



OPPORTUNITIES FOR COMMUNITY INVOLVEMENT IN HYDRO OR WIND RENEWABLE ENERGY DEVELOPMENT ON THE NATIONAL FOREST ESTATE (NFE)

Introduction

Forestry Commission Scotland is working with a number of energy developers to build wind and hydro projects on national forest land.

Part of this programme ensures that communities can benefit from wind or hydro developments.

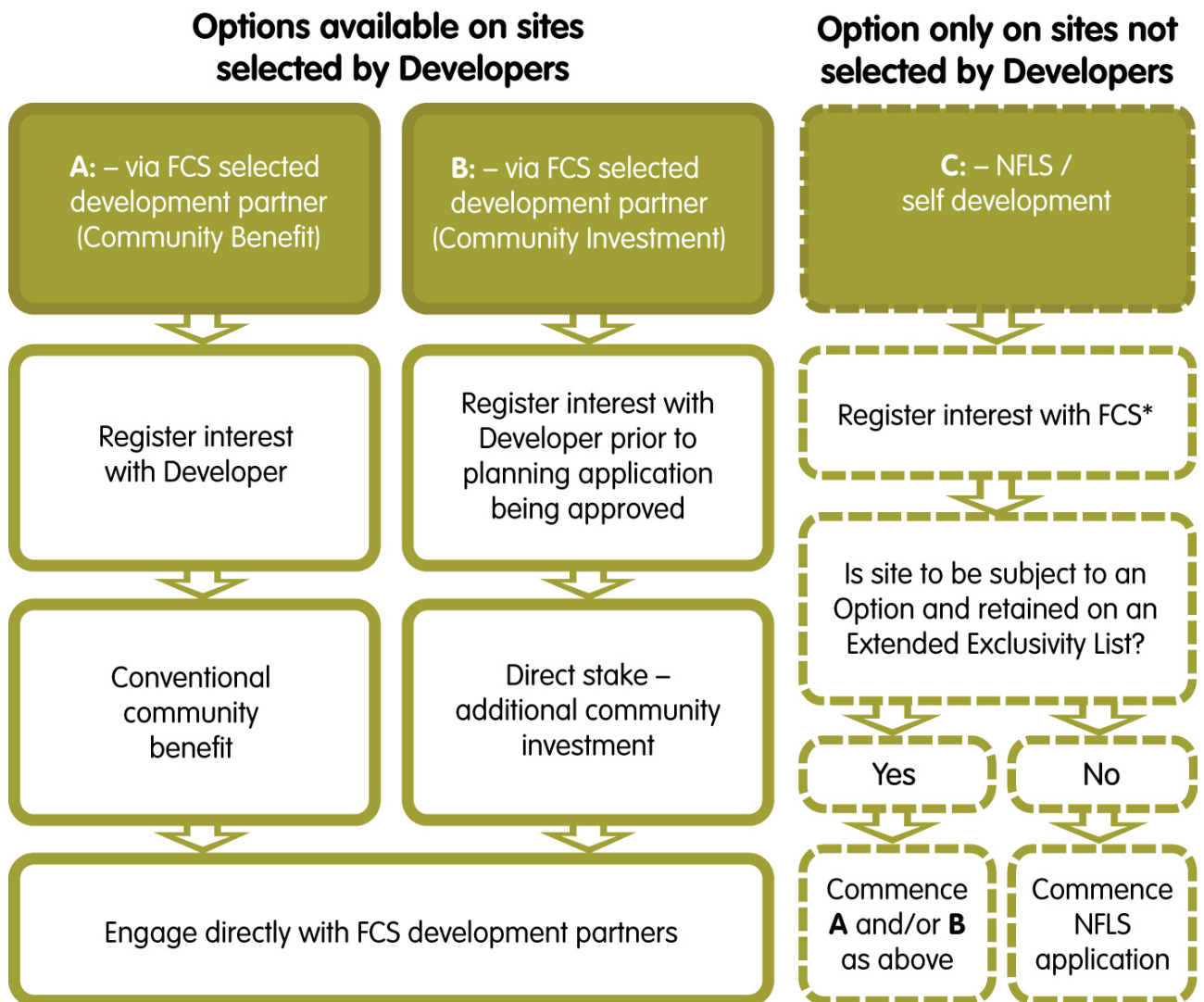
This document provides community groups with advice and information on how they can work with our selected energy developers to obtain these benefits. On sites not selected by these developers, there is potential for communities to undertake development themselves.



