiences that those involved in shared ownership projects should be given opportunities to share experiences where possible and where not in conflict with commercial interests. IWEA considers that there may be a role within the newly established Energy Forum for this.

EMPOWERING & ENABLING COMMUNITIES

Wind energy project development is a hugely specialised and technical undertaking and so the lending and sharing of technical and commercial expertise from experienced developers will be critical to the success of these projects.

IWEA is clear that it would not be appropriate or even desirable for developers to provide assistance to communities, as any and all advice provided to communities must be steadfastly independent, and delivered in line with national and international financial regulation.

The goal of this document is to provide a starting point for discussion, and we would clearly stress that it is vital that professional financial and technical advice is sought by community organisations at the earliest possible stage. In some cases, in addition to financial advice, a community may choose to seek technical advice to conduct an independent review and valuation of the proposal and project. Again IWEA is clear that access to this kind of advice is essential and must be clearly distinct and independently provided. IWEA is clear that there must be a support mechanism put in place to ensure high standard, accredited, reputable and trustworthy advisory services are made available to communities to access.

We note the existence of such support mechanisms in neighbouring jurisdictions such as Scotland which have been set up on a statutory basis by the Government to support communities to invest or investigate potential investment.

THE CONCEPT OF COMMUNITIES

The idea of a community at first seems like a simple one, however the question when set against the prospect of a group of people around shared ownership becomes a far more difficult concept. Irish communities are diverse in their make-up and outlook and it is likely that not all individuals may wish to engage or support a proposal around ownership in the same way.

Therefore in regard we would propose a broad understanding which allows flexibility for those people who are seeking to engage with the developer as a collective with an eye to having a financial stake in the project. In this way the community, rather than being arbitrarily defined, is self-identified by those who would like to explore and potentially take up this opportunity.

We would propose that a clear link is ensured to the area where the renewable project is located in terms of ownership structures and local decision making. There should be a mechanism to ensure that the opportunity of ownership is open to the widest local membership to ensure cohesive communities and a transparent sharing of the benefits of ownership. It is important that people neighbouring the project are those given first opportunity of shared ownership.

There may also be several groups interested in a single project and we would suggest in this scenario that it would be necessary to see these groups coalesce where possible to form a unitary group for streamlined engagement.

We would propose that the community group should work towards appointing a project manager once the premise of the shared ownership is agreed in principle, and the Community Project Manager and the Developer Project Manager should work to progress discussions to a reasonable timescale suitable to both.

Any commercially sensitive information shared between developers and the community should be treated as such as should not be publicised on public platforms.

BRINGING FORWARD OPPORTUNITIES

The concept of shared ownership of renewable energy projects is a relatively new one within an Irish context, aside from some isolated occurrences. Within this context both Communities and Developers are on a learning curve in spearheading new projects. In this context we would consider that a number of clear and positive proactive steps be taken by the developer.

- The initial focus should be on the developer to advertise and circulate, within an appropriate area, the initial call for community interest in potential shared ownership.
- Clear and early contact should be established around the proposed project and there should be community engagement on the formulation of the shared ownership proposal.
- Developers should be flexible and open to discussions on the format of the approach, and Community groups should be given adequate time to consider and evaluate any potential offer.
- The offer of shared ownership to communities should be reasonable and workable for the community to accept, with realistic timescales, structures and be financially viable for both parties.
- It is important to stress that opportunities for shared ownership are additional to community benefit and other community engagement provisions, but shared ownership is the only energy citizen engagement involving a direct financial investment by the community.
- Community benefit schemes should be run in line with the standards and principles as set out in the IWEA Good Neighbour Best Practice Guidelines.

Section 3

HOW MIGHT A SHARED OWNERSHIP PROJECT WORK?

This report does not set out or champion any explicit ownership structure. The options, project specific and community specific solutions are as diverse as communities themselves.

We are clear that with a suitable structure, shared ownership offers the potential to involve communities as active partners in renewable energy development.

Below we lay out some possible approaches on ownership which could be used to guide developers and communities in their discussions. It is vital to stress however that flexibility is key and locally specific arrangements will always be the best fit.

Project owned under a joint venture – The community group and developer will both be shareholders or members in the joint venture vehicle and will have subsequent voting rights. This should utilise a corporate or contractual structure which allows differing classes of shares.

The offer can be one of two main forms:

- Each party is responsible for raising its percentage of total project costs.
- The Joint Venture secures debt finance for part of the project cost, with each party then contributing a smaller equity investment.

