



Community Right to Buy In to Renewable Electricity Generation Developments: Discussion Document

Background

DECC launched the UK's first Community Energy Strategy¹ on 27th January 2014, setting out the Government's vision for how communities can get more involved in energy and climate change issues. This includes both community-led projects and partnerships between communities and commercial developers.

The Strategy announced a commitment by the renewables industry to facilitate a substantial increase in shared ownership, with the aim that by 2015 it should be the norm for communities to be offered the opportunity of some level of ownership of new, commercially developed onshore renewables projects. The Secretary of State for Energy & Climate Change has asked an industry and community taskforce to develop a plan for implementation of this commitment and report back to him by summer 2014. Progress of this voluntary process will be reviewed in mid-2015.

The Strategy also indicated that DECC would 'consider requiring all developers to offer the opportunity of a shared ownership element to communities' as a backstop in case the voluntary process does not deliver. **Our strong preference is that the voluntary, industry-led approach to increasing shared ownership is successful. However, in order to establish the backstop in case it is ever needed, we are considering introducing legislation**, as soon as Parliamentary processes allow, to set up an enabling framework for a 'Community Right to Buy In to Renewable Electricity Generation Developments'. If it wished to activate and enforce the Community Right to Buy In, Government would need to make subsequent secondary legislation.²

The powers could not be exercised before mid-2015 at the earliest because of the length of time needed for parliamentary processes, and would apply only to new projects. Before exercising the powers, we would formally consult, enabling your views at that time to be carefully considered. **Our strong preference is that there is no need to exercise the powers because the voluntary process will have been successful.**

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https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/275163/20140126Community_Energy_Strategy.pdf

² Through the affirmative resolution procedure, which requires approval by both Houses of Parliament

We are considering taking a flexible enabling power that could apply to a broad range of renewable electricity generation technologies. If we were to exercise the power, we would formally consult and then make secondary legislation which defined the exact technologies to which it would apply. We envisage this would most likely be those technologies which currently form part of the voluntary process – such as onshore wind, solar and hydro. **Government would only exercise the legislative powers if the 2015 progress review finds that the voluntary process has failed to deliver** a situation where it is the norm for communities to be offered the opportunity of some level of ownership of new, commercially developed onshore renewables projects.

Whilst discussions to date have focussed on onshore renewables, it is our ambition that there may also be scope in future for offshore renewable projects to offer shared ownership opportunities to communities. However, this would be on a longer timescale. The powers would therefore be broad to give more flexibility for the future.

Intended scope of the Community Right to Buy In

DECC is considering setting out an enabling framework in primary legislation. The legal framework would involve taking a series of powers; the shape of these is still being developed and we are seeking your views on specific questions below. However, most of the detail would be set in secondary legislation if the powers were used. In advance of making such secondary legislation, Government would formally consult on whether to use the power at all, as well as the detailed design, such as the definition of the eligible community and the size of the ownership stake.

The enabling powers would allow a broad range of options on what we can require, but we would restrict the scope to:

- Renewable electricity generation
- Great Britain
- New developments above a minimum size (at least 5MW), and expansions above a minimum size (at least 5MW) of existing developments

The powers would not be intended to replace any existing community benefit schemes, such as the voluntary agreement for onshore wind in England.

We are currently engaging with industry trade associations, developers and community groups on the Community Right to Buy In. We would particularly welcome your views on the following areas: 1) community shared ownership in general; 2) the enabling powers.

In respect of these two aspects, any feedback should be supported with evidence and emailed to communityenergystrategy@decc.gsi.gov.uk by **Friday 7th March 2014 at the latest**. **Please note that responses will not be published but may be subject to the Freedom of Information Act 2000 and the Environmental Information Regulations 2004.**

We will not be able to reply directly to any questions you send in by email. However, if you would like to discuss or ask anything in addition to your written response either in person at DECC's main London office or over the phone, please let us know.

Please answer as many or as few of the following questions as you wish. In your answer, please also briefly set out on whose behalf you are responding (if it is an organisation), and your experience to date (if any) of community shared ownership.

If you are an organisation that represents the views of a number of members, we would appreciate it if you could submit one consolidated response that reflects, as far as possible, the views of your members.

General questions on the community shared ownership

1. It is our intention to maximise the benefits of shared ownership for both developers and members of the community. ***What do you consider to be the benefits of community shared ownership of renewables developments?***
2. ***What do you consider to be the disadvantages of community shared ownership of renewables developments?***

Questions on the enabling powers

3. We are considering taking a flexible enabling power that could apply to a broad range of renewable electricity generation technologies. If we were to exercise the power, we would formally consult and then make secondary legislation which defined the exact technologies to which it would apply. We envisage this would most likely be those technologies which currently form part of the voluntary process – such as onshore wind, solar and hydro. ***What are your views on this?***
4. We would intend to retain flexibility on the definition of 'community' if we take enabling powers, such that the eligible buyers may be defined in secondary legislation either as individuals (within a specified area) or as community groups (with restrictions on their legal forms). ***What are your views on this?***
5. We would also intend to take a power to define the geographical extent of the community, either by distance, population or administrative boundaries. The exact definition would be set through secondary legislation following formal consultation. ***What are your views on this?***
6. In order to maximise the benefits of community engagement, we consider that developers would be well advised to engage with the community at an early stage in a project. We also consider that members of the community will be most likely to invest at

a later stage, for example after planning permission is granted or after construction has started. We would need to set a framework for this in the enabling powers. ***What are your views on the best timing of community engagement for shared ownership?***

7. We are aware of a number of types of existing community part-ownership arrangements already in existence in the UK and abroad. ***What are your views on the following types of community stake?***

- A. Shares in the equity of a development
- B. A revenue-linked stake, such as a royalty instrument
- C. A debt instrument, such as a bond
- D. An asset-linked stake (for example, ownership of a number of turbines within an onshore wind farm)
- E. Other options.

We are particularly interested in your experience of how different approaches to offering a community stake have worked in practice (where applicable), and the advantages and disadvantages of these types of stake from your perspective.

8. ***Do you have any other comments on the proposed Community Right to Buy In enabling powers?***