



SCOTTISHPOWER

Community Energy Team,
DECC
6th Floor
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23 August 2013

Dear

CALL FOR EVIDENCE ON COMMUNITY ENERGY SCHEMES

Thank you for the opportunity to respond to the above Call for Evidence.

ScottishPower Energy Networks have submitted a response focusing on our experience of community energy schemes related to the transmission and distribution of energy. This response is submitted on behalf of ScottishPower's retail, generation and renewables businesses and covers our experience of community energy schemes within these businesses. This letter summarises our experience and views of community energy projects across the broad themes identified in the Call for Evidence document.

Our experience of community energy projects might be considered in three broad areas:

- The engagement of ScottishPower Renewables with local communities during the development and operation of our generation sites;
- Our experience of working with communities to deliver the Government's energy efficiency and carbon reduction schemes; and
- The experience of our retail business in providing bespoke offers to specific groups of customers. This includes our recent participation in collective switching schemes for domestic customers.

Some more detail of our experience of the benefits of community engagement in these areas is summarised in Annex 1.

Our main point is around the definition of a community energy project. The Call for Evidence takes a broad view of 'community energy' as including community projects or initiatives focused on reducing, managing, generating or purchasing energy. Within this framing, the consultation document focuses on projects where there is a strong element of community involvement in running or owning a project. However, it also recognises the important role of community engagement of a broader and less formally institutionalised nature and it is important to recognise that the aim of "connecting communities to the energy they use" should not just be about legal ownership or control

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structures. Indeed, it is often in this wider context that we have experience across our businesses. From our experience we believe it is important that communities have flexibility to choose how they connect with the energy they use – whether that be through direct ownership, partnership or from community benefit payments which support energy related initiatives. It is also essential that this is aligned to delivery of wider renewable energy targets and cost effectiveness.

We believe there is a role for community energy projects in meeting Government objectives in terms of energy efficiency, carbon reduction and supporting vulnerable consumers, and welcome the opportunity to share our experience of such schemes. We are happy to continue to work with DECC to understand how we can continue to support such schemes.

Should you wish to discuss any of the points in our response, please contact me via the details provided or contact [\[redacted\]](#).

Yours sincerely,

**CALL FOR EVIDENCE ON COMUNITY ENERGY SCHEMES – RESPONSE BY
SCOTTISH POWER**

Community engagement and benefits in the development of renewables

As set out in our recent response to DECC's Call for Evidence on Community Engagement and Benefits around onshore wind developments, we have extensive experience of community engagement in this area. This approach has resulted in successful engagement with communities in supporting the delivery of over 1 GW of operational projects and a further 500 MW of projects consented and awaiting construction. Some examples to highlight from our broad experience include:

- Whitelee Windfarm on the outskirts of Glasgow is a good example of a wider community being connected to the energy they use, choosing the windfarm as a place for recreation and socialising. Whitelee visitors centre continues to see high numbers, with over 250,000 visitors to date. The centre became a member of the Association of Scottish Visitor Attractions (ASVA) in 2012.
- ScottishPower Renewables has contributed more than £8.7m in community benefit to communities around our onshore windfarms across the UK (£1.4m in 2012). This funding has supported a wide range of worthwhile local initiatives from direct funding of insulation to education schemes with schools. Some examples of innovative community energy initiatives that are being delivered by local communities receiving community benefit from ScottishPower Renewables windfarms include:
 - Barrhill Community Interest Company uses a percentage of the community benefit that it receives from a ScottishPower Renewables windfarm to contribute towards winter fuel payments for local residents. Each property within the village area was contacted and asked to provide evidence, a copy of their council tax bill, to prove that they were residents of the village. 140 eligible residential properties received a single payment of £100 each to offset against their winter fuel payments.
 - The Barrhill Community Interest Company has also used funds from the community benefit fund to contribute towards insulation measures and energy advice for three of their local communities.
 - Through Carrick Futures, two ScottishPower Renewables windfarms contribute towards children from five local schools taking part in an environmental programme, the John Muir Award. The three year course encourages awareness and responsibility for the natural environment.
 - South Lanarkshire Renewable Energy Fund for Black Law Windfarm contributed towards the refurbishment and improved energy efficiency of Braehead Hall.
- We also provide funding to small scale community based renewable energy projects through the ScottishPower Green Energy Trust which has been in operation for the last 14 years. This funding is provided through the green energy tariffs that we offer to consumers

Further, we believe that there can be an important role for collaborative working and partnerships within communities in overcoming barriers to delivery of successful energy projects. For example, in Dumfries and Galloway a Partnership for Renewables group has

been formed to identify skills gaps and opportunities for development and employment locally. This group includes representatives from local colleges, council, commercial and smaller scale developers, business and skills / development organisations joining together to deliver improved employment opportunities in the Renewables industry. This has seen the delivery of a Turbine Technician course at Dumfries and Galloway College and Ayr College in association with ScottishPower Renewables.