Project Owned by the Developer with the Community “buying” a Revenue Stream

The developer owns the project and the community group ‘buys’ a revenue stream. In this context the community group is not a shareholder of the project. They have a financial stake and a share of the revenue (or revenue minus operating costs); however the community enterprise does not own a physical asset.

Separate Ownership or split ownership

This would see the project split into two or more separate generating units each of which can produce electricity for the benefit of a clearly identified owner. The Community acting perhaps through a Cooperative or a Public Limited Company established for the purpose would be clearly identified as owning defined wind turbines. In other jurisdictions this kind of approach has seen grid connections shared and agreements made for a single operations and maintenance company.

Community Buy Out

The developer builds a project and subsequently sells the entire development to a community. This approach would see the community entirely responsible for the operation and regulatory aspects of the operational wind farm.

Community Build and Sell

The community develops the project with the clear intention to sell to a private developer or other organisation at market value.

Section 4

ENSURING COMMUNITIES HAVE ACCESS TO FINANCE

A shared ownership arrangement will by its very nature entail a financial commitment, all parties must understand that shared ownership is not philanthropy but involves taking a direct financial stake in the project. Ireland has suffered hard as a result of the financial crash and communities may not have necessary resources readily at hand to progress shared ownership opportunities. With this in mind IWEA considers the issue of access to finance to be essential.

Traditional models of accessing finance may not be suitable for shared ownership models as commercial banks will hold concerns over detailed “intercreditor” arrangements between lenders. Therefore the options for funding should be discussed at the earliest possible stage between potential partners and within communities.

IWEA is clear that there is a role for the exchequer in supporting the nascent development of shared ownership in Ireland. Looking to our international neighbours, there has been financial commitments from the Scottish Government through their Community and Renewable Energy Scheme (CARES) approach, to support projects financially which we believe must be carried through in an Irish context.

In Scotland, CARES today offer a range of direct financial supports from the central exchequer in the form of:

- Start-up Grants of up to £10,000
- Pre-planning Loans of up to £150,000
- Infrastructure and Innovation Funds (The Renewable Energy Investment Fund)
- Post-consent Loan

In addition, CARES has seen template documents developed, toolkits and mentoring for both communities and developers alike.

The benefits of this approach have been widely acknowledged in the literature on renewable energy and community engagement and are acknowledged by Government in the recent Energy White Paper.

It is clear that there must not be an additional cost to the developer from following a shared ownership approach than more traditional development approaches. It may also be that there may be a minimum threshold and maximum timescales below which progress on the project may not be viable, for example some projects in the UK have required a minimum investment in order to make ownership viable.

It's worth acknowledging that Scotland has met its target of moving more renewable energy capacity into community ownership – five years ahead of schedule in 2015 it met its 500MW target.

Aggregating Finance for Communities – The green livery of our network of local An Post offices could be given a new environmental meaning with the support of Government to support the introduction of SSIA style schemes whereby communities can invest in Specific Shared Renewable Energy Investment Schemes (SSREIS) hosted by Post Offices or Credit Unions. These accounts could aggregate local funding to a specific limited amount for overall investment in a specific local renewable energy project. Particularly in today's low interest environment, relatively modest guarantees of return would incentivise investment and allow communities to aggregate and effectively “crowdfund” funding locally to the project and in the trusted environment of the local post or credit union office.

Soft loans – Specific loans, either in the form of direct funding through agencies such as the Sustainable Energy Authority of Ireland (SEAI) or Enterprise bodies could be made available, or alternatively there could be a channel for communities to access EU microfinance initiatives such as those run under the European Investment Bank and Local Enterprise Offices (LEO's).

Guarantees over revenue streams – A guarantee might be offered over the revenue stream (or a percentage of the revenue stream) by the developer. If the guarantee is given by a parent company (if available) with a strong credit rating and balance sheet this may make bank lending to the community more likely to be extended.

Tangible Assets As Base For Funding - Where separate ownership sees a specific separate ownership aspect, these projects could be easier to secure commercial bank finance for, as long as the bank is able to overcome issues around how any warranties on equipment are passed to communities and any other arrangements around shared grid connection or other shared costs.

ACKNOWLEDGING RISK

Everyone has seen the small print on investment products, however in relation to shared ownership, IWEA believes that the risks of investing must not be hidden but must be clear and upfront.

The reality born by wind energy developers in Ireland today is that renewable energy projects like other types of infrastructure projects are subject to risks both foreseen and unforeseen.

