

Community benefit from solar farms in Dorset

**Support for town and parish councils and
community groups to successfully negotiate,
set up and manage community benefit funds**



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1) Introduction- what are renewable energy community benefits?

Maria McCaffery, Chief Executive of the trade association Renewable UK, has defined renewable energy community benefits as “a voluntary commitment on behalf of a developer to put money into a fund which is made available to any community project that is agreed locally.” The funding is typically agreed as an index-linked annual payment to the local Parish Council or a local Trust over a period of 20 years.

Renewable energy community benefit funds have been available in Scotland for a number of years. They have had a significant positive impact on communities hosting renewable energy developments.

2) Community benefit funds and planning

Any provision of community financial benefit is not a material consideration in determining renewable energy planning applications i.e. a solar farm proposal is determined on material planning considerations including visual and environmental impact, local and national planning policies etc. To maintain this distinction, the Scottish Government has recommended that discussions on the development itself and discussions on community benefit proposals are held in two separate forums or at separate times in the development process, though it is recognised that this may not always be possible.

3) Current status of solar farm community benefit in Dorset

There are currently approximately 35 solar farm developments in Dorset already operational or in the planning process. There is an inconsistent approach to offering local community benefits, with some solar farm developers offering either no community financial benefit or only token benefits such as a one-off free solar PV installation on a local school or community hall. In contrast, Cornwall Council has led negotiations with solar farm developers leading to community benefit packages worth in excess of £2000 per MW of installed capacity per year for a period of 20 years, a total of over £5m. An up-to-date summary of solar farm and wind farm community benefits in Cornwall is included in Appendix 2.

Five solar farm developers active in Dorset have offered £1000 per MW per year community benefit (or more), index linked for a period of 20 years. However, there is no national guidance on solar farm community benefit and these developers are a minority. Solar farm developers are reluctant to retrospectively negotiate community benefit packages after securing planning consent; therefore it is important to negotiate community benefit at the earliest opportunity.

A number of Parish Councils have requested Dorset County Council support in negotiating community benefit funds from solar farm projects, resulting in securing agreement for approximately £2m of community benefit funds over a period of 20 years.

4) Proposed community benefit support for Parish Councils

Dorset County Council's Renewable Energy Development Officer will respond to requests to support Parish Councils and community groups in pre-planning negotiations with solar farm developers. Community benefit negotiations will be based on a minimum benchmark of £1000 per MW of installed capacity per year for a period of 20 years, index linked to the Retail Price Index (or a pro-rata single upfront community benefit payment).

Case study from East Dorset

A solar farm developer recently secured planning permission and offered a community benefit fund of £1000 per MW per year. However, before any benefit agreement had been signed, the developer sold the site to a Chinese solar PV manufacturer, which has built the solar farm. At some point the Chinese company is likely to sell the project to an international investor or pension fund. Local communities need independent assistance to ensure the community benefit is legally binding should ownership of the solar farm change hands.

Case study from a Dorset parish councillor highlighting current lack of support in negotiating community benefits from a solar farm:

I was present at a number of site meetings and presentations made by the developer in respect of a 13MW solar farm in our parish which has recently received planning permission.

It seems that the current tranche of solar farm planning applications are being made by a wide variety of companies, each with its own approach to 'community benefit'. What we have been offered is a one-off contribution of £2000/MW, i.e. £26,000. There didn't appear to be any room for negotiation. Indeed, as a Parish Council we had no leverage to exert to change the offer substantially, although we were able to gain assurance of a number of access and environmental benefits as a part of the installation activities.

I can't say what is or is not a suitable benefit scheme simply because we generally do not have access to the funding plans and the cost/benefit figures for both the landowner and the installer over the life of the system. In our case, the major part of the income in the first 20 years or so seems to be allocated to paying a return to the investors. The landowner gets little benefit until about the final 5 years.

Potential use of community benefit funds

A key criteria is that the use of community funds should be democratically decided at the local level of the community or communities impacted by a renewable energy development and should be associated with environmental or social benefits.

