Sharing power

Unlocking shared ownership for a fast and fair net zero transition

October 2024

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About Regen

Regen is an independent centre of energy expertise with a mission to accelerate the transition to a zero-carbon energy system. We have nearly 20 years' experience in transforming the energy system for net zero and delivering expert advice and market insight on the systemic challenges of decarbonising power, heat, and transport.

Regen is also a membership organisation, managing the Regen members network and the Electricity Storage Network (ESN) – the voice of the UK storage industry. We have over 150 members who share our mission, including clean energy developers, businesses, local authorities, community energy groups, academic institutions, and research organisations across the energy sector.

Acknowledgements

Funded by the William Grant Foundation. With thanks to Energy Savings Trust, Community Energy England and Community Energy Wales for their contributions and review of this paper.

Key messages

1. **Shared ownership can support a fast and fair transition to clean power.** The UK government has set out big ambitions to achieve clean power by 2030, including 8GW of local and community-owned energy. Shared ownership has the potential to be a critical component to achieving this mission quickly and fairly, accelerating development timelines and enabling wider social and economic value to people and communities in the process.

2. **Shared ownership should be recognised as a national priority.** Shared ownership increases public support for clean energy projects and the wider net zero mission. Prioritising shared ownership projects as 'needed' for Clean Power 2030, alongside a clear steer from the UK government to encourage fair, transparent and mutually beneficial shared ownership projects, can help unlock this on a bigger scale.

3. **GB Energy should promote and enable shared ownership through a comprehensive community support scheme.** Building on (and aligning with) leading examples from Scotland and Wales, capacity support for communities to develop the necessary skills and expertise can enable more shared ownership opportunities to be realised.

4. **Greater access to finance for communities is critical for successful shared ownership projects.** GB Energy should establish grant funding and no/low-interest loans for communities interested in pursuing shared ownership, alongside practical support for accessing debt finance.

5. **Less affluent communities should be supported as a priority to benefit from shared ownership arrangements.** To enable a more just transition, GB Energy should identify and support communities with less resource and capacity to work with experienced partners to deliver shared ownership arrangements, and consider 'stewarding' an ownership stake in clean energy projects on behalf of a community.

6. **Streamlining the administrative process can improve the proposition for developers**. Developing more standardised processes for shared ownership projects, as well as template contracts and registers of local partners, can help to reduce overall costs and further reduce development timescales.

1 Introduction

Sharing in Britain's Clean Energy Future

Clean Power 2030

The UK government has set out ambitious plans to deliver clean power by 2030, accelerating the transition away from fossil fuels to a renewables-based energy system. [1] By the end of the decade, the UK government aims to have 95% of our energy come from the sun, wind and waves, balanced by storage, interconnectors and flexible energy demand.

This is currently being planned and engaged on through the National Energy System Operator's (NESO) Clean Power 2030 initiative, which will advise government what is 'needed' to realise a decarbonised energy system. [2]

To help enable this unprecedented growth in renewables, the UK government has also announced the establishment of GB Energy – a new publicly owned energy company designed to support investment in clean power projects.

Unlocking local energy

In their election manifesto, Labour also committed to a Local Power Plan, designed to support new local and community-owned energy across the country. [3]

This ambition was redoubled in the GB Energy Founding Statement, which sets out a commitment to achieving 8GW of local and community energy projects in the coming years. [4]

This increased focus on local and community energy signals a potential rejuvenation for the sector – and a significant opportunity to deliver clean power projects that engage, benefit and reflect the needs of people and places.

Crucially, it is an opportunity to support a just net zero transition, paving the way for more positive engagement through giving people a more direct stake in the UK's clean power mission.

Shared ownership

To support this 8GW commitment, the GB Energy Founding Statement outlines that this will include **shared ownership** arrangements.

Shared ownership is "any structure which involves a community group as a financial partner over the lifetime of a renewable energy project" (Scottish Government's Good Practice Principles [5]).

Shared ownership is mostly seen in wind generation projects (e.g. Crossdykes wind farm [6]). However, there are examples of solar, storage and heat networks shared ownership projects, too (e.g. Feeder Road battery storage [7] and Forest Gate solar farm [8]).

Enabling a just transition

While full community ownership and control of renewable energy projects may be seen as the 'gold standard' of local empowerment, not every community has the capacity, desire or resources to undertake such projects. [9]

For some communities, shared ownership strikes the right balance between risk and reward, allowing communities to participate in renewable energy projects at a lower financial investment, risk and responsibility than full community ownership (Figure 1).

By partnering with experienced developers, communities can access crucial technical knowledge and project management skills they might lack internally.

Developers also do most of the technical heavy lifting, which can prove challenging for community-only projects – particularly in more disadvantaged areas with less capacity. This allows communities to reap the benefits of clean power projects at a lower administrative or financial cost.

Given that so many of the renewable projects 'needed' to deliver Clean Power 2030 are already in the pipeline with connections offers in place, shared ownership will be a critical driver for reaching the 8GW target and enabling communities to engage with and reap the benefits of a fast-moving clean power landscape.

Accelerating net zero

Shared ownership also holds substantial benefits for the energy transition overall. Shared ownership (based on good engagement and meaningful collaboration with communities) can increase local acceptability of renewable projects [10, 11], helping to streamline and speed up the development process by reducing potential local resistance.

Given the masses of new infrastructure required for net zero energy, this can help lay the foundations for more robust public support.

It can also boost public engagement with net zero overall through democratic participation and giving citizens and communities a more direct stake and benefit in projects on their doorstep [10, 12].

To that end, this paper outlines:

- the value of shared ownership
- current landscape and challenges across the UK
- specific recommendations for enabling shared ownership.

This work aims to bring shared ownership to the forefront of discussions on the future of UK renewable energy, as a key enabler for the Clean Power 2030 mission.