The Irish wind energy sector is today facing a number of challenges to its successful progress including massive commercial rates hikes, large rises in local authority development contributions, rapid changes in local and national strategic planning and environmental requirements, a changing electricity market design, ensuring a stream of property qualified staff and equipment, an end to the current support scheme and the shift to a new more market based support scheme under EU State Aid Guidelines, community engagement and support, to name but a few. This does mean that investment in any guise in renewable energy does offer risks in return.

IWEA is clear that it is the duty of those advising communities and developers, to be clear, at the very earliest possible opportunity, about general and specific risks to the project. While all potential risks cannot be absolutely accounted for, communities must understand the risk environment.

Section 5

POLICY PROPOSALS

Real progress on shared ownership will involve not only developers and communities but a range of support and advisory capacities. In order to ensure a successful approach to shared ownership of projects, it is necessary that local communities are adequately resourced in this regard.

IWEA has identified a number of policy proposals, which are targeted at a range of actors at local and national level, which we believe are necessary to empower communities to engage in a meaningful way with independent support being provided.

The following proposals have been identified, with further detail provided below each.

Policy Proposal 1 – In a competitive market for investment in Irish energy, there must be clear added value for developers to support and encourage them in leading shared ownership as an approach.

Irish Renewable Energy investment is today an extremely competitive market with projects competing nationally and internationally for investment. For wind and renewable energy developers to support and promote the development of shared ownership alongside other existing community engagement schemes from community funds, regional funds, apprenticeships, habitat improvement and access initiatives, electricity discount schemes, there must be a clear additional value.

Regulatory Stability: In this regard IWEA would call for there to be a clear link made to ensuring the cross-party regulatory and policy stability necessary in order to allow the renewable projects required to facilitate shared ownership to come forward in a timely manner. Renewable energy projects have long timelines from inception to final operation, and this will be true for shared ownership projects, therefore regulatory stability beyond normal political cycles is a vital pre-requisite. This is particularly true of the need for a clear vision of the follow on support scheme to REFIT, and a clear commitment to avoiding a hiatus between these schemes, which would lead to a direct

hiatus in development, and therefore shared ownership.

Planning of Renewables: In terms of our planning process, renewable energy projects are assessed against development plan policies and on their individual merits, taking into consideration the relevant environmental, economic and social effects of each project. IWEA considers that the net economic benefit of projects should be given a material weighting within our planning and permitting assessment requirements for renewables, so that local involvement can also lead to a more streamlined planning process for renewable projects incorporating shared ownership.

The suitable form for such a material weighting recognising the additional value of shared ownership approaches, would be for Government to decide in coordination with An Bord Pleanála. However recommendation 63 (and recommendation 80) of the recent review of An Bord Pleanála¹, states that “An Bord Pleanála should publish a guidance document containing its general view on good practice to be applied when drafting bespoke conditions and also setting a national template for conditions in consultation with the local government sector”. Perhaps within the scope of this kind of guidance there could be a clear recognition made of the material benefits of shared ownership approaches on renewable energy.

Grid Access: Within the context of wind and renewable development, the access to Grid connection is a vital component of the project. We note within the 2015 Government Energy White Paper the commitment to widen the opportunity for citizen participation in energy matters by facilitating access to the national grid for designated renewable electricity projects, and developing mechanisms to allow communities to receive payment for electricity. It is essential that work progresses to ensure a robust grid connection policy is in place which will enable access for renewable energy projects including those with shared ownership.

Policy Proposal 2 – Existing Renewable Energy Authorities/ Agencies need to be resourced to provide independent support to Communities

IWEA is clear that there must be a remit and a resource provided to communities in order that they can examine and potentially take up the opportunity of shared ownership. We would call on the Government to empower organisations to provide independent advice for communities.

First consideration should be given to the role that could be played by the SEAI or a more national network of Irish Energy Agencies. There is currently a relatively ad hoc network of energy agencies with this resource not currently available to many counties. Additional resources must be made available by Government to communities to take advice from a person authorised to give investment advice at an early stage.

Policy Proposal 3 – Bring Forward a Specific Funding Stream for Communities Themselves to Appoint a Community Project Manager

IWEA considers that the appointment of a Community Project Manager is a vital component to progressing shared ownership projects. This kind of project management is a specialist professional role and so we propose that a specific funding stream (similar to CARES used in Scotland) be made available for access by communities to ensure that they can secure a highly qualified professional to ensure the best possible independent advice and guidance.

