

Cowal Community Energy



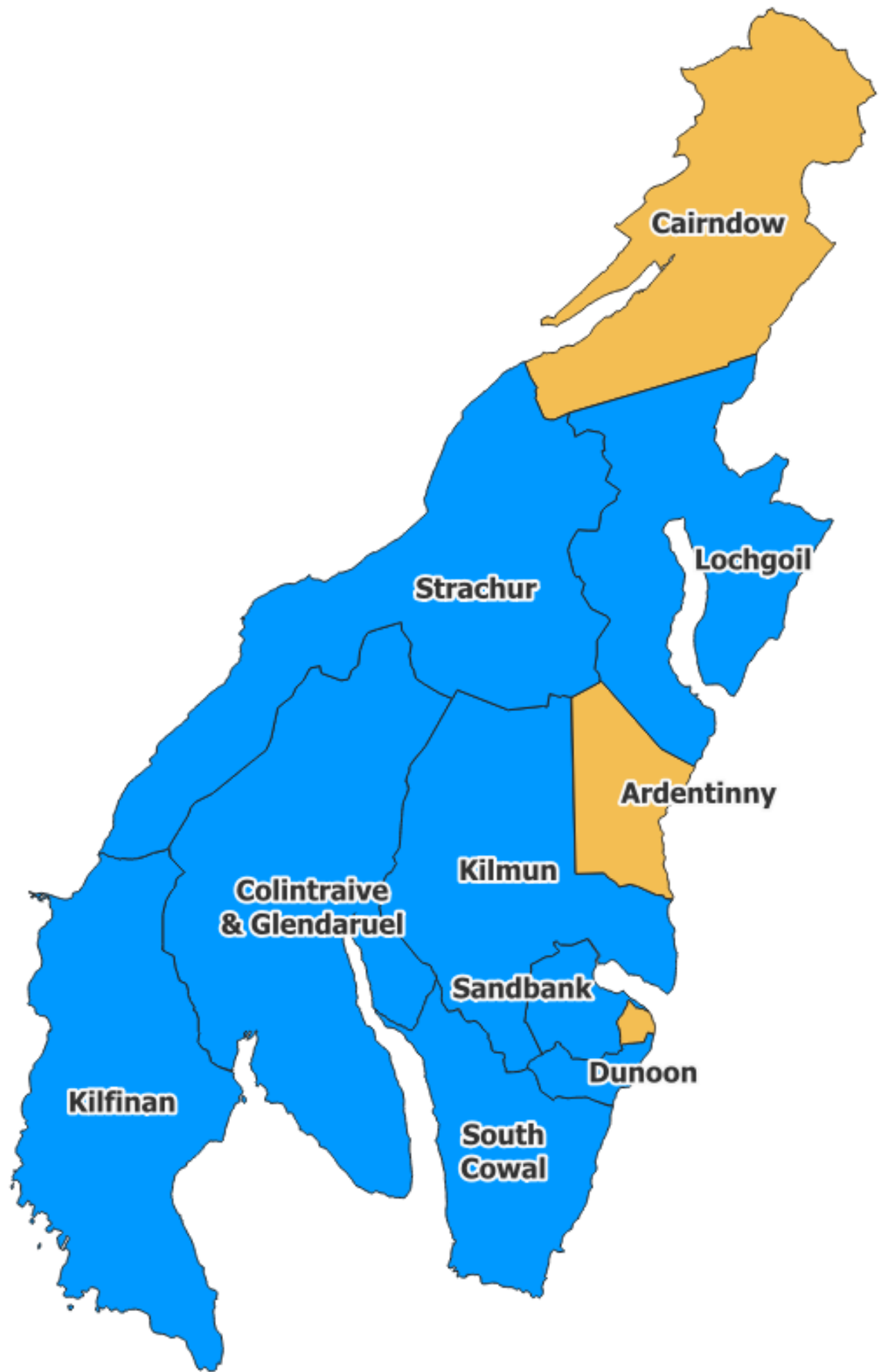
What is Cowal Community Energy?

- CCE is a coalition of community-owned development trusts.
- Our aim is to achieve the maximum possible community share in all renewable energy projects in the Cowal peninsula.
- The more green energy that is in community ownership, the more that the profits stay in and benefit Cowal.
- We believe that it will be easier to achieve this if we work together across Cowal rather than as separate communities.