Defining local and community energy

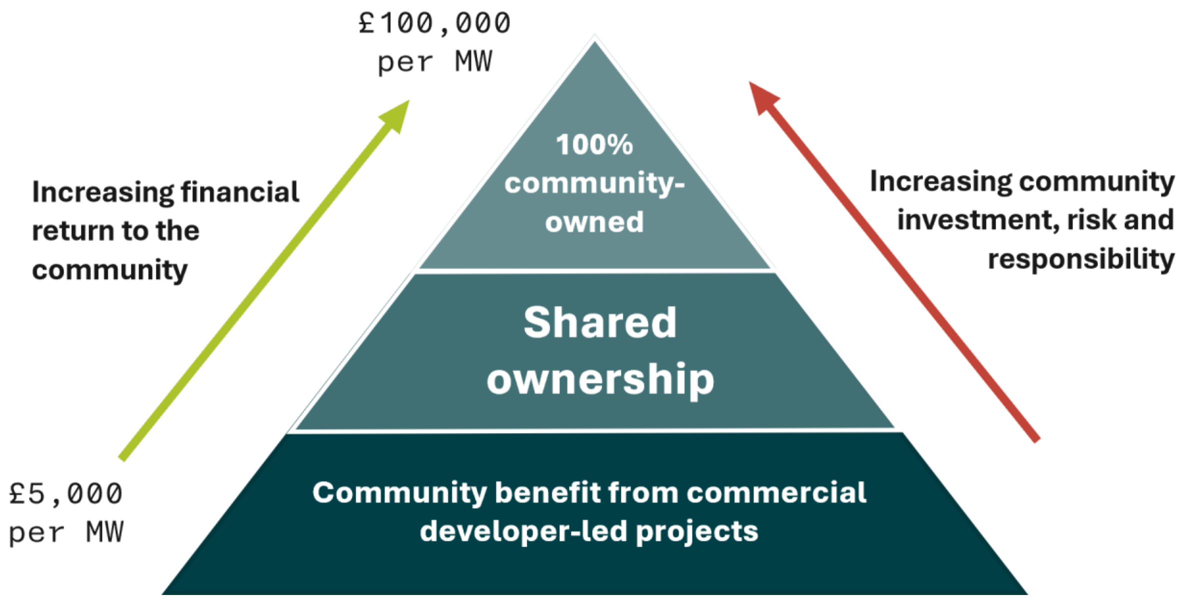
Regen's Barriers to Community Energy call for evidence response proposes that local and community energy should be defined as clean energy projects owned by community energy organisations (e.g. community benefits societies, community interest companies, cooperatives), local authorities, and/or other public bodies. [13]

Communities for Renewables' response to the same call for evidence outlines further criteria for the community energy side in particular, including ensuring that relevant community organisations are governed by a board of local volunteers and set up to support a local community purpose. [14]

Figure 1

Shared ownership can balance risk versus reward for community groups

Adapted from Local Energy Scotland's shared ownership module. [37]



Enabling a just transition through shared ownership

A Just Transition is a net zero transition that ensures those already on the margins of society are not left behind or penalised, or, better still, can actively benefit as a priority from a clean energy system.

Benefits of shared ownership for a just transition include (but are not limited to):

- New avenues for ownership
- Building local skills and capacity
- Delivering just transition outcomes, such as tackling fuel poverty

New avenues for ownership

Shared ownership can support a just transition by enabling communities to own and benefit from local renewable developments without taking on the sole responsibility for developing a local renewable project. This provides a more accessible avenue for communities that may currently lack the necessary capacity and expertise (which is especially problematic for lower-income areas) to deliver a fully owned development.

Building local skills and capacity

Participation in shared ownership projects then has the added advantage of supporting greater skill development in not just energy but also project management, organisation, engagement and relationship building. These skills can, in turn, be applied to other community initiatives. For example, Huntly Development Trust has leveraged its experience from onshore wind projects, including one fully community-owned, to initiate and manage a range of local development programs, including town centre regeneration and sustainable transport schemes. [15]

Delivering just transition outcomes

Where projects are either wholly or partly locally or community-owned, evidence suggests that outcomes tend to be aligned with just transition principles. [11, 10]

Community organisations that have become more active through project development processes often leverage new energy knowledge and revenues generated to support other energy initiatives, such as tackling fuel poverty or providing energy advice and services. [16, 17, 18]

Research also shows that community-owned wind turbines in Scotland have generated, on average, 34x more in community benefit payments than developer-led projects. [19]

Ensuring fairness in capacity, ownership and governance

Nevertheless, shared ownership is not fair by default. One critical concern is the potential technical knowledge imbalance between communities and developers, which can be particularly acute in less affluent areas with lower capacity. If communities with limited resources or energy expertise are not adequately supported to engage with developers, there is a risk that only well-resourced communities with the time and knowledge can benefit from shared ownership opportunities.

The governance structure of shared ownership arrangements can also affect fairness. Some schemes restrict decision-making power to those who have invested financially. This approach can exclude community members who cannot invest from participating in important project decisions.

Alternatively, some projects do not include a community benefit fund. Instead, all the surplus is returned to investors. In these cases, many in the local area may not directly benefit from the project.

As such, it is crucial that shared ownership is not taken as enabling a more just transition by default.

While it presents an opportunity to advance a just transition, it is also necessary to ensure that disadvantaged, marginalised and less affluent groups can capitalise on, participate in and benefit from shared ownership opportunities. Table 1 outlines key 'dimensions' of clean power projects and best practise for ensuring fairer processes and outcomes.

Table 1
Dimensions and best practise for just transition outcomes.

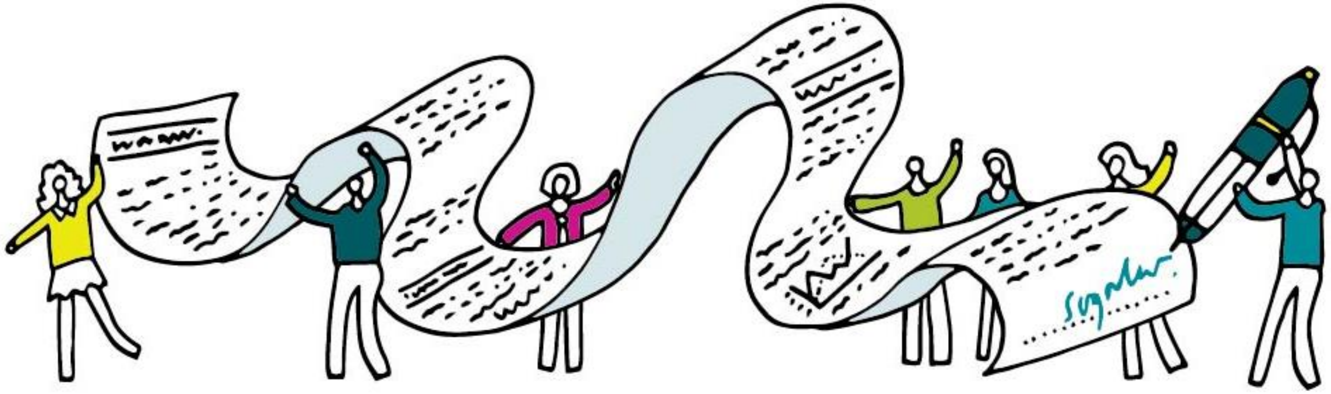
Dimension	Best practice for 'just outcomes'
Ownership and governance	Democratic, accessible, and accountable ownership, with proactive involvement of diverse citizens and stakeholders in decision-making.
Participation and engagement	Meaningful, proactive engagement with a diverse range of citizens and communities; people supported to help co-design projects from early stages and on an ongoing basis.
Finance, funding and investment	Transparent financial models that do not exclude people from participation or benefit based on ability to pay.
Benefit and beneficiaries	Benefits realised socially, economically and environmentally for people and places first and foremost (including in jobs and skills, healthier homes and environmental protection), both individually and collectively where possible.