Policy Proposal 4 – Mandate a Clear & Active Role for Local Authorities to Promote Shared Ownership

IWEA is clear that shared ownership projects will add value in several ways, ensuring engaged, vibrant, socially aware and sustainable local communities. In this regard, we consider that Local Authorities should play an active role in the identification of and support to relevant communities and contacts.

IWEA is of the firm opinion that the Department of Housing, Planning and Local Government should mandate every Local Authority to establish the role of Renewable Energy Officer, who ideally would be someone from the locality who would have a function in supporting the development of shared ownership projects.

Formal strategic plan-led support for shared ownership projects should be an explicit and intrinsic aspect of County Development Plans and County Renewable/Wind Energy Strategies. Support for shared ownership projects, should be explicitly included in the revision of County Development Plans and Renewable Energy Strategies. However this must not be to the detriment of other renewable energy developments.

Policy Proposal 5 – Risk and its Minimisation

Risk is an implicit part of any investment and renewable energy is no different in this regard. There must be a collaborative approach between Government, Industry and Communities to ensure that risks are understood and formally acknowledged. We would recommend that the Government has a role in providing either directly or through an intermediary a possible backstop approach to minimising capital risk.

Policy Proposal 6 – Ring-fence Wind Energy Development Levies to Empower Local Communities

In terms of resourcing for communities, IWEA Members today pay significant levels of rates and development contributions but are also currently operating under the threat of significant rises across Local Authority Regions for Development Contribution Levies and Commercial Rates on wind energy. IWEA would also propose that a proportion of Development Contributions collected should be ring-fenced and directly used to pay for support services to build capacity in those local communities seeking a more active involvement in their renewable energy future.

Policy Proposal 7 – Ensure Independent, Accredited Advice for Communities

In line with policy proposal 3 IWEA is clear that communities need access to independent advisory services throughout the project timescale. There must be monitoring put in place, perhaps through Governmental skills agencies to ensure that such advisory services are accredited, professional and trustworthy. IWEA considers that a registry of advisors who meet pre-specified professional criteria should be established by Government skills agencies to ensure that communities are safeguarded.

Policy Proposal 8- Enterprise and Investment Agencies at State Level Should Play a Role

In relation to project funding provision, IWEA would make a number of high level suggestions for innovative solutions to financing for communities. IWEA considers that the Department of Finance, Enterprise Ireland and the Irish Strategic Investment Fund (ISIF) should play a role in ensuring access to finance for communities. In this regard we would point to the pilot Renewable Energy Investment Fund (REIF) delivered by the Scottish Investment Bank as one for of innovative Government leadership.

IWEA would also put forward that there may be a positive role to be played by financial institutions already embedded in local communities, in particular the Post Office and/or Credit Union. We propose the idea of a Special Saving Incentive Account (SSIA) style investment product targeted specifically at funding

shared ownership of specific local renewable energy projects. Due to the typical life span of wind and renewable energy projects this kind of local based funding could even be seen as a form of additional pension planning for community members using trusted local institutions.

IWEA does not take a position on which form of financing would be preferential and again the approaches below are intended to stimulate conversation at Government and Community level around the possibilities.

Policy Proposal 9 – Tax Incentives for Development

IWEA has made a number of pre-budget submissions in recent years calling on the Department of Finance to ensure that Employment and Investment Incentive (EII) Schemes (previously the Business Enterprise Scheme, BES), which provides all-income tax relief to Qualifying Investors for investments in certain qualifying small and medium sized trading companies, should be made more accessible to smaller scale and community investors with lower investment thresholds

The use of the EII Scheme has been proven as a positive incentive for people to invest in a way which holds tax incentives, but we are clear that the scale of investment currently required for access to this scheme can often “lock out” the community or individual investor and would need to be reshaped as an existing tool to enable community investment.

Policy Proposal 10 – Taking Forward Shared Ownership

IWEA is clear that shared ownership by its very nature will involve a range of diverse stakeholders and approaches. While this document aims to stimulate and encourage further debate on the detail of how shared ownership may work, we are clear that we do not have all the answers and there needs to be a multi-stakeholder approach.

Therefore IWEA proposes that the Department of Communications, Climate Action and Environment (DCCAE) would convene a multi-stakeholder forum to bring forward clear recommendations to Government on a voluntary approach in line with the commitments contained within the Energy White Paper. Such a forum must include significant renewable sector input and must work to ensure that shared ownership is progressed in line with the principles outlined within this document and with a clear acknowledgement of the existing network of community benefit and engagement programmes already working across Ireland.