How to get involved?

The following flowchart gives the key stages of how community groups can engage with energy developers. There are three main Options for community groups to get more involved in projects:

Opportunities for Community Involvement in Hydro or Wind Renewable Energy Development on the National Forest Estate (NFE).



*Q13 below provides more information for community groups interested in registering an interest in Option C.



The Lots

Forestry Commission Scotland (FCS) has divided the national forest estate into geographical areas called Lots. There are six wind energy Lots covering Scotland and 3 hydro Lots. Energy companies have been allocated particular Lots to work in and develop renewable energy projects with Forestry Commission Scotland.

Maps showing Scotland, the Lots and development partner names for wind and hydro projects are in the attached Appendix.

Questions and Answers

The options?

1. **What are the three options for communities to get involved in renewables on the National Forest Estate (NFE)?**

Option A

Community organisations might simply want to receive the conventional community benefit payment which is a guaranteed annual sum based upon the installed capacity of the development.

Option B

If they wished, the community could take this annual lump sum and then enter into more detailed discussions with the energy company to explore:

- a. equity stake - using the community benefit payment and turning it into a community stake in the scheme; and
- b. invested equity - the community may be able to use its own money to add to its shareholding so that it gets a greater stake in the scheme. (Up to an agreed maximum and within certain timescale limits.)



Option C

National Forest Land Scheme: this is the option communities may pursue if a site is not committed to a FCS development partner. Under the National Forest Land Scheme (NFLS), communities can apply to purchase or lease land to develop renewable energy projects. For more detail download information note Option C: Community self-development (www.forestry.gov.uk/communitiesandrenewables) and log on to Forestry Commission Scotland - National Forest Land Scheme (NFLS).

How to get involved?

2. At what stage should a group register an interest in an option?

If Option A or B: prior to a planning application being approved for a specific scheme. Under this option, the developer will be undertaking community engagement around their plans once potential developments have been identified, providing a good opportunity for groups to come forward.

If Option C: groups wishing to consider this option for hydro generation schemes should download the information note Option C: Community self-development (www.forestry.gov.uk/communitiesandrenewables), which describes the process to register, develop and submit an NFLS application - information for developing wind generation schemes will be made available in Spring 2012.

3. Who should a group contact to register an interest?

Groups should contact FCS in the first instance on contactFoRe@forestry.gsi.gov.uk. When registering an interest in Option A & B the group should provide the name and status of their community organisation and the geographical area they represent (see Q4). For Option C see Q13.

4. What is a 'community group'?

A community group should be properly constituted and geographically defined using the criteria outlined on page 12 of the NFLS booklet (www.forestry.gov.uk/nfls).



5. Where can communities obtain further guidance and support?

Free support and guidance to communities interested in renewable energy is available from Community Energy Scotland via the Scottish Government's Communities and Renewable Energy Scheme (CARES) till March 2012. More information is at:

www.scotland.gov.uk/Topics/Business-Industry/Energy/Energy-sources/19185/Communities and Community Energy Scotland (<http://www.communityenergyscotland.org.uk>)

The Scottish Government's Community Renewable Energy Toolkit Renewable Energy for Communities (www.scotland.gov.uk/Topics/Business-Industry/Energy/Energy-sources/19185/Communities) aims to encourage and help communities who are considering how they can benefit from renewable energy projects, whether led by communities themselves or through partnerships with others. It contains information, advice, details of possible funding sources and suggestions of where to go next to get help.

6. How can I keep up to date with what is going on with regard to wind and hydro developments on the NFE?

Keep up to date on our website pages www.forestry.gov.uk/windhydro.

The development process

7. What is the timeframe for the developer to select sites?

The developers that are working with FCS are currently finalising a list of possible hydro and wind renewable energy developments.

An 'Option Agreement' will then be signed with the developer for a number of sites on the list. Not all sites can be taken forward simultaneously and the remainder of the agreed list will be reserved to the developer for development in future phases (the extended exclusivity list).

For hydro: option and extended exclusivity agreements were finalised in November 2011.



For Wind: option and extended exclusivity agreements are due to be finalised in Spring 2012.

8. If a community and a selected development partner are both interested in taking forward a site then what happens?

The development partner has gone through the procurement process to secure the right to take forward a selection of sites. An option agreement should be granted to the developer and the community will have the opportunity to become involved either indirectly (community benefit) or directly via a shareholding stake (Options A and B).