Cowal Community Energy members

Made up of 8 development trusts:

- Benmore and Kilmun Community Development Trust
- Colintrave and Glendaruel Development Trust
- Dunoon Community Development Trust
- Lochgoil Community Trust
- Sandbank Community Development Trust
- South Cowal Trust
- Strachur and District Community Development Company
- Tighnabruaich District Development Trust



Why Development Trusts?

- Development Trusts are community owned, democratic and inclusive charitable trusts whose aim is to develop the social, economic, cultural, environmental and educational wellbeing of their areas.
- Unlike other local bodies such as community councils, Development Trusts are empowered to engage in large economic projects, including owning and operating large economic assets.
- The Development Trust model is the one most commonly used to own and operate community energy assets in Scotland.



Cowal Community Energy

- Open to development trusts covering each area of Cowal so that the whole Cowal community can be represented.
- Can negotiate and fund the purchase of community ownership in any corporate renewable development in Cowal
- Will use both government-backed and commercial loans to fund the purchases
- 100% of the profit earned will be distributed to community projects and organisations in the Cowal community
- Both the Scottish and the UK Governments are encouraging shared ownership by communities where that opportunity exists.

Our vision

Cowal Community Energy (CCE) exists to maximise community ownership of renewable energy across the Cowal peninsula.

Our goal is simple but transformative: to ensure that a greater proportion of the financial benefits from wind and other renewable energy developments stay within Cowal, creating a long-term legacy of prosperity, sustainability, and resilience for our communities.





What Cowal Community Energy (CCE) is not

We are NOT pro or anti-wind farm.

Our aim is simple: if there are going to be wind-farms or other renewables developments, they should have the maximum possible share of community ownership to maximise the profit remaining in Cowal.

We are NOT involved in negotiating or administering the 'Community Benefit' payments that are paid by developers to the individual communities closest to wind farm. These payments will continue to be negotiated and received by individual communities as at present, but CCE may be able to assist with this, if desired.



Why do Shared Ownership?

- Community-owned energy projects, on average, deliver **34 times the amount of revenue** into communities compared to **community benefit payments** from commercial developers*
- It can provide **a long term income stream** for **communities** that they control and can use to help support local groups, businesses, and community facilities

*According to a 2021 study by Aquatera

The wider picture – Shared Ownership pipeline

	Number of developments	Capacity in MW
Completed shared ownership agreements	20	23
Advanced stage shared ownership pipeline	18	approx. 166
Early stage shared ownership pipeline	119	approx. 584
Scottish government 2030 onshore wind target		20,000

Both the Scottish and the UK Governments are encouraging shared ownership by communities where that opportunity exists.



