 Regulatory Policy Committee	Opinion	
Impact Assessment (IA)	Community right to buy into renewable electricity developments	
Lead Department/Agency	Department for Energy and Climate Change	
Stage	Final	
IA number	DECC0158	
Origin	Domestic	
Expected date of implementation (and SNR number)	May 2015 (SNR 9)	
Date submitted to RPC	13/02/2014	
RPC Opinion date and reference	27/03/2014	RPC14-DECC-2027
Overall Assessment	GREEN	
Estimate of the Equivalent Annual Net Cost to Business (EANCB)	£0.30 million	
<p>Background (extracts from IA)</p> <p>What is the problem under consideration? Why is government intervention necessary?</p> <p><i>“1) Local opposition to renewable electricity developments appears to be higher than at the national level. This discrepancy may be exacerbated by the lack of an institutional framework that facilitates engagement with relevant local communities. There are examples of shared-ownership of onshore wind developments and engagement through the planning process and design of community benefits; however, the current level of engagement with and by communities may be perceived to be sub-optimal.</i></p> <p><i>2) Government intervention would seek to reduce the discrepancy between local and national opposition to renewable electricity developments by opening up opportunities for local communities to:</i></p> <ul style="list-style-type: none"> <i>a) Engage with developers early on, outside of the planning process, and through operation; and</i> <i>b) Share in the benefits from these investments for a lasting positive impact in the locality.”</i> <p>What are the policy objectives and the intended effects?</p> <p><i>“The powers will enable the government to introduce a legal framework in which individuals in the community are guaranteed the opportunity to purchase a stake in a renewable electricity development. More co-ownership may lead to increased awareness, transparency and community empowerment, and a wider distribution of benefits arising from the productive use of local natural resources. This may also contribute to increasing local support for renewable electricity developments.”</i></p>		

Comments on the robustness of the OITO assessment

Although the measure is a primary power, it is being used as a backstop to ensure that businesses engage with a voluntary scheme. As such, the Department considers any additional costs to businesses of taking part in the voluntary scheme, above those they would have incurred without the threat of regulation, to be direct impacts of the primary power. The schemes will impose costs on business of engaging with communities to involve them in the right to buy scheme.

The Department sets out in its IA that the proposal is regulatory and will impose a net cost to business (an 'IN') with an equivalent annual net cost to business of £0.30 million. The Department's assessment is consistent with the current Better Regulation Framework Manual (paragraph 1.9.10) and provides a reasonable assessment of the likely impacts.

Comments on the robustness of the Small & Micro Business Assessment (SaMBA)

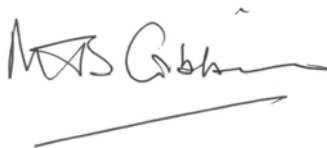
The proposals regulate business and are intended to come into force after 1 April 2014. Therefore a SaMBA is applicable.

The SaMBA is sufficient. The Department has set out in its IA that the Government's *"...intention is to prevent primary powers from impacting smaller players in the market. The legislation will seek to exempt smaller developments from the obligation to offer a stake to communities to limit the administrative burden, given that there are largely fixed costs associated with the administration of shared-ownership schemes that would potentially impact smaller players disproportionately."* (paragraph 120 of the IA).

Quality of the analysis and evidence presented in the IA

The Department has produced a thorough IA with a strong evidence base. In particular, the analysis of the sector and the rationale for government intervention is very clear. The evidence base underpinning the assessment is particularly strong and includes academic papers, survey data and information provided by stakeholders.

Signed



Michael Gibbons,
Chairman