9. What are the next steps for community groups after the option and extended exclusivity lists have been established?

For a community group looking to discuss partnership options (Option A or B) with the FCS selected development partner, their details will be passed to that company to continue the process directly. If a group is informed that a NFLS application (Option C) would now be appropriate, then they should follow the process outlined in the information note Option C: Community self-development (www.forestry.gov.uk/communitiesandrenewables).

Option A & B: Community benefits via FCS selected development partner

The Scottish Government's Community Renewable Energy Toolkit Renewable Energy for Communities has a specific section (Section 7) on how communities can effectively engage with developers to discuss and finalise the arrangements for receiving community benefits. **Local Authorities may have a specific policy in relation to community benefit payments. Community groups should investigate if one exists and how it applies to their area.** It is not for FCS to determine how Local Authority's policy may affect community benefit arrangements. That is a matter for discussion between community groups and the Local Authority.

10. Who is responsible for leading the development of the community benefit arrangements under Option A & B?

The FCS selected developer will take the lead in facilitating the process to develop specific community benefit arrangements through consultation with community organisations and other key stakeholders.



This is likely to involve providing information on the specific community benefit options; consultation with community organisations and other key stakeholders (e.g. Local Authorities); defining an appropriate geographical area for community benefit arrangements; confirming the preferred community benefit option; and entering into formal contracts with an agreed community group (or community groups).

11. If communities wished to invest additional funds to increase their stake in a development what terms would apply?

The developers have agreed to allow the acquisition of non-voting shares to communities (within certain holding percentages and timescales) at a fair market value. This would have to be negotiated and agreed between the community and the developer before the financing of the project has been finalised.

Equity and participation limits will be somewhat different for each particular project. Community bodies can contact FCS (contactFoRe@forestry.gsi.gov.uk) for more information on this.

12. What happens if the selected development partner wants to sell the development? Will any new developer have to honour the previous commitment?

Yes, FCS has arranged that there are obligations on the developers to ensure this will be the case.

Option C: The National Forest Land Scheme (NFLS)

13. What about taking forward a NFLS application?

The information note Option C: Community self-development (www.forestry.gov.uk/communitiesandrenewables) describes the process for groups to register, develop and submit an NFLS application for a hydro generation scheme.

Information for wind generation schemes will be made available in Spring 2012.

The NFLS guidance booklet and other advice, including examples of previous applications, can be downloaded at www.forestry.gov.uk/nfls. The NFLS process can take between 3 and 6 months, depending on the complexity of the application.



Under the NFLS, eligible community groups can either acquire land at full market value or lease land for the purpose of developing renewables.

However, unless the land can be easily excised from the NFE, the preferred approach is to lease the land. This simplifies the process and minimises any detrimental impact on the management of the surrounding area. This is particularly the case with hydro developments which tend to require small disparate areas of land.

14. What level of supporting information will groups be required to provide as part of their NFLS application?

The level of evidence required to satisfy the NFLS criteria will be in proportion to the scale of the specific project. For land sales a threshold of £50,000 is used. For renewable energy projects looking to lease land an equivalent threshold has been set based on the potential annual gross income from the proposed project.

Where projects have a potential to earn a gross income greater than £50,000 / year they will be required to submit a business plan and undertake a community ballot to demonstrate community support.

15. How will the rent for leasing land for a community renewable project be calculated?

The rent for leasing will be at full market value. This rate will be set using the Forest Renewables internal financial model. This model calculates a rate based on the predicted costs and revenue figures for a specific scheme. These figures are very variable and therefore, rates need to be calculated on a case-by-case basis to reflect local circumstances. The data used in the model can be shared with the applicant. Any dispute regarding this process will be referred to a mutually appointed arbitrator or, where agreement is not reached on a suitable arbitrator, one appointed by the Chairman of the Royal Institute of Chartered Surveyors (Scottish Branch). Further details can be obtained from: contactFoRe@forestry.gsi.gov.uk.



16. When can a community group gain access to the NFE to undertake detailed feasibility studies?

Discussions with FCS regarding accessing the NFE can be held in parallel with the development of a NFLS application. During these discussions an agreed timetable on access can be agreed.

An approved application will be a pre-requisite for groups wishing to progress a proposal to the planning stage.