Comparing community benefit payments and community ownership

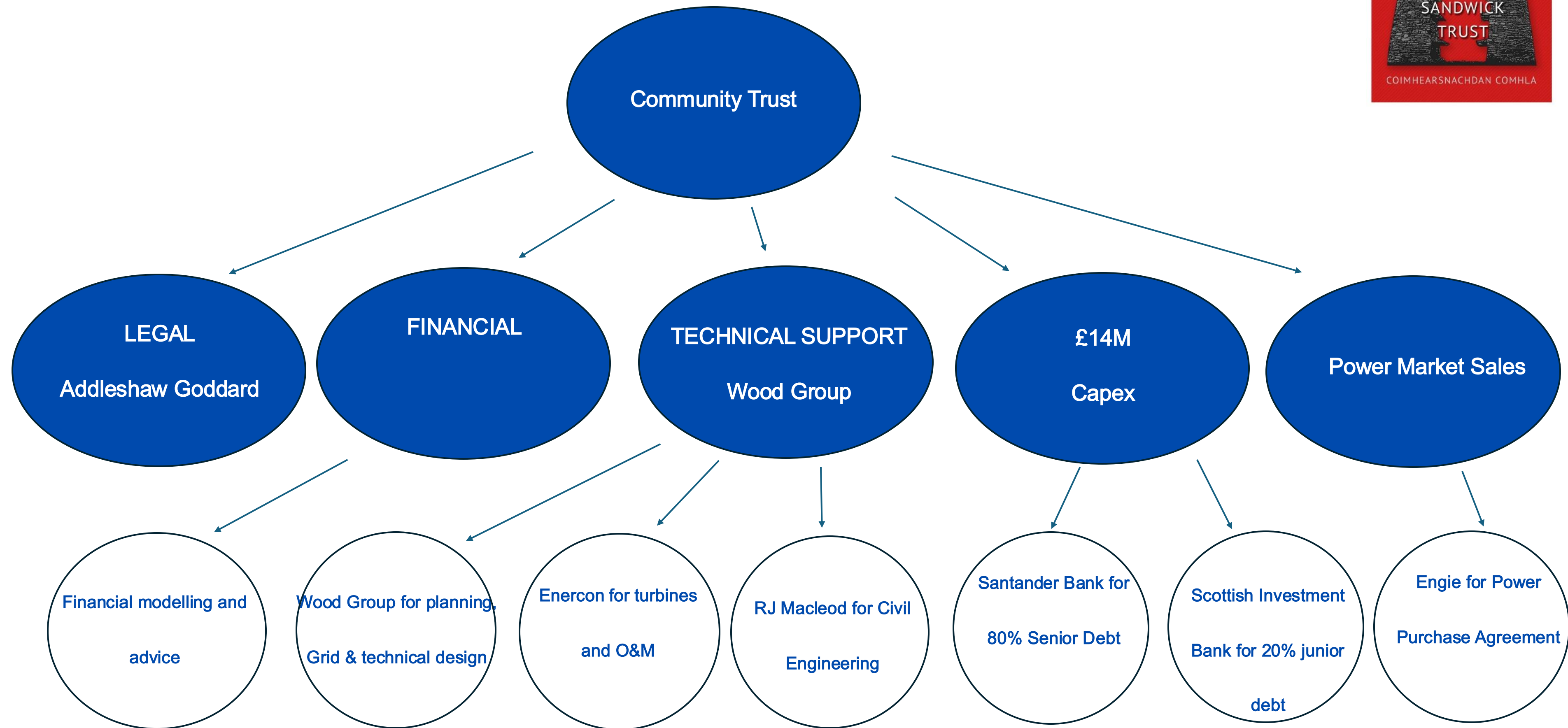
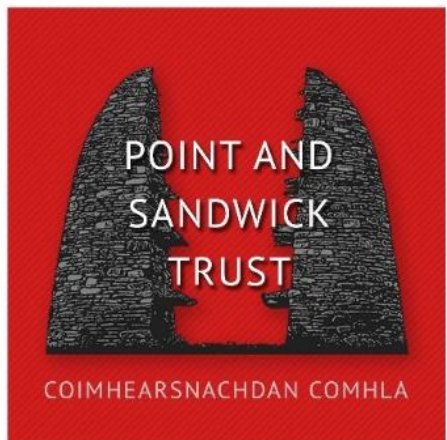
Whitelee Wind Farm (largest in UK)