Collaboration and partnerships can also have a benefit in supporting the provision and sharing of information within community projects. For example, Community Energy Scotland has produced a package of workshops that are available online to assist communities dealing with community energy and commercial energy projects and advise communities on best practice. Community Energy Scotland is also currently chairing a community benefit best practice guidance group which includes commercial developers, Scottish Government, community benefit administrators and community groups receiving community benefit from commercial projects.

Community Engagement supporting delivery of energy efficiency schemes

We believe that there is significant potential benefit in delivering the Government's energy efficiency schemes through building partnerships between obligated suppliers and local communities whether through local authorities or third sector community organisations. From our experience in this area, we would highlight the following points:

- Community groups have a potentially significant role to play in delivering energy efficiency schemes such as the new Energy Companies Obligation (ECO) as a result of their often detailed knowledge of the local housing stock and the potential for upgrades that can be made.
- Community Groups can add further value by acting as a trusted intermediary between householders in a community and the obligated energy supplier funding the measures or the contractors (who can be local or nationally) who install energy efficiency measures on behalf of an obligated energy supplier.
- In our view, this works best through building direct bilateral partnerships with energy companies to develop a mutual understanding of the opportunities to improve the housing stock in a local area and the level of funding that projects can expect to attract. This ensures measures installed are compliant with the rules of the scheme and helps maximise the benefit for all parties and ultimately the end householders.
- By way of example ScottishPower has worked closely with Glasgow Housing Association to support investments that provide benefits to vulnerable consumers, for example providing cheaper alternatives to electric heating for customers in multi-storey buildings.
- In terms of possible delivery through ECO brokerage, whilst we agree that a well-designed and effective brokerage mechanism can increase access for market participants to ECO funding, it also brings with it the increased risk of non-delivery for obligated suppliers by becoming party to a contract with a company who may not normally have passed the standard due diligence checks of a supplier and who will not be bound by bespoke reporting and monitoring processes. Given this increased delivery risk and inherent complexity of ECO, we consider it important at this stage of the development of brokerage to continue to restrict access to the auction platform on the selling side to authorised Green Deal Providers.

- From our own experience to date in delivering ECO, Local Authorities and Registered Social Landlords (RSLs) are already accessing ECO funding from obligated energy suppliers bilaterally, and as outlined above, we believe this to be the most appropriate route for community groups to access funding. Working in this way allows energy suppliers to work together with a potential ECO partner to understand what can be achieved by a particular project, how much funding it is likely to receive as a result of the carbon or heating cost reduction potential and ensure measures are delivered in a compliant manner.

Community engagement through the retail business

We also recognise the benefits that energy suppliers can provide to community groups, particularly in providing support to groups of customers who may be vulnerable or less able to engage in the energy market. We would highlight the following areas:

- ScottishPower's retail business works with groups of customers to provide them a bespoke offer for their energy. This includes our participation in collective switching schemes during 2012 and 2013, as well as working with schools and other community organisations. This type of scheme may be of particular benefit to groups of customers who may be less able to engage in the energy market as it may give them access to beneficial offers that they would not have access to on an individual basis. Examples include:
 - Working with collective switching schemes through iChoosr and EnergyHelpline. These companies have partnered with various local authorities to promote their collective switching schemes.
 - Working with community groups such as the English Indoor Bowls Association, amateur sports teams through Teamer.net and recreational societies of Police departments where we have provided club funds and cashbacks to group members.
- ScottishPower is also engaging with DECC and other key stakeholders in developing the 'Big Energy Saving Network' which will build on the work of existing support networks to provide an advocacy and outreach service reaching out to vulnerable consumers. It is still in early stages, but we welcome this initiative and are working constructively with DECC to support the definition of the scope of the Network.

ScottishPower
August 2013