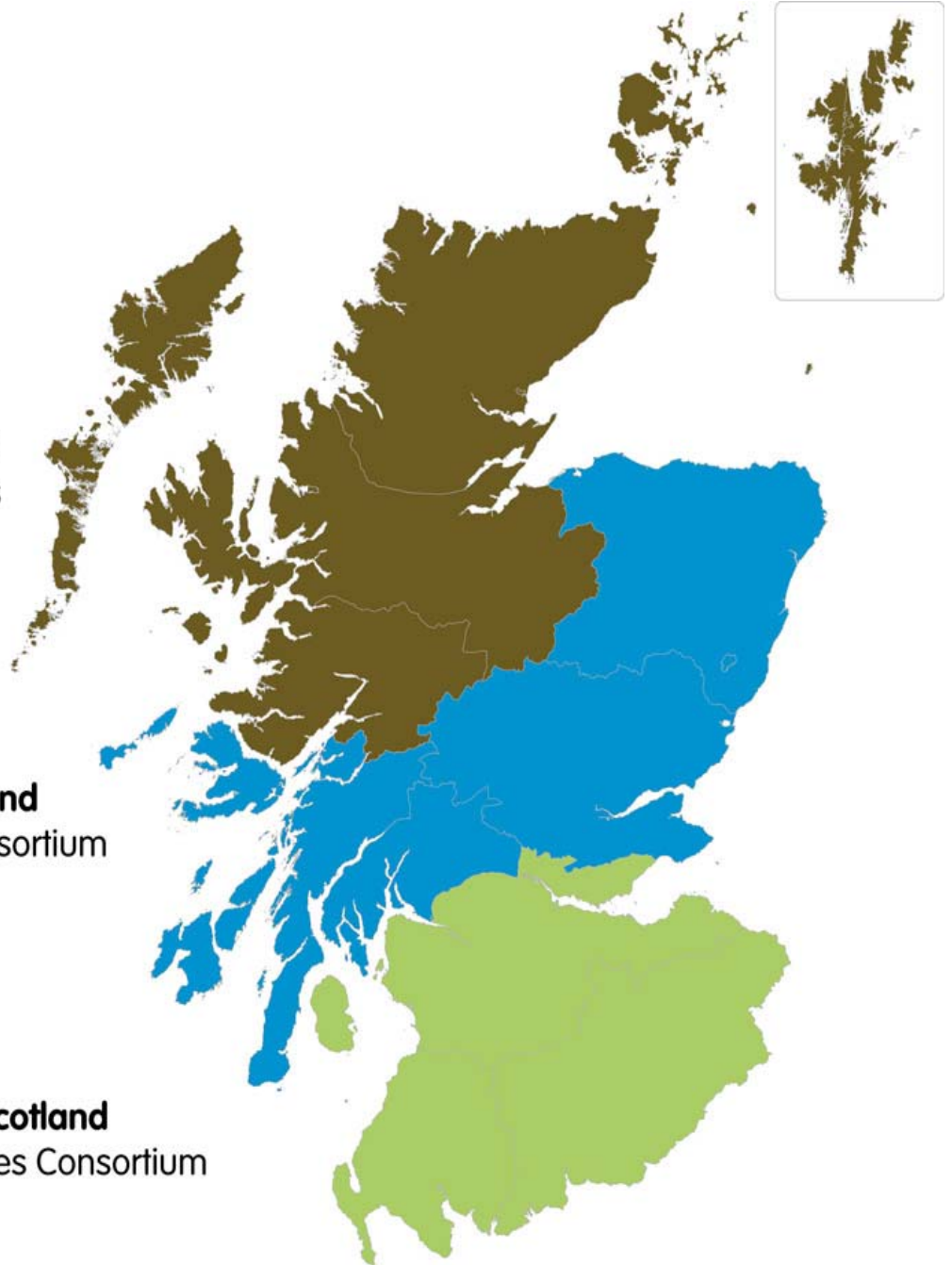


HYDRO GENERATION LOTS

Lot 3 - North West Scotland
Green Highland Renewables

Lot 2 - Central Scotland
Broadland Gilkes Consortium

Lot 1 - South Scotland
Broadland Gilkes Consortium





WIND GENERATION LOTS

Schemes of 5MW or less in Lots 1, 2, 3, 4 and 5 developed by ScottishPower Renewables.