- 539MW installed
- Community benefit payment over 10 years = £9 million

Point & Sandwick Wind Farm

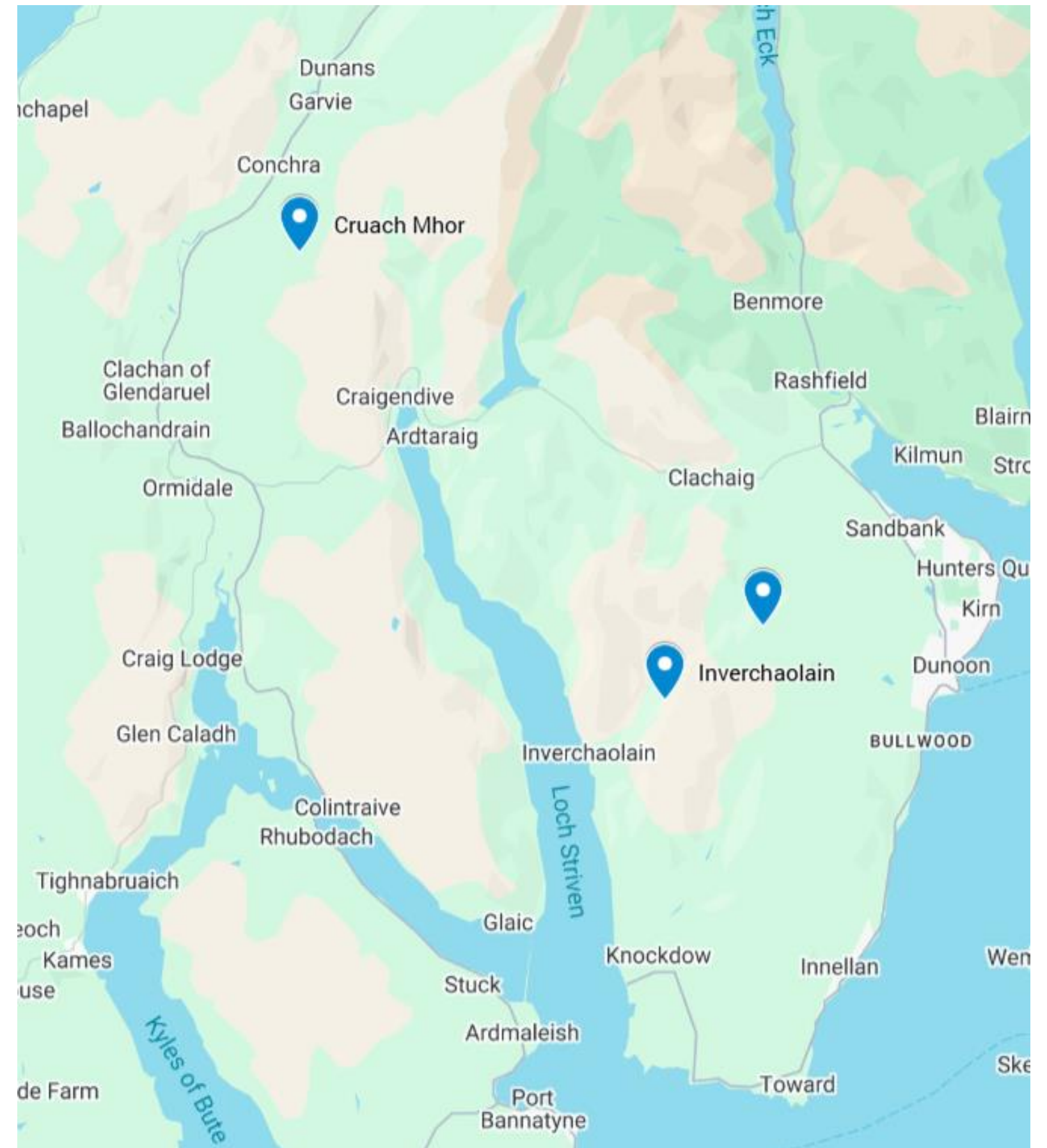
- 9MW installed
- Community profit over 10 years = £10 million