Some initial ideas have included spending community benefit funds on local flood prevention measures and using the solar farm community benefit funds to support a rural bus service which is likely to be cut.

Appendix 1

Wind energy community benefit guidance from the Dept of Energy and Climate Change (most of which is applicable to solar farm community benefit)

- October 2014

<https://www.gov.uk/government/publications/community-benefits-and-engagement-guidance-for-onshore-wind>

Appendix 2

Cornwall Council – Renewable Energy Community Benefit Payments – Summary April 2014

Headlines

- Community benefits are being offered for the vast majority of both wind and solar.
- Most wind benefits are structured as annual payments – average for wind is £6,500/MW, compared to half of solar benefits being annual payments – average for solar nearly £3,000/MW each year.
- Wind annual payments last 20 – 25 years, whilst solar annual payments last 10 – 30 years.
- Potential total pot available from agreed community benefits (including whole life annual arrangements) – wind £4.7m and solar £5.5m.

Community Benefit Background

- In general they are voluntary and cannot be required through planning.
- Wind industry (specifically Members of the wind energy association body) have committed to a £5,000/MW/yr payment.
- No formal commitment for other technologies yet.
- Normally paid to immediate a host community (Parish Council) organisation who can hold and distribute the money for the community.
- Some agreements contain criteria for the types of projects for which the money can be used in the community.

Future of community benefit

- Government is committed to making community benefits the norm across all energy technologies.
- Starting to see a move away from financial payments to shared ownership and cheaper fuel tariffs.

Detailed Summary of Statistics

Wind

- Average size of wind developments (with community benefit agreements) is 5.64MW (ranging from 0.33 to 20MW).
- Most (94%) make annual payments (usually over 20 – 25 years).
- The average annual payment agreed is £17,700 per annum per development.
- Payments (including one off payments at the start of the project) range from £1,000 to £50,000. Annual payments per megawatt range from £1,000 to

£30,300¹ (average £6,500). The average figure for schemes above 1MW in size is £2,800/MW/yr.

- Including one-off payments, the per megawatt range is £1,000 to £40,000 (average £8,770).

Solar

- Average size of solar PV developments (with community benefit agreements) is 5.1MW (ranging from 1 to 13.9MW).
- 50% offer annual payments (from 10 – 30 years) and 50% offer one off payments.
- The average annual payment agreed is £13,590 per annum per development.
- One off payments at the start of the project range from £5,000 to £50,000 (average £24,290).
- Annual payments per megawatt range from £360 to £5,000 (average £2,880).
- One-off payments per megawatt range from £2,660 to £11,100 (average £5,360).

Appendix 3

Community benefit guidance from Scotland

The experience of renewable energy community benefit funds in Scotland has indicated that each project developer usually directly negotiates a benefit fund with local community representatives. Some of the negotiations are site-specific, such as the local geographical area where the community benefit will be delivered, who should manage the fund, the scope of projects to be funded (decided by the local community), setting up transparent and efficient fund management etc. However the Scottish Government has published 'Scottish Government Good Practice Principles for Community Benefits from Onshore Renewable Energy Developments'²

The guidance is targeted at both developers and communities and contains useful benchmarks such as:

- Community benefits can take the form of a comprehensive package, which may include monetary payments or other benefits. Scottish Government recommends that part of this package is composed of an annual cash sum which involves a degree of local control.
- Scottish Government recommends a community benefit package for onshore wind developments with a value to the equivalent of at least £5,000 per installed Megawatt per annum, index-linked for the operational lifetime of the project.
- Additionally, Scottish Government would like to see opportunities for increased levels of community investment explored.

In addition, Local Energy Scotland has produced very useful guidance for communities in negotiating community benefit schemes with developers.³ In addition to on-line guidance, the Scottish Government has funded direct independent help to assist communities in negotiation and management of community benefit funds.

¹ Please note this figure is extrapolated from a 0.33MW scheme.

² <http://www.scotland.gov.uk/Resource/0043/00438782.pdf>

³ <http://www.localenergyscotland.org/communities/benefiting-from-commercial-operations/guidance/>