2 Shared ownership fundamentals

The approaches, benefits and principles of shared ownership; ensuring it is done fairly.

This section explores the fundamentals of shared ownership, breaking down the key elements into three interconnected areas: the common approaches used to develop shared ownership projects, the wide-ranging benefits these partnerships can deliver and the principles that should guide their implementation.

The principles set out provide the foundation for shared ownership projects, guiding both communities and developers on how to enable fairer partnerships. They have been derived from a combination of the UK government's 2015 Shared Ownership Taskforce recommendations and a systematic literature review of just energy transition research. Our recommendations are grounded in these principles.



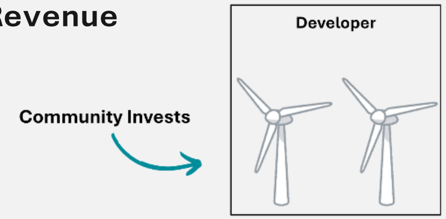
Approaches to shared ownership

Shared ownership is not a one-size-fits-all concept. It involves a range of approaches that reflect the varied resources and aspirations of communities and developers (See Table 2 for common models of shared ownership).

This flexibility is crucial, allowing shared ownership to be tailored to specific local contexts and project requirements. For continued success in shared ownership, it's important that these models continue to evolve and diversify to meet changing needs and opportunities.

Each community requires professional and financial advice when deciding which model to adopt, as each comes with its own legal, financial and operational implications. Developers also have specific requirements.

Table 2
Common models of shared ownership

Model		
Split ownership		Community owns a physical portion of the project - e.g., one wind turbine in a larger wind farm. They also assume the risks and rewards for their owned portion of the project.
Joint Venture		Community group and developer co-own a special purpose vehicle (SPV). Voting rights, risks and rewards are proportional to the community's ownership stake. Often the community holds a minority of shares (e.g., 10%).
Shared Revenue		Community purchases a share of the project's future revenue. There is no ownership of physical assets, voting rights or control over project. These projects tend to hold lower risk, but also lower potential returns compared to other models.

Adapted from Local Energy Scotland's shared ownership module. [37]

Benefits of shared ownership

1: People

Empowering communities and enhancing support for local projects.

Shared ownership gives communities a voice in project management, decision-making and/or control over their portion of the project's profits. This fosters a sense of ownership over local natural resources while developing project management and energy skills, building local wealth and unlocking novel social and economic opportunities.

Involving local communities in decision-making can strengthen the alignment between the developer's interests and those of the local communities.

When communities feel empowered and invested in a project, they are more likely to support its ongoing operations and potential future expansions, particularly when they have a say in its design from a feasible early stage.

2: Power

Engaging and involving communities in a quicker net zero transition.

Renewable generation projects can be an effective way of engaging and enthusing communities about wider issues related to net zero. Shared ownership projects can go even further, with more of the community more directly involved.

Research shows communities tend to be more supportive of shared ownership projects than commercial projects with community benefit funds only. [10, 11] This increased support can help to accelerate the deployment of clean energy projects and broaden public acceptance of the net zero mission.

3: Pockets

Delivering financial, social and economic value to communities.

While requiring more involvement and risk, shared ownership can offer greater financial returns to the community than traditional community benefit funds.

This is often translated to wider benefits through funding for fuel poverty support and energy efficiency measures on community buildings and individual homes for those who might be unable to finance these measures.

Principles for shared ownership

General principles

1	Flexible	Shared ownership is a novel concept in the UK. A flexible approach allowing innovation is essential. Different approaches to shared ownership are appropriate depending on technology, development costs, project size, community aspirations, etc.
2	Cost-neutral	Shared ownership is not expected to increase project costs and developers are not expected to subsidise communities' costs.
3	Wider value	Shared ownership provides a distinct opportunity for communities not just to benefit via funding but to participate directly in the ownership and governance of renewable projects.
4	Mutually beneficial	Schemes should benefit the commercial operators, and the social, environmental and economic ambitions of the local community involved.

Just Transition specific

5	Inclusive	Shared ownership arrangements should be accessible to all community members, regardless of their financial capacity, knowledge of the energy system or prior experience, with proactive inclusion of marginalised or excluded groups.
6	Transparent & accountable	Shared ownership should embed clear, open communication and decision-making processes throughout the project lifecycle, with open and accountable governance structures.
7	Equitable benefit distribution	Communities should be empowered to fairly distribute benefits across the community to meet their needs, with strong consideration of vulnerable or historically marginalised groups.
8	Well-promoted	For shared ownership to be widespread, learnings from pioneer projects should be widely promoted to ensure more communities understand the opportunities around the topic.

3 Current landscape for shared ownership in the UK

Evolving opportunities in support of shared ownership

"Through partnering with and providing funding and support to Local and Combined Authorities and Community Energy Groups, the Local Power Plan will roll out small and medium-scale renewable energy projects, using established technologies, to develop up to 8 GW of cheaper, cleaner power. This will include shared ownership projects in partnership with private developers. This will support a more decentralised and resilient energy system, with more local generation and ownership."

– **founding statement of GB Energy**

GB Energy and the Local Power Plan

The policy landscape for community and local energy is shifting, with the UK government sending clear signals of intent to invest in local and community-led energy initiatives, including shared ownership arrangements, as part of its Clean Energy Superpower mission.

GB Energy will support clean energy initiatives by, among other activities, designating funds for local, community and municipal energy ventures under a soon-to-be-established Local Power Plan. [20]

The founding charter of GB Energy outlines an aim to have 8GW of community-owned renewable energy production.

Additionally, the new government has pledged up to £400m a year in low-interest loans to communities to develop and build community-owned projects, alongside £600m a year in grants to local authorities. [21]

GB Energy and the Local Power Plan introduce a range of possibilities for realising new shared ownership opportunities. GB Energy has outlined a commitment to de-risking larger-scale projects such as floating offshore wind – and taking an equity stake in new projects for the UK government.

In the same way that it will de-risk larger developments, GB Energy can provide a similar function for local and shared ownership projects, facilitating local partnerships and helping to underwrite new financial or contractual agreements between developers and communities.

What is 'needed' for Clean Power 2030?

The UK government and NESO are setting out exactly how much of which technologies are needed and where to achieve a decarbonised energy supply by the end of the decade. [3]

The vast majority of projects technically 'needed' for this are already in the connections queue, so shared ownership will be key to meeting the UK government's 8GW local and community targets.

The connections queue is currently under review to get those projects which are ready and needed connected more quickly.

There remains a need to ensure that new *fully community-led* projects can be connected. However, prioritising projects that include shared ownership arrangements within the connections queue can ensure that communities do not miss out on the local social and economic value of the clean power projects already in train.