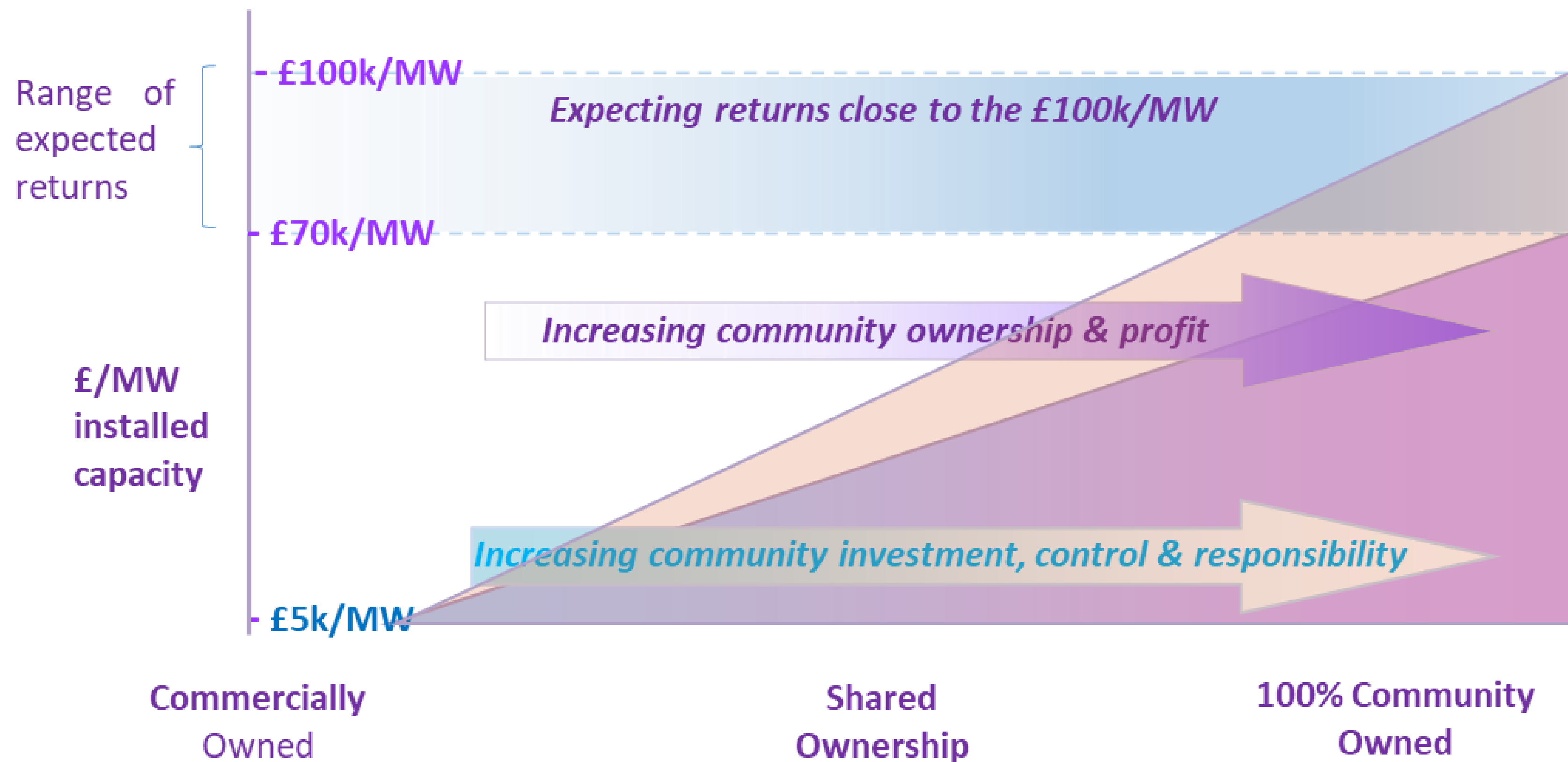
Point & Sandwick Trust Operations



Proposed wind farms in Cowal

Site	Developer	Capacity	# of turbines
Cruach Mhor - <i>Repowering</i>	Belltown	30 – 70 MW	Max 11
Giants Burn - <i>New development</i>	Statkraft	50.4 MW	7
Inverchaolain - <i>New development</i>	E Power	Up to 85 MW	13





CCE Timeline Key Points

August 2024 – initial discussions on community ownership of energy with CD-S, GM and CMacD. CD-S presented the idea to CGDT with positive response.

September – CD-S and GM meet with CES and receive offer to assist & help with funding. Further discussions.

December – discovery that Cruach Mhor put out to tender without any community notification with deadline of Feb 3rd.

B&KDT, DC DT, SCDT and SCT agree to form CCE to submit a community ownership tender before the deadline. CD-S indicated CGDT support in principle but that CGCC unable to take a view at this time.

February – Information and invitation to join CCE sent to all development trusts in Cowal, and copied to community councils for information.

May –Joint meeting CCE, CES and CGDT. Meeting with Energy Minister, Gillian Martin, lobbying for future FLS tenders be notified to local communities 15 months in advance to allow them time to prepare alternative proposal to corporate ownership.

June - Round table meeting with CCE, CES, CGDT, CGCC and CGWFT.

November – Gillian Martin announces that this will now become government policy and will apply to 10 FLS wind farm sites in the first instance.

Cruach Mhor Ownership Opportunity

Belletown Offer of up to 49% share in Cruach Mhor includes:

- 1% share FREE
- + additional 4% share at construction cost (72 MW, £5.4m?)
- + up to additional 44% share at market value (72MW £216m or more?), but the earlier financial close can be agreed the nearer market value will be to capex cost.

