



## Achieving a Low Carbon Rural Economy through Community Renewable Generation Projects: The Community and Renewable Energy Scheme (CARES)<sup>1</sup>

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**Key Message:** CARES has been a successful and effective scheme in increasing the amount of community owned renewable projects across Scotland, providing communities with the confidence to strive for energy and economic security. In order to achieve the transition to a low carbon rural economy there needs to be governmental support, further access to grant funding for micro renewable projects, and a secure and affordable grid infrastructure to export electricity efficiently.

### Main Findings

- The aim of this study was to explore CARES approaches to a low carbon rural economy in terms of their decision making and governance structure. CARES is a loan fund initiative by the Scottish Government that aims to provide community groups with advice and financial support for the development of renewable energy projects. A number of in-depth interviews were conducted with a variety of stakeholders to explore their involvement with CARES.
- The main motivations for communities and individuals to implement a renewable project were to generate a secure long term income, create local employment and provide energy security, in turn enhancing community empowerment in rural areas.
- Interviewees indicated that Community Energy Scotland (CES) provided valuable information and hands-on support to communities, instilling confidence and inspiring them to engage in carbon efficient behaviours and promote environmental sustainability in addition to their renewable project.
- The CARES panel is made up of a variety of individuals representing different sectors. Historically CES would make an assessment of an application, present it to the panel, with the Scottish Government having the final decision. As a result of policy changes and the Feed in Tariff (FITs) becoming available, on 15 February 2011 the Scottish Government made a transition for CARES from grants to loans and revenue support as the public sector grants were no longer compatible with FITs.
- Even though communities and individuals praised CES for their high levels of support and guidance, they expressed a need for more technical advice. Therefore with the transfer to the Energy Saving Trust (EST) in August 2013, there was the possibility of implementing a new procurement framework which would include specific information on suppliers, experts and technical support. This would provide communities with the option of using these groups of professionals if they wished to alleviate the burden of sourcing specialists themselves.
- Funding, policy and the media were identified by interviewees as the mechanisms with the strongest potential to help the transition to a low carbon future. This emphasises the importance of continuing grant funding programmes for smaller scale projects, planning policies to support the needs of communities, and the role of the media to increase levels of knowledge and engagement, highlighting the economic benefits of achieving lower carbon footprints.



North Harris Trust  
Future Hydro Scheme



Auchindrain Warm  
Air Log Burner



Aerial View of ASCOG Farm for  
Potential Wind Farm

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- Communities and individuals who received grant funding highlighted that it was crucial to their project development and that they would not have been able to take on their project without it.
- Interviewees felt there is generally enough funding available and accessible for low carbon activity. However, they mentioned that the lack of grants (relative to loans) has meant a decrease in micro renewable generation in favour of larger scale projects. Interviewees reflected that many small rural communities are unable to develop large-scale projects due to a lack of resources, time and expertise.
- As a way to combat this, communities are being encouraged to consider the possibility of taking on joint ventures instead of 100% ownership. One advantage of this model is that partners are able to access skills and finance that may be outwith their own resources.

### **Introduction and Background:**

CARES was established by the Scottish Government to provide support, advice and loans to community groups and rural businesses who wish to generate renewable energy or gain benefit from local commercial renewable energy schemes<sup>4</sup>. It is argued that there is much more a community can gain from renewable projects, over and above the energy generated and the financial benefits, including increased community cohesion and confidence, skills development and support for local economic regeneration. CARES is an important step towards the Scottish Government's aim of reaching 'a target of 500 megawatts of community and locally-owned renewable energy by 2020'<sup>5</sup>. CARES was initially delivered by CES, with the EST taking over the contract on 1<sup>st</sup> August 2013. The CARES budget for 2011-2012 was £5.35 million for supporting community owned projects and £2.4 million for supporting projects owned by land managers, farmers and small and medium enterprises (SMEs). The loan primarily covers the pre-planning stages of a project (e.g. environmental impact assessments and technical feasibilities) which are often high risk costs. Approximately 420 organisations have benefited from the scheme since 2009.

### **Data and Methods:**

In-depth face-to-face and telephone interviews were carried out to explore the opinions of a variety of stakeholders including: community members, SMEs, farmers/land owners, Local Authorities and staff within the Scottish Government and CES with direct involvement in the delivery of CARES. Contact details were sourced from networking, research and the CES website. Sixteen interviews were conducted in total, representing a variety of projects in relation to size and scale of renewable project implemented and different project managers and development stages. Interview data was transcribed, coded, categorised and analysed using N-Vivo software. This research is therefore based on a case study approach and did not involve an overall evaluation of CARES.

### **Key Policy Messages**

- In order to achieve Scotland's low carbon objectives, interviewees argued that these objectives must be a top priority in practice. CARES has been successful in achieving the development of community owned renewables.
- For a number of community-owned renewable projects, connection to the national grid has been costly, or has taken a long time. It was argued that a transition to a low carbon rural future will require an infrastructure that connects renewable projects by increasing grid capacity through sub-sea cables with reasonable connection costs, and avoiding administrative burdens during the application process. It was suggested that the Scottish Government needs to work closely with Ofgem (The Office of Gas and Electricity Markets), distribution network operators and the UK Government to resolve these issues. There also needs to be alternatives to encourage communities to sell their electricity locally if grid connections are unfeasible.
- Overall CARES has been successful in increasing the amount of community owned renewables, making it attractive to communities, farmers, other landowners and rural businesses. However the need for more support and involvement from local councillors and planning authorities was highlighted in order to achieve higher uptake rates.

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<sup>4</sup> For more information, please see: <http://www.energysavingtrust.org.uk/scotland/Communities/Community-And-Renewable-Energy-Scheme>

<sup>5</sup> The Scottish Government published the 'Electricity Generation Policy Statement' (EGPS) in November 2010, to support the Climate Change Report on Proposals and Policies (RPP). The RPP is required under the Climate Change (Scotland) Act 2009 to set out proposals and policies for meeting annual emission reduction targets from 2010 to 2022. The EGPS is constructed around a number of targets, e.g. '500 megawatts of community and locally-owned renewable energy by 2020'. For further information, please see: <http://www.scotland.gov.uk/Publications/2013/06/5757/1>