Regional variations and best practice

Historically, policy support for community and local ownership has varied across the UK, with very limited support in England and Northern Ireland compared to Scotland and Wales (See Table 3).

This support has been crucial in Scotland and Wales, enabling communities to navigate the complex shared ownership process despite limited resources. In contrast, only 10% of the 118 community energy organisations that completed the State of the Sector survey in England are currently involved in shared ownership [22], while over 100 projects have been supported through CARES in Scotland.

Given GB Energy's ambitious plan, learning from existing successful models is vital. Scotland's Community and Renewable Energy Scheme (CARES) stands out, having supported over 900 projects and 1,150 community organisations with £65 million in funding, including within shared ownership arrangements. [23]

The lifting of the ban on onshore wind and the subsequent implementation of the onshore wind task force in 2024 complement these initiatives, underscoring the government's commitment to expanding community involvement in renewable energy projects. This policy shift creates new opportunities for shared ownership across the country.

Wider policy opportunities

In addition to policies directly related to community and shared ownership, a number of policy changes are underway which can likewise help to enable more opportunities for collaboration.

Regional Energy Strategic Planning (RESP): to be led by the National Energy System Operator (NESO), Ofgem is currently introducing a new layer of regional governance to support local-regional strategic planning on the net zero energy transition.

Within this new role, NESO will provide place-based engagement to support local stakeholders, such as local authorities, to develop their own energy plans and enable new projects to progress. They will also provide support to other key energy stakeholders, such as community energy, to participate in setting the direction of their local areas and regions.

Local area energy planning (LAEP): local authorities are increasingly delivering their own energy plans to support decarbonisation in their council areas. This includes engagement with local stakeholders and communities to ensure their views are reflected (although this can vary between energy planning methodologies).

Through local energy planning, local authorities can work with developers and community organisations to identify sites and opportunities for shared ownership.

Case Study:
Forest Gate Solar Farm

Forest Gate solar farm is a 49.9 MW solar farm with storage project in North Wiltshire, developed by Eden Renewables, which was granted planning consent in March 2023. Following its expected completion in 2025, up to 20% of the solar farm will be owned by the local community.

From the very early stages of consultation for the project, Eden Renewables had extensive discussions with local climate action group Zero Chippenham who were keen to develop local community solar initiatives. Working with Bath and West Community Energy, Zero Chippenham set up a new Community Benefit Society, Zero North Wiltshire, to bring forward the community ownership side of the project.

Zero North Wiltshire and Bath and West Community Energy will share ownership of the community assets and ensure the benefits will be retained within the broader North Wiltshire area, expected to generate additional community funds of over £5 million over the project's lifetime in addition to Eden's contribution of over £800,000 for the project lifetime to a community benefit fund. This will be used to help local initiatives to reduce fuel poverty and carbon emissions and also ensure the community continues to influence the environmental benefits of the project.

Table 3 Policy support for shared ownership

	Scotland	Wales	England & NI
Policy	• 51% of 2GW target for community and locally-owned renewables reached by 2023. [24] Community and locally-owned is defined as "where the owner... is a community group, local Scottish business, farm or estate, local authority, housing association or public sector or charitable organisation". [24] • "Encouraging developers to offer shared ownership opportunities to communities as standard on all new renewable energy projects, including repowering and extension to existing projects". [25] • Best practice guidance on shared ownership. [5]	• 97% of 1 GW target for community and locally-owned renewables reached by 2024, increased target to 1.5 GW. [26] Here, locally-owned is defined as "located in Wales, which are owned by one or more individual organisations wholly owned and based in Wales or organisations whose principal headquarters are located in Wales". [27] • Guidance for local and shared ownership projects published. [28]	None since 2014 shared ownership taskforce.
Large scale capital funding	• The Scottish National Investment Bank (SNIB) invests in Scottish businesses, projects and communities to deliver social, financial and environmental returns for Scotland.	• The Development Bank of Wales provides loans to start up, strengthen and grow and equity investments for established businesses	
Support for developer	• Onshore Wind Sector Deal addresses supply chain, skills, community engagement, land use, planning and technical issues. Includes collaborative working groups and guidance to streamline development.	• Community Energy Wales shared ownership working group provides support developers share best practice with each other and communities.	
Support for communities	• CARES (Community and Renewable Energy Scheme) provides grants to fund non-capital aspects of projects, including start-up costs, professional advice, and community consultations. It also offers development loans and grants which can be used for development costs of shared ownership projects.	• Welsh Government Energy Service - provides technical, commercial and procurement advice for decarbonisation projects as well as providing grant funding to cover resource costs for community organisations. [29] • Ynni Cymru – a publicly-owned energy company of the Welsh Government – provides funding and coordination support for local and community-owned energy. [30]	CEF: In 2023, the UK government opened a £10 million Community Energy Fund for projects in England specifically. [31]

4 Key challenges for shared ownership

What is needed to make shared ownership commonplace?

Incentivising shared ownership

Shared ownership is not yet commonplace across the UK, partly due to a general lack of awareness. Historically, support for shared ownership has fluctuated.

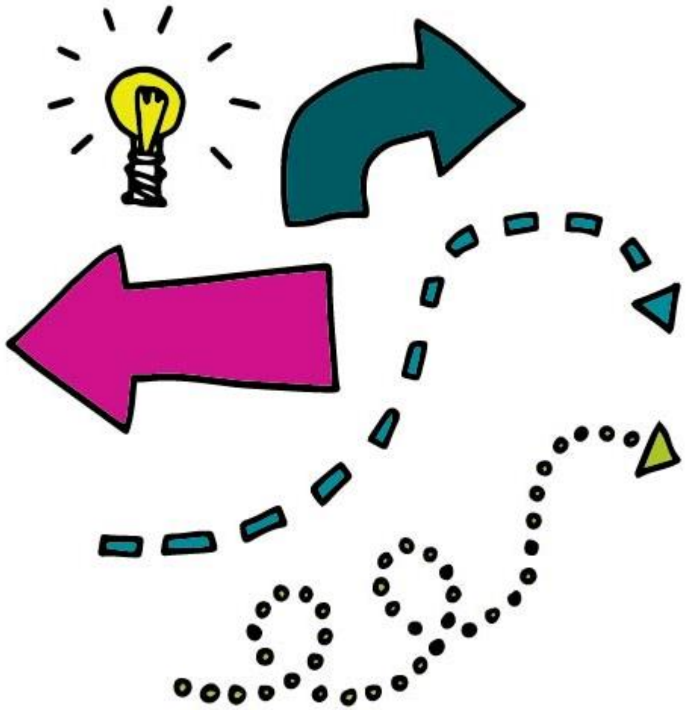
For example, when subsidies were offered to developers partnering with community energy organisations, the number of shared ownership projects increased significantly. [32] However, these supportive policies were not consistently maintained.