Negotiating & Financing Options

1. ColGlen to negotiate solo with Belltown and financial funders to deliver the maximum share possible for ColGlen benefit.
2. ColGlen and CCE to negotiate together to deliver the maximum share for both ColGlen and wider Cowal benefit.



Proposed negotiating approach

- 1% free share – to be used solely for the benefit of ColGlen
- 4% share purchased at construction cost – to be used solely for the benefit of ColGlen
- Remaining 44% share purchased at market value – to be used for the benefit of the whole of Cowal, including ColGlen.
- ColGlen also benefits from the profits generated from other shared ownership elsewhere in Cowal.

Possible partnership structure

- CCE and ColGlen to form a joint Working Group to lead negotiations with Belltown and FLS for the highest possible community share
- E.g., Two people from CCE and two people from ColGlen to hold discussions with Belltown and produce a Heads of Terms
- Those Heads of Terms must be approved and signed by both ColGlen and CCE
- If no agreement is reached, then Heads of Terms can be concluded separately by representatives of ColGlen alone

Early agreement is crucial to get the best deal for the community!

The earlier that agreement is reached between the community partnership and Belltown, the lower the Market Price for buying a share and therefore the higher the profit for the community

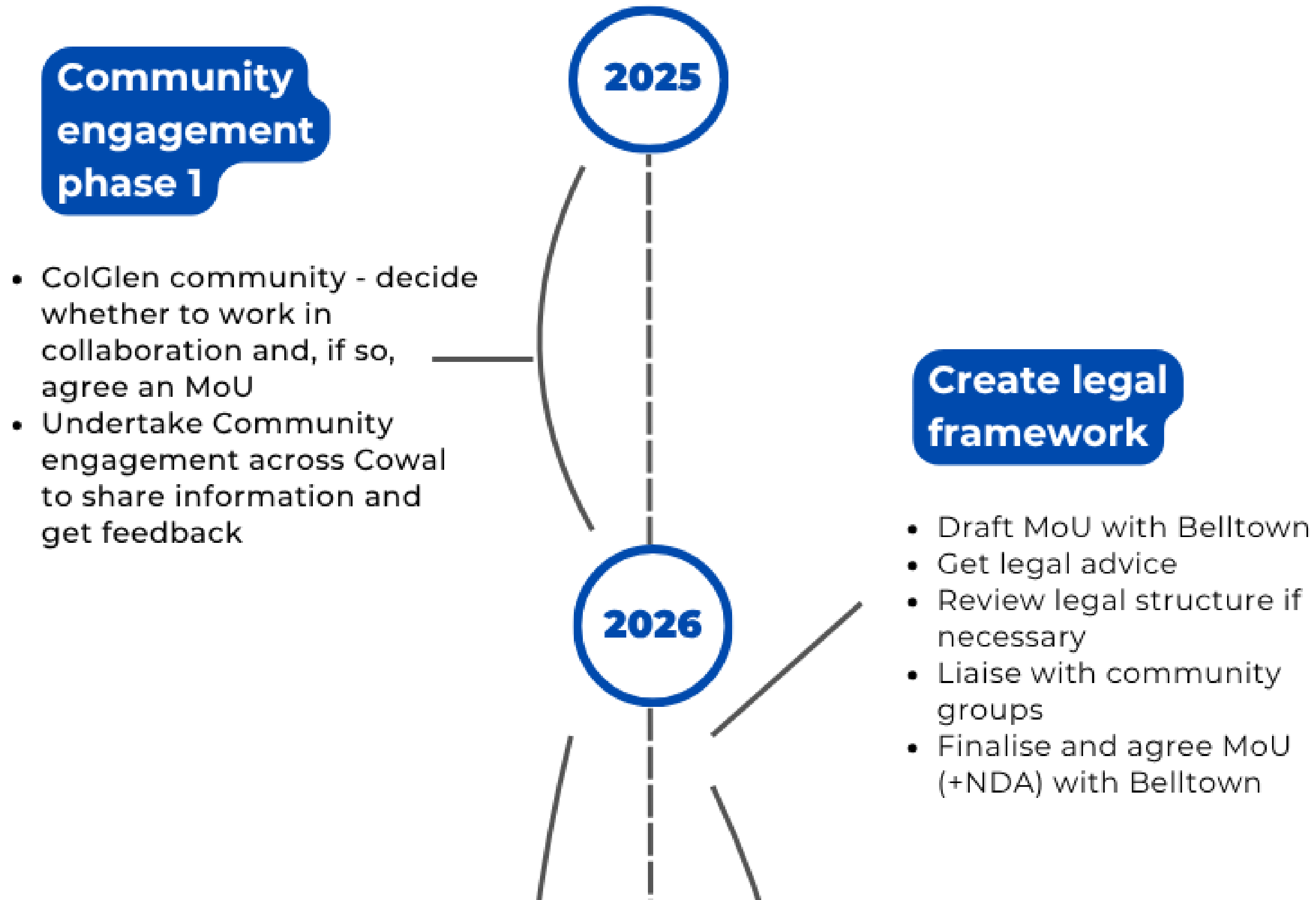
For example, the Market Price will be at its lowest if the community is able to reach financial close by 2027 and share in the construction costs and risk

