



# Enhancing support of community energy in Scotland: The case for stronger community energy targets to 2030

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## Summary and Recommendations

Community energy has been instrumental in helping Scotland establish itself as a leader on climate change. In particular, targets have played a vital role in establishing a supportive policy context for the development of community energy. The government's existing target of 500 MW for local and community renewable energy has already helped Scotland to become an internationally-recognised leader in renewable energy. This complements Scotland's ambitious target of an equivalent of 100% demand for electricity being met by renewable sources by 2020.

Sustained support will play a critical role in meeting nationally-binding greenhouse gas reduction targets for both 2020 and 2030, and more importantly 2050, where Scotland has established an emissions reduction target of 80%. If community energy is to continue helping Scotland achieve its climate and energy objectives, there is a need to send a strong political signal to relevant actors for the future. As the EU looks towards 2030 and Scotland takes additional steps to achieve its climate and renewable energy objectives, the government should raise its current ambition by establishing an updated target for community and locally-owned renewable energy for 2020 and 2030.

A growing number of local authorities are also expressing a desire to assume leadership roles in renewable and community energy. To guide and support these objectives, local authorities should be encouraged and supported in establishing their own local community energy targets within local renewable energy development plans. Together, local and national targets will further support communities to support climate objectives and harness local natural resources to build social capital, create local and regional employment opportunities, create revenue to address community development needs and combat fuel poverty.

## 1. A basis for enhanced targets in EU law and policy

Targets have a vital role to play in establishing a supportive legal and policy context for community energy development. In particular, targets help embed strategic thinking within government departments, focus work on key priorities, demonstrate on-going commitment and/or aspiration, create political pressure and provide private sector assurances.

Renewable energy targets are currently governed by Directive 2009/28/EC on the promotion of the use of energy from renewable sources (Renewables Directive).<sup>1</sup> The Renewables Directive contains mandatory targets for renewable energy to "provide the business community with the long-term

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<sup>1</sup> Directive 2009/28/EC on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC, (Renewables Directive), OJ 2009 L140 p16.

stability it needs to make rational, sustainable investments in the renewable energy sector.”<sup>2</sup> The Renewables Directive also encourages additional action at both national and local levels. Specifically:

*“Member States may encourage local and regional authorities to set targets in excess of national targets and to involve local and regional authorities in drawing up national renewable energy action plans and in raising awareness of the benefits of energy from renewable sources.”<sup>3</sup>*

As a general matter, Member States are also allowed to adopt more stringent national renewable energy targets than the minimum mandated by the Renewables Directive.<sup>4</sup>

National targets under the Renewables Directive are currently assigned to the UK as a whole. While energy policy generally is reserved to the UK government, targets are devolved to Scotland. Therefore, in contributing to the UK's binding renewable energy target Scotland is allowed to go further in setting ambitious targets for itself, which it did through its 2020 Renewables Action Plan and the target for local and community renewable energy. Within this framework, local authorities are also enabled to set their own ambitious targets if they wish.

## 2. Increasing ambition for community energy at national level

Within the UK, Scotland leads in its ambition on climate change and renewable energy. It has largely achieved this status through an emphasis on mitigation and community renewable energy development. Scotland has set legally binding targets in relation to reductions in greenhouse gas emissions in the Climate Change (Scotland) Act 2009. This requires Scotland to reduce emissions by 42% by 2020 and by 80 % by 2050. Under section 44 of the Act, public bodies have a duty to exercise their functions “in the way best calculated to contribute to the delivery of the targets.”

In order to help it achieve its climate goals, the Scottish government set a goal of meeting an equivalent of 100% demand for electricity from renewable energy sources by 2020. Furthermore, in its 2020 Routemap for Renewable Energy it set a target of “500MW of community and locally-owned renewable energy by 2020.”<sup>5</sup> This headline target was an unprecedented commitment towards community energy, and has helped establish Scotland as an innovator internationally.

While modest in ambition, the 500 MW target has helped guide the advancement of supportive policies and regulations to govern community renewable energy development. In particular, the target has influenced the adoption of a number of measures including: the Community and Renewable Energy Scheme (CARES), the Renewable Energy Investment Fund (REIF); a register and guidance for providing community benefit in commercial renewable energy schemes; progressive planning policies and regulations; Forestry Commission Scotland's support for community investment; a one-stop shop for providing advice for local communities; and the current development of a national policy statement on community energy. These measures have helped provide investor and regulatory certainty, establishing along with them a vibrant community energy sector. As of 2013, 285 MW had been met with an additional 679 MW estimated to be in different stages of development. Indeed, Scotland is well on track to meet its goal before 2020.

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<sup>2</sup> Renewables Directive, Recital 8.

<sup>3</sup> Renewables Directive, Recital 23.

<sup>4</sup> Treaty on the Functioning of the EU, Article 193, which allows Member States to adopt national provisions stricter than the minimum established at EU level as long as it relates to legislation based on Article 192 TFEU and the national provisions remain compatible with the Treaties.

<sup>5</sup> <http://www.scotland.gov.uk/Publications/2011/08/04110353/2>

As the Scottish government has acknowledged in its draft Community Energy Policy Statement, there is still room for improvement. This is confirmed by the latest report by the International Panel on Climate Change (IPCC), which has made clear that we urgently need to change our energy system.<sup>6</sup> A post-2020 climate and energy framework is currently being developed at EU level, and negotiations are moving towards a potential agreement in 2015 that will form a new international climate change regime. As Scotland looks to build on its experience thus far, it is appropriate to assess how community energy will further contribute to climate and energy objectives.