Now, a new opportunity is emerging. The Labour government has made clear signals of their support for local ownership of renewables, presenting a significant opportunity to develop clearer incentives in this area.

For communities, certainty is key. They need assurance that shared ownership opportunities will be available and promoted, allowing them to prepare and engage confidently.

Developers may require additional incentives to participate in shared ownership offers, as many are unaware of the benefits. Others are unsure about the process and can see this as an added risk.

Our research with community energy support organisations finds that developers are often unfamiliar with the process and not incentivised to offer shared ownership options to the local community.



Building community capacity

A significant challenge in implementing shared ownership of renewables, particularly in marginalised communities, is the lack of capacity to participate effectively in these projects. This is critical for enabling shared ownership which supports a just transition.

For communities, many lack the necessary technical, financial and legal expertise to engage in renewable energy projects. Limited resources, including time and money, further constrain their ability to participate effectively.

Community energy initiatives also tend to rely on volunteers [22], which can potentially undermine long-term engagement in these time-intensive projects.

For developers, well-informed communities can participate more effectively in shared ownership arrangements, leading to smoother processes and reduced administrative burdens.

Well-resourced organisations also make for more stable financial partners. Capable community partners can engage more meaningfully in project discussions, potentially resulting in innovative, locally specific solutions. This can enhance project implementation and a developer's reputation.

Trust and relationship-building

Shared ownership presents an opportunity for mutually beneficial collaboration between developers and communities. However, establishing strong trust between all parties involved is the key to realising these opportunities.

For communities, it is trusting that developers will follow through with their initial offers of shared ownership once planning permission has been granted. The timing of financial data sharing can significantly impact communities' ability to engage fully in the project.

For example, communities require early access to financial information to secure debt finance. Yet, reliable financial information often isn't available until just before a developer's Financial Investment Decision.

For developers, this means trusting in the community's capacity and ability to comprehend and participate in large, often complicated projects, including their ability to deliver sufficient capital.

They often face a dilemma regarding the timing of financial information disclosure, tending to withhold detailed data in early stages due to concern over commercially sensitive data.

While having a roster of successful projects is the most effective way to build trust, good engagement practices can also foster trust between industry and communities.

Financing projects

Financing for any large project can be complicated and includes many stages and avenues of acquiring investment.

For communities, all models of shared ownership require the community in question to raise finance to own part of a project. There are several key challenges that this presents.

Communities must access finance with a low enough interest rate to create a surplus for community initiatives. Obtaining debt finance can be challenging, as financial institutions often favour larger investments or 'more creditworthy' organisations.

For example, the UK Infrastructure Bank (UKIB) does not offer debt for projects under £25 million, which can be an issue for projects that are too big to be financed purely through share offers but smaller than this lower limit.

Communities also struggle with at-risk financing, particularly bridge financing between agreeing their share with a developer and securing long-term finance or launching a community share offer. They also require seed financing for legal, financial and development expertise.

For developers, community investment in their projects can introduce additional complexities. These may include administrative burdens during development and potential complications after construction, particularly if the developer wishes to sell or refinance the project.

The administrative challenges for both developers and communities are discussed in more detail in the following section.

Administrative processes

Shared ownership projects can add extra administrative complexity for both developers and local communities. This complexity arises from a range of factors, including the introduction of new investors who may have some decision-making power and possible requirements for specialised legal and financial arrangements.

For communities, especially those with limited capacity, there are likely to be many complex administrative tasks and procedures such as negotiating contracts, understanding models, obtaining finance etc.

Whilst some MOU and NDA templates are available from CARES and other support organisations, there are still many procedures that are not standard and do not have easy to use templates (where this could be done). This hinders communities' ability to be involved in projects.

For developers, many have existing procedures and project management processes that might be disrupted if they were to take part in a shared ownership scheme. In general, our engagement suggested that smaller developers were more agile and able to adjust their processes compared to larger developers.

Additional admin and potential disruptions to project timelines are unlikely to be popular with developers.

Case study:
Crossdykes Windfarm, Muirhall Energy

The Crossdykes wind farm project in Dumfries and Galloway demonstrates how community shared ownership can succeed even when developers choose to sell their assets. In 2014, Muirhall Energy offered local communities £5,000 per MW annually and up to 10% shared ownership in the Crossdykes and Loganhead wind schemes. Using CARES funding, the community appointed SCENE consultants to explore this opportunity.

From 2019-2021, Dumfriesshire East Community Benefit Group (DECBG), alongside their advisors evaluated Muirhall's share proposal, which would be financed through an Energy Investment Fund loan. This loan was to be repaid over 17 years using share income.

Recognising the community's financial constraints, Muirhall revised their offer in July 2021, increasing the community benefit to £7,000 per MW annually (£322,000 per year for 23 years) and reducing the community's share to 5%. This shortened the loan repayment period to seven years. After careful consideration and expert advice through CARES, the communities accepted this offer, making Crossdykes the UK's first large-scale, subsidy-free wind farm with shared ownership.

In 2022, Muirhall decided to sell Crossdykes wind farm, and provided the community with two options: retain their 5% stake with the new owner or sell their shares. Deciding it was lower risk, the community chose to sell, generating a seven-figure profit. This enabled immediate loan repayment and provided substantial funds for local development. Crossdykes Community Benefit Company hopes to reinvest sale proceeds in future Muirhall community share offers, pending planning approval of new developments (see LES's webpage for more details on this case study).

5 Serving justice through shared ownership

How communities and developers can deliver fairer outcomes

Shared ownership projects, when structured thoughtfully, can contribute significantly to just transition outcomes. While their success largely depends on supportive policies, finance and capacity building (see Section 6 for our recommendations), which can pose challenges if not adequately addressed, the following guidance shows how communities and developers can address these key dimensions.

Ownership and governance

Democratic, accessible and accountable ownership, with proactive involvement of diverse citizens and stakeholders in decision-making.

Communities can ensure this through:

- Implementing a community board with representation from diverse local groups.
- Offering voting rights to all community members, regardless of investment amount.

Developers can support this by:

- Ensuring transparency in their decision-making processes affecting the shared ownership arrangement.
- Following best practice for appropriate timelines for shared ownership offers, ensuring communities have sufficient time to seek professional advice and secure financing.

Participation and engagement

Meaningful, proactive engagement with a diverse range of citizens and communities; people supported to help codesign projects from early stages and on an ongoing basis.

Communities can foster this by:

- Creating multiple channels for community input and feedback.
- Regularly communicating project updates and opportunities for involvement.

Developers can ensure this through:

- Involving community members in project planning from the earliest stages, ideally pre-planning decision if possible.
- Establishing a transparent process for incorporating community feedback into project decisions.

Finance, funding and investment

Transparent financial models that prioritise multiple just transition outcomes and do not exclude based on ability to pay.