Conclusion

Ireland's progress on renewable electricity has been strong. Renewables today account for a quarter of all of our electricity generation and this has been achieved more cost effectively through the primary use of onshore wind energy than in almost any other EU Member State. Irish wind energy is today delivering for Ireland's economy, environment and towards our energy independence. We believe firmly that with our wind and wider renewable energy potential, we have the power to power ourselves.

Today communities across the country benefit from having wind energy as a neighbour, not only from community benefit schemes but also and the wind energy sector is proud of ongoing contribution made to local direct investment, jobs, payment of local authority rates, and development contributions.

Our low carbon energy transition is not one for business alone, it will involve a sea change in how energy is conserved, generated from clean sources, and utilised. There is rightly a new focus on ensuring that communities are engaged early in this process and have options for direct engagement in all stages of our electricity use from how, and where it is sustainably generated to how it's consumed in our homes, workplaces and our society.

This discussion paper, which is the outcome of wide input and discussion within the wind energy sector, sets out to provide leadership, industry perspectives and momentum to the discussion begun through the Government's Energy White Paper on innovations around Shared Ownership, alongside the current ownership models which have delivered huge progress towards our EU climate obligations for 2020 and 2030.

The Government's Energy White Paper committed to "examining shared-ownership opportunities for renewable energy projects in local communities," and this discussion paper presses forward that examination. In our tenth and final policy recommendation IWEA calls for there to be a broad stakeholder discussion and engagement on possibilities for shared ownership of future renewable energy projects.

This paper marks a next step in the discussion around shared ownership and our wider low carbon energy transition. We have a real ambition for Ireland in its future as a global champion of renewable energy, alongside a real pride in what we have already achieved. Ensuring effective and inclusive climate action is the great challenge of our time, and one which as a sector we are keen to work with communities, Government, its agencies and our wider stakeholders to achieve.

Glossary of Terms

MW - MegaWatt – one million watts, a unit of power. Wind turbines are generally rated on a per MW basis.

Installed Capacity – The nameplate or full load amount of electricity which a wind turbine or wind farm can produce when at full capacity, generally measured in MW.

Community Benefit – The tangible rewards to communities which host wind projects, over and above the wider economic, energy security and environmental benefits that arise from the developments. They are an important way of sharing the value that wind energy can bring with the local community. Community benefit includes specific community benefit funds, benefits in-kind such as local energy discount schemes; socio-economic community benefits such as job creation, skills training, & apprenticeships and material benefits - derived from actions taken directly related to the development such as improved infrastructure.

Wind Europe – formerly the European Wind Energy Association (EWEA).

CHP – Combined heat and power generation.

IEA – The International Energy Agency.

SEAI – The Sustainable Energy Authority of Ireland.

White Paper – The Irish Government's Energy White Paper published in December 2015 entitled "Ireland's Transition to a Low Carbon Energy Future 2015-2030."

CARES – The Community and Renewable Energy Scheme pioneered by the Scottish Government.

REFIT – The Renewable Energy Feed in Tariff is Ireland's current support scheme for renewable energy, including onshore wind energy and is run by the Department of Communications, Climate Action and Environment.

Grid Access - Grid access means the admittance of an electricity generating installation, in this case a renewable generator to the transmission and distribution systems, i.e. the installation gets the permission to build a connection to the grid allowing to actually feed the electricity produced into it.

EIS - "Employment and Investment Incentive Scheme" or "EII Scheme" The Scheme of Relief for Investment in Corporate Trades as provided for in Part 16 of the Taxes Consolidation Act 1997, as amended.

ISIF – Irish Strategic Investment Fund, is a sovereign development fund managed and controlled by the Irish National Treasury Management Agency.

About Irish Wind Energy Association

Established in 1993, the Irish Wind Energy Association (IWEA) is the national body representing the wind energy sector in Ireland. IWEA is committed to promoting the use of wind energy in Ireland and beyond as an economically viable and environmentally sound alternative to imported fossil fuels and promotes awareness and understanding of wind power as the primary renewable energy resource.

IWEA is also dedicated to education and awareness building, and to building the skills base of the renewable

energy sector in Ireland. IWEA also supports the development of other renewable technology, particularly marine energy.

IWEA represents more than 200 members involved in wind and renewable energy development in Ireland and Northern Ireland, through the Northern Ireland Renewables Industry Group (NIRIG), set up in collaboration with Renewable UK.



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