Increased ambition on community energy would be a good first start in sending a strong political signal for the future. Currently, investor certainty within the renewable sector is highly unstable. However, reiteration of strong commitment will help assure the private sector, municipalities and communities alike. An increased community energy target would provide a headline framework for Scotland's ambitions for future growth, for instance in mobilizing further demand side management and storage, increasing grid capacity to handle more localized renewable energy production, and local community energy development planning. Furthermore, increased ambition could send a signal to the UK and other Member States in the EU that Scotland intends to remain a leader in building an energy system centred on citizens and communities.

### 3. Demonstrating leadership through local community energy targets

Local governments have a leading role to play in setting and achieving community energy ambitions. Among other things, through the establishment of targets or plans local governments can guide their own thinking on local community energy development, while creating a positive policy framework for local actors and attracting investment. These commitments also provide an important public interest rationale for specific measures to promote community power. Scottish Planning Policy states that "Planning authorities should support communities and small businesses in developing such [renewable energy] initiatives in an environmentally acceptable way."<sup>7</sup> Furthermore, it acknowledges the usefulness of development plans to support medium and small-scale renewable energy including decentralized energy supply systems, community and household projects.<sup>8</sup>

A number of local governments in Scotland are already moving forward in this area. For example, Edinburgh city council has pledged to "encourage the development of Community Energy Co-operatives." In putting this pledge into practice, the city council has agreed to allow Edinburgh Community Solar Co-operative to seek tenders for the development of a community energy project that generates electricity from solar panels installed on roofs of council-owned properties in Edinburgh. Furthermore, in order to ensure renewable energy development benefits the community, in its Sustainable Energy Strategy Orkney Islands Council has included an objective to benefit "the local economy and local communities, and without damaging the environment."<sup>9</sup>

Outside Scotland, a number of local governments have used targets to guide renewable energy development. In Germany, states (*Bundesländer*) are increasingly passing laws to encourage renewables through the establishment of regional targets. In Baden-Württemberg, for instance, a Wind Decree establishes a 10% target for production of 'domestic' wind power by 2020, which has

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<sup>6</sup> See Edenhofer, O. et al (2014). Climate Change 2014: Mitigation of Climate Change, Chapter 7, IPCC WGIII, AR5.

<sup>7</sup> Policy 183

<sup>8</sup> Policy 184.

<sup>9</sup> Orkney Islands Council, Sustainable Energy Strategy, Objective 2.

the legal force of a joint administrative regulation (*Verwaltungsvorschrift*).<sup>10</sup> The Decree is only binding on the three ministries that agreed to it; nevertheless, it acts as guidance to regional planning authorities, municipalities, and authorities responsible for urban land use planning.<sup>11</sup> Furthermore, many municipalities have committed themselves to becoming “100% Renewable Energy Regions”, or are developing renewable energy action plans through participation in the Covenant of Mayors (CoM).

Local targets would be helpful to local authorities that want to promote community and local ownership of renewable energy. In particular, a target would provide a policy basis to guide and direct concrete measures for promoting community energy, for instance through green public procurement of renewable energy, renovation of public buildings to improve energy performance, establishing partnerships with local social enterprises, development of favourable planning regulations, and provision of financial resources, guidance and other technical informational support to the local community. Established as part of Councils' Local Development Plans, a community energy target could also serve as a supporting component for other local initiatives such as the promotion of energy efficiency, and development of local smart grids.

A local community energy target could also provide a stronger impetus for the development of renewable district heating. As a smaller closed system, district heating is generally 'local' by definition and is ideal for local ownership and management, either by the municipality or the customers themselves. A community energy target could also be integrated with ambition articulated in local heat maps, and could contribute towards further integration of renewables. In Denmark, municipal authorities are already required to include heat planning in local spatial plans.

## 4. Conclusions

Targets have an important role in promoting future growth of community energy in Scotland, and ensuring that it maintains its role as a leader on climate and renewable energy. As Scotland looks to develop a more comprehensive community energy policy framework, it should raise its ambition by updating and enhancing its national target for local and community-owned renewable energy for 2020 and 2030. Furthermore, local authorities should be supported and encouraged to adopt community energy targets within broader Local Development Plans for green energy development.

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<sup>10</sup> Lang, M and Mutschler, U (2012). “Baden-Württemberg Enacts New Wind Power Decree,” *German Energy Blog* (15 May 2012). Available at <http://www.germanenergyblog.de/?p=9368>.

<sup>11</sup> *Ibid.* See also <http://www.wind-energie.de/verband/landes-und-regionalverbaende/baden-wuerttemberg>.

For more information, please contact:

**Josh Roberts**

Lawyer, Climate and Energy  
274 Richmond Road  
London E8 3QW  
t 020 7749 5975  
e jroberts@clientearth.org  
[www.clientearth.org](http://www.clientearth.org)

### About the Community Power Project

These recommendations are a part of the Community Power project, a project in 12 European countries aiming to put people first at the heart of increased renewable energy. Check out the website of the project at [www.communitypower.eu](http://www.communitypower.eu).

The partners in the Community Power project are:

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