Communities can address this by:

- Offering a lower minimum investment, such as £1 shares, or allowing people within the community to invest in pairs.
- Offering community shared on a “one member, one vote” basis, regardless of the amount invested.
- Implementing a sliding scale where lower-income households can invest less for the same ownership percentage.

Developers can support this by:

- Providing clear, accessible financial information and projections as early as possible in the process.
- Offering flexible financial models that accommodate community needs.
- Supporting communities in accessing additional funding or financing options.

Benefits and beneficiaries

Benefits realised socially, economically and environmentally for people and places first and foremost (including in jobs and skills, healthier homes and environmental protection), both individually and collectively where possible. Diverse opportunities for businesses, investors and industry.

Communities can ensure this by:

- Establishing a community benefit fund with a clear strategy for equitable benefit distribution.
- Regularly assessing and communicating the project's social and environmental impacts to the community, providing opportunities for local feedback.
- Prioritise community-wide benefits over individual investor gains when raising finance. Consider lowering the individual investment return to the minimum required to incentivise investment, thus ensuring more of the project's revenue is allocated to a community benefit fund.

Communities should seek professional financial advice when structuring the project.

Developers can support this by:

- Allowing communities to decide where the developer’s community benefit funds are spent, recognising local expertise in identifying priorities.
- Prioritising partnerships with local businesses for project-related services.
- Offering apprenticeships or internships to local community members.
- Ensuring transparent reporting on the project's economic, social and environmental impacts.

Case study:

9CC Group Fairly Distributing Community Benefit funds

The 9CC Group comprises of nine communities in the Cumnock and Doon Valley area of Scotland. As it is a popular area for wind farm development, the consortium was established to be a single trust to manage, administer and distribute community benefit from any new and future wind farms in a fair and equitable way.

With community benefits from five wind farms and counting, the group established 'The Local Community Fund Matrix' to distribute funds more fairly across the nine communities. This Matrix has three indicators that calculate each communities' allocation:

1) Population
2) Distance from turbines
3) The Scottish Index of Multiple Deprivation (SIMD).

While they have faced some challenges, such as reluctance from a few developers to commit to this local democratic community benefit model, collaboration across the communities and councils has led to a fairer sharing of benefits and a growth in capacity to participate in negotiations with developers. As a charitable, democratic organisation engaged with local communities, the 9CC Group believes their blueprint can positively impact all communities through fair management of wind farm community benefit funds.

This model demonstrates how local communities can effectively manage and distribute renewable energy benefits, potentially serving as a template for other regions in similar situations.

6 Policy recommendations

Recommendations to unlock shared ownership for a just transition.

Shared ownership can make a significant contribution to the UK's just transition goals. However, who owns, governs, participates in, funds and benefits from shared ownership will ultimately determine the extent of this.

The following recommendations align with our 'guiding principles for shared ownership for a just transition', p. 9, and aim to;

- Incentivise shared ownership more consistently through policy and guidance
- Ensure communities have the necessary capacity and finance to participate in shared ownership arrangements
- Encourage projects to embed principles (p. 9) throughout.

Table 4
Summary of policy recommendations

	For who?
Recommendation 1: Recognise shared ownership as a national priority	**UK government and NESO**
Recommendation 2: Promote and enable shared ownership	**GB Energy**
Recommendation 3: Provide communities with greater access to finance	**GB Energy**
Recommendation 4: Support lower-capacity communities	**GB Energy**
Recommendation 5: Streamline the administrative processes	**GB Energy**

Recommendation 1: Recognise shared ownership as a national priority

From extensive research, there is a clear sense that shared ownership is not well understood or incentivised. This should be a key priority for the UK government and can be supported in the following ways.

Action 1.1. **NESO should recognise the need for local power to deliver the government's manifesto commitments and prioritise shared ownership projects as 'needed' in the grid connection queue.**

The Clean Power Plan will set out what is 'needed' for Clean Power 2030 and use this as core criteria for reforming the grid connections queue to get projects online quicker.

To incentivise shared ownership and enable progress towards the 8GW target, projects which include shared ownership should be prioritised in the connections queue.

Action 1.2. **The UK government should encourage developers to offer shared ownership as standard on all new renewable energy projects**.

The UK government should also track the progress of this; this could be done by monitoring shared ownership offers post-planning approval (see action 2.2.).

This should apply to repowering and extension to existing projects (such as seen in the Scottish Government's Onshore Wind Policy Statement, see section 4.2.4) while remaining adaptable to local needs and respecting devolved policies.

Drawing from the 2014 shared ownership taskforce, if progress remains limited, the UK government may consider exercising legislative powers, such as the Community Electricity Right, to require developers to offer shared ownership [33].

This should not be seen as a replacement for fully local and community-owned projects, which require their own dedicated attention.

Recommendation 2: Promote and enable shared ownership

GB Energy aims to deliver 8 GW of local and community energy, including shared ownership initiatives [21]. Supporting this goal, the UK government pledges up to £400m annually in low-interest loans for community projects, plus £600m yearly in local authority grants.

This financial commitment, coupled with streamlined legal processes, will be crucial to establishing shared ownership projects (especially in less affluent areas).

In the same way that one of its primary roles is to derisk new large-scale energy technologies, GB Energy can play a role in derisking shared ownership opportunities.

To effectively support shared ownership as a first step, we recommend the following:

Action 2.1. **GB Energy should establish shared ownership as a key priority in its project development and investment strategies**. It is positive to see shared ownership in GB Energy's initial founding statement, but this commitment should carry on through to operational guidelines, ensuring that the UK government's investment has the greatest local benefit.

Action 2.2. **GB Energy should develop and implement a post-planning approval tracking system to monitor shared ownership offers.** Our research with community and financial stakeholders finds concerns about developers' commitment to shared ownership after securing planning approval.

This system should monitor and publish the shared ownership pipeline publicly, providing support to help progress projects where appropriate. By doing so, GB Energy can identify areas needing further support and detect limited progress, informing the UK government policy decisions and potential interventions.

Shared Ownership for Offshore Wind

The consortium of Energy4All, Falck Renewables, BlueFloat Energy and Ørsted demonstrates that shared ownership can extend beyond onshore renewables. Their successful ScotWind bid secured seabed leases for three sites, potentially generating 3.0 GW of offshore wind capacity. This builds on Energy4All and Falck Renewables' 15-year collaboration, which has established seven onshore wind cooperatives in Scotland, allowing thousands to invest in local wind farms.

The consortium is now developing a framework to extend shared ownership to these offshore projects. This initiative aims to share financial benefits with Scottish residents and communities, setting a precedent for future developments. [36]

The announced partnership between the Crown Estate and GB Energy could further accelerate this trend, potentially initiating more shared ownership opportunities for offshore renewables by leveraging public assets and investment to create pathways for community participation.

Action 2.3. **GB Energy should establish a comprehensive capacity-building support scheme for England and provide complimentary support to programmes already available in devolved nations (e.g., to CARES).**

Local and community energy support organisations identify inconsistent support and limited capacity as crucial barriers to community participation in energy projects.

Devolved governments have addressed this through targeted programs like the Scottish government's Community and Renewable Energy Scheme (CARES) and the Welsh Government's Energy Service. Our research shows CARES is a leading mechanism in Scotland for community participation in shared ownership opportunities.

We propose that GB Energy establish a similar scheme for England, modelled after CARES and Welsh Government Energy Service, but tailored to England's specific needs. This should integrate with existing programs like the Community Energy Fund, Net Zero Hubs and the Energy Learning Network, focusing on underserved areas.

This should also align, provide support where needed, share knowledge and encourage collaboration between existing capacity support schemes in the devolved nations – adding new support and value where appropriate.

Key Features of CARES:

1) Financial assistance through grants and low-interest loans
2) Free, expert, and impartial guidance from regional specialists
3) Accessible online resources, including toolkits and project guides
4) Technical support from approved contractors for feasibility studies and project development
5) Access to experienced project managers
6) Implementation support for capital projects, including design review and procurement assistance
7) Ongoing support throughout the project lifecycle

Action 2.4. GB Energy should develop and embed best practice guidance for shared ownership, collaborating with the Scottish and Welsh governments to leverage and work alongside their existing frameworks. This approach should establish consistent standards for projects undertaken in partnership with GB Energy across the UK, while providing devolved areas with flexibility and autonomy, reflecting their already-established processes. This guidance should include:

- **Provide guidance on asset valuation for shared ownership, recognising that communities shouldn't be expected to buy assets at market value.** Instead, developers should be encouraged to offer assets at development costs plus a reasonable markup (e.g., 5-10%), ensuring they don't incur losses while promoting community involvement. The specific markup percentage should be determined through consultation with industry stakeholders and community representatives.
- **Encourage more transparent and accountable decision-making by establishing guidelines for pre-planning permission engagement between developers and communities, targeted at both parties.** This should include focus on engaging marginalised or lower income groups (and the organisations which represent them, such as fuel poverty charities) in shared ownership discussions. These guidelines should specify appropriate timelines for shared ownership offers, ensuring communities have sufficient time to seek professional advice and secure financing.
- **Outline best practices for inclusive community involvement in shared ownership projects, addressing both governance structures and benefit distribution.** Provide detail on ownership models and decision-making processes that are accessible to all community members, while providing flexibility to adapt approaches. It should also offer clear pathways for equitable distribution of project revenues, drawing inspiration from successful examples (e.g., see 9CC Group's case study).

Action 2.5. GB Energy should embed just transition principles in shared ownership, setting clear expectations and support for all parties. For example, projects supported by GB Energy should:

- ✓ Prioritise community benefit over individual profit, establishing funds that reinvest in the community.
- ✓ Ensure communities set accessible investment options for all income levels (see Section 5).

For further ideas on expectations that GB Energy could set and support project partners to deliver, see section 5.

Recommendation 3: Enable greater access to finance

Alongside community capacity, finance is one of the major barriers that community organisations face when working to participate in shared ownership ventures. To address this, GB Energy should consider two key interventions:

Action 3.1. **Establish grant funding and no/low interest loans for entering into shared ownership arrangements, with priority for underrepresented communities.** While this funding can provide a crucial starting point for communities, state aid rules impose limitations to minimise the impact of public money on competition and investment. In this context, debt finance or share offers play an important role in raising the remaining necessary funds.

Action 3.2. **Offer communities underwriting, bridge financing or guarantees for bank loans.** Community and finance stakeholders suggested that communities have difficulty accessing debt finance for community projects generally because lenders only tend to provide loans for projects of a certain scale. Providing government-backed guarantees or underwriting support might mitigate lenders' perceived risks. This approach should include collaboration with Scottish National Investment Bank (SNIB) to create a similar model within GB Energy (See Appendix).

Recommendation 4: Support less-affluent communities

A survey conducted by Public First revealed that 58% of respondents believe GB Energy should prioritise benefiting the poorest communities through its activities [34]. To align with public sentiment, GB Energy should play a crucial role in enabling community participation in renewable energy projects, especially for underserved communities that may face challenges in quickly taking up share offers. This role could have four stages of intervention (see Figure 2 for a decision tree on this process):

Action 4.1. Working with programmes available in different nations (CARES, Welsh Government Energy Service), GB Energy should establish protocols to analyse the capacity of communities that have shared ownership opportunities. This could include: a) assessing existing community organisations and their experience with similar projects; b) evaluating financial resources and fundraising capabilities; c) gauging relevant local skills and expertise; and d) measuring community engagement and support for the project.

Action 4.2. If capacity is low, in the first instance, GB Energy should provide the community with the opportunity to take out a no/low interest loan to pay an experienced partner to facilitate the shared ownership offer on their behalf.

This loan would be paid back from the profits of the project and could be distributed through CARES, or a regional equivalent. However, if the project does not go forward, the loan should be written off, similarly to CARES.

This loan would enable communities to work with experienced organisations that can assist with fundraising, provide project management expertise, facilitate developer-community relationships and support local community directors long-term. For example, Energy4all has supported several projects across the UK (e.g., see case study on the Isle of Skye).

GB Energy should work with CARES, or equivalent, to assist the community through the process of choosing an experienced organisation including using a standardised tendering and procurement process.

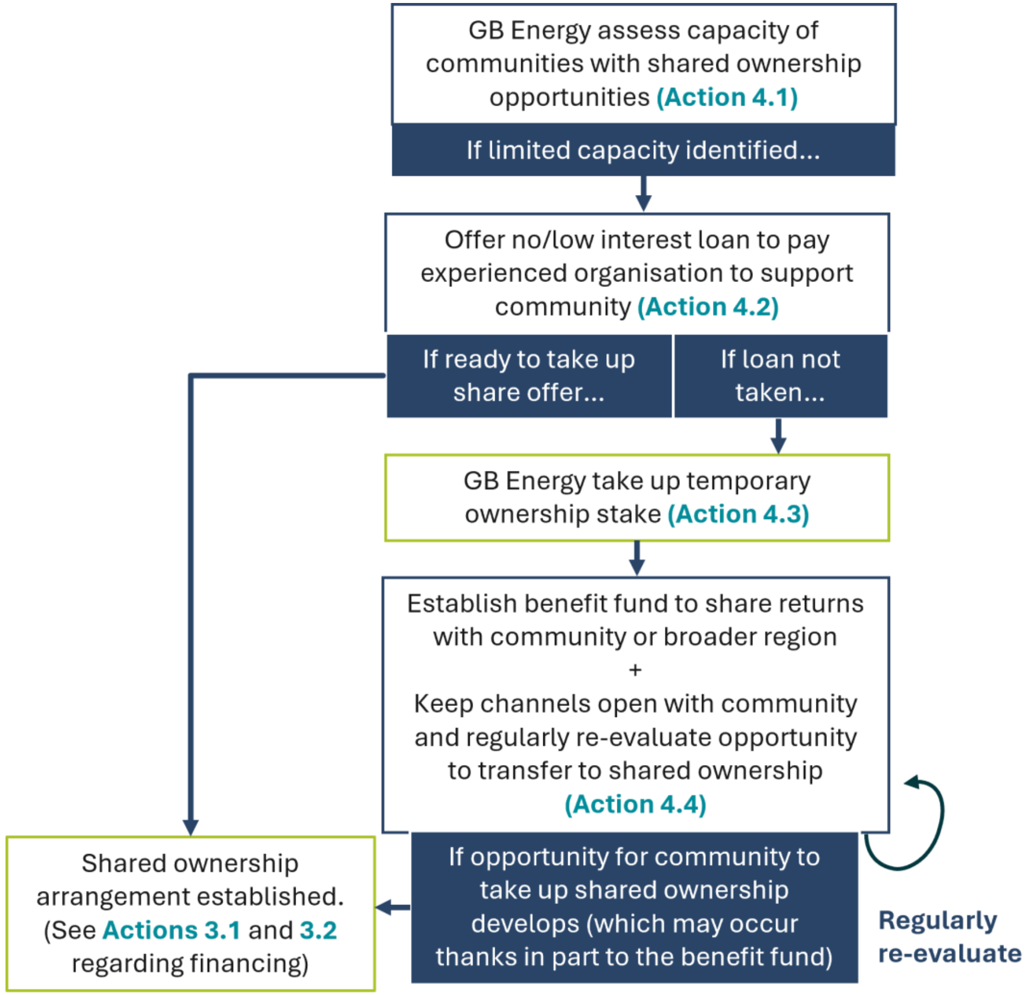
Action 4.3 If there is interest, but the community needs more time (e.g., to raise enough finance), GB Energy should explore taking temporary ownership stakes. In these instances, communities will be given a certain amount of additional time to take up the share offer from GB Energy. The timing of this should be worked out through consultation with key stakeholders such as local communities, financial advisors and community support organisations in the devolved nations.

Action 4.4. When GB Energy takes a temporary ownership stake, they should keep channels open for the community to participate in shared ownership at a later date, should their capacity and interest levels change. In the meantime, the returns could be used to:

a) Fund capacity training programmes for communities in the regional area.
b) Create a local fuel poverty fund.
c) Establish a general wealth fund to address fuel poverty across a broader geographic area.

Figure 2

Recommended process for GB Energy to support shared ownership in low capacity and less affluent communities



Recommendation 5: Streamline administrative processes

Key to supporting community capacity and keeping the process cost-neutral for developers is to create a standardised process and clear guidance for all parties involved in shared ownership opportunities. To achieve this, GB Energy should resource a body (e.g., CARES/Welsh Government Energy Service, Community Energy England/Scotland/Wales) to:

Action 5.1. **Develop a standardised process for shared ownership projects: Create an easy-to-follow, flexible framework that includes clear timelines, stakeholder roles and responsibilities that are adaptable to local needs.**

GB Energy should prioritise collaboration and knowledge sharing with organisations like CARES, which have already begun working on streamlining these processes. This collaboration should focus on building upon existing work, ensuring consistency and best practices across the UK while respecting regional variations.

Action 5.2. **Develop template contracts to help community groups engage rapidly in shared ownership schemes, such as MOUs and NDAs.** For example, GB Energy could help support and expand on the work of CARES in Scotland by providing additional funding and resources to adapt these templates for use across the UK.

Action 5.3. **Establish a register of local and community partners.** For example, as part of their Regional Energy Strategic Planning (RESP) function, GB Energy could work with NESO to ensure they maintain an accessible register that serves two purposes. First, to list potential community partners for developers, facilitating targeted connections for shared ownership opportunities. Second, to allow developers to indicate their openness to shared ownership opportunities.

Case study:
The Isle of Skye Co-operative & Energy4All

Image source: Isle of Skye Co-op webpage [38].

In 2008, the Isle of Skye Co-operative was established as part of a shared ownership scheme for the 27.6 MW Ben Aketil wind farm near Dunvegan. This project, developed by Nadara (previously Falck Renewables), showcases how experienced partners like Energy4All can support community participation in shared ownership schemes.

Energy4All, founded by Baywind Co-operative, played a crucial role in the project. They streamlined the partnership by providing ongoing administrative support and developing flexible business models, benefiting both community and developer. For the community, Energy4All offered specialised knowledge in renewable energy, co-operative management, and guidance on shared ownership complexities. They also contributed investment expertise, having raised over £95m for community energy organisations across the UK by April 2024 [27]. The developer benefited from Energy4All's community engagement facilitation and reduced administrative burden.

The partnership's success is evident in its local benefits. The co-operative, prioritising local investors before extending further, allowed investments of £250-£20,000. This resulted in two outcomes: (1) an annual community fund of ~£45,000 (up to £150,000 in some years) for local initiatives, and (2) 9.1% annual interest for co-op members. While such high returns are uncommon today, this model showcases how shared ownership can provide additional benefits beyond a standard community benefit fund, which Nadara provides separately and is additional to the benefits outlined above. Energy4All continues to support the project, including assisting with the repowering efforts.

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Appendix

Financing Options in Scotland

Energy Investment Fund

The Energy Investment Fund, previously called the Renewable Energy Investment Fund, was launched in 2012 to provide debt and equity investments to companies in three sectors, including community-owned renewables. Up to 2021, when the EIF finished, the Funds invested a total of £25 million in 25 community-based projects with the expectation that the community projects will return £143 million to the communities in community benefit funds.

The investment has led to more than £101 million in private sector leverage. The Fund was able to attract new investors by co-funding and de-risking investments and demonstrating their viability. Five investors became involved in funding community-owned projects and provided the bulk of the capital after the Fund took a subordinate position.

Analysis and feedback from the Fund included:

- Some recipients of the EIF considered the interest rates too high (higher rates due to being riskier, junior debt finance), restricting the level of benefits going to the community.
- The level and quality of advisory support provided by the Fund to community projects has been key to ensuring successful delivery.

Scotland National Investment Bank (SNIB)

The Scottish National Investment Bank (SNIB) invests in Scottish businesses, projects and communities to deliver social, financial and environmental returns for Scotland. SNIB's role in community and shared ownership projects is not to displace the market and capture assets but to be a gap funder to lever in the market.

Learning from both these offerings should be studied by GB Energy to ensure the most effective financial support is provided.

This report was funded by **The William Grant Foundation**

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Version **October 2024**

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