The Market Price will be much higher if the community waits till after construction is completed in 2030 and operation has begun

Benefits of partnership approach in Cowal

- The larger the community partnership, the easier to attract commercial and government funders to finance the largest possible community share
- Government funders will want the community partnership to be broad-based and representative, distributing the benefits as widely and fairly as possible
- The supply chain of technical and support businesses will also prefer the security and resilience of working with larger community groups

CRUACH MHOR TIMELINE



Belletown pre-contractual arrangements

- Procure financial advisor
- Draft Heads of Terms with Belletown
- Receive financial advice and liaise with community groups
- Complete Heads of Terms (prior to submission of planning application)

Community development plan framework

- Contract independent consultancy
- Carry out community consultation on social and economic priorities
- Create 5 year Community Development Plan Framework
- Gain sign-off to framework from all parties
- Update plan prior to windfarm operation

2027

Belletown submit planning application

2028

Planning consent outcome
expected (could be delayed)

2029

Final Contractual Arrangements

- Receive formal offer from Belltown
- Obtain legal and financial advice
- Liaise with community groups
- Agree project finance with lenders
- Undertake due diligence
- Make investment and complete

Belltown make Final
Investment Decision

2030

Construction Phase

2031

Start of Operations

Additional information

- Visit our website for more information:
<https://www.cowalcommunityenergy.org/>
- Get in touch via email:
cowalcommunityenergy@gmail.com
- To receive news and updates, please sign up to our mailing list here:
<https://cowalcommunityenergy.org/#subscribe>



Cruach Mhor Shared Ownership Options

ColGlen Stands Alone

Wind Farm Capacity ¹	72MW
Community owned share	5%
Investment required to be raised by ColGlen (for 1% + 4%)	£ 5.2m
ColGlen Annual Community Benefit payments ^{2,3}	£ 342k
Belltown @ £5k/MW)	
ColGlen Profit Fund (annual return on shares) ⁴	£ 306k
Total Annual Income to ColGlen	£ 648k
Total to ColGlen over 40 years	£ 25.9m
Total Community Benefit Payments to CCE ⁵	£0
Investment required to be raised by CCE (for 0%)	£0
Cowal Collective Annual Profit Fund	£ 0
Total Cowal Collective Profit Fund over 40 years ⁶	£ 0

ColGlen Partners with CCE

Wind Farm Capacity ¹	72MW
Community owned share	49%
Investment required to be raised by ColGlen (for 1% + 4%)	£ 0
ColGlen Annual Community Benefit payments ^{2,3}	£ 448k
Belltown @ £5k/MW	
CCE @ £7.5k/MW	
ColGlen Profit Fund (annual return on shares) ⁴	£ 306k
Total Annual Income to ColGlen	£ 754k
Total to ColGlen over 40 years	£ 30.2m
Total Community Benefit Payments to CCE ⁵	£ 0
Investment required to be raised by CCE (for 1%+4%+44%)	£ 73.3m
Cowal Collective Annual Profit Fund	£ 2.7m
Total Cowal Collective Profit Fund over 40 years ⁶	£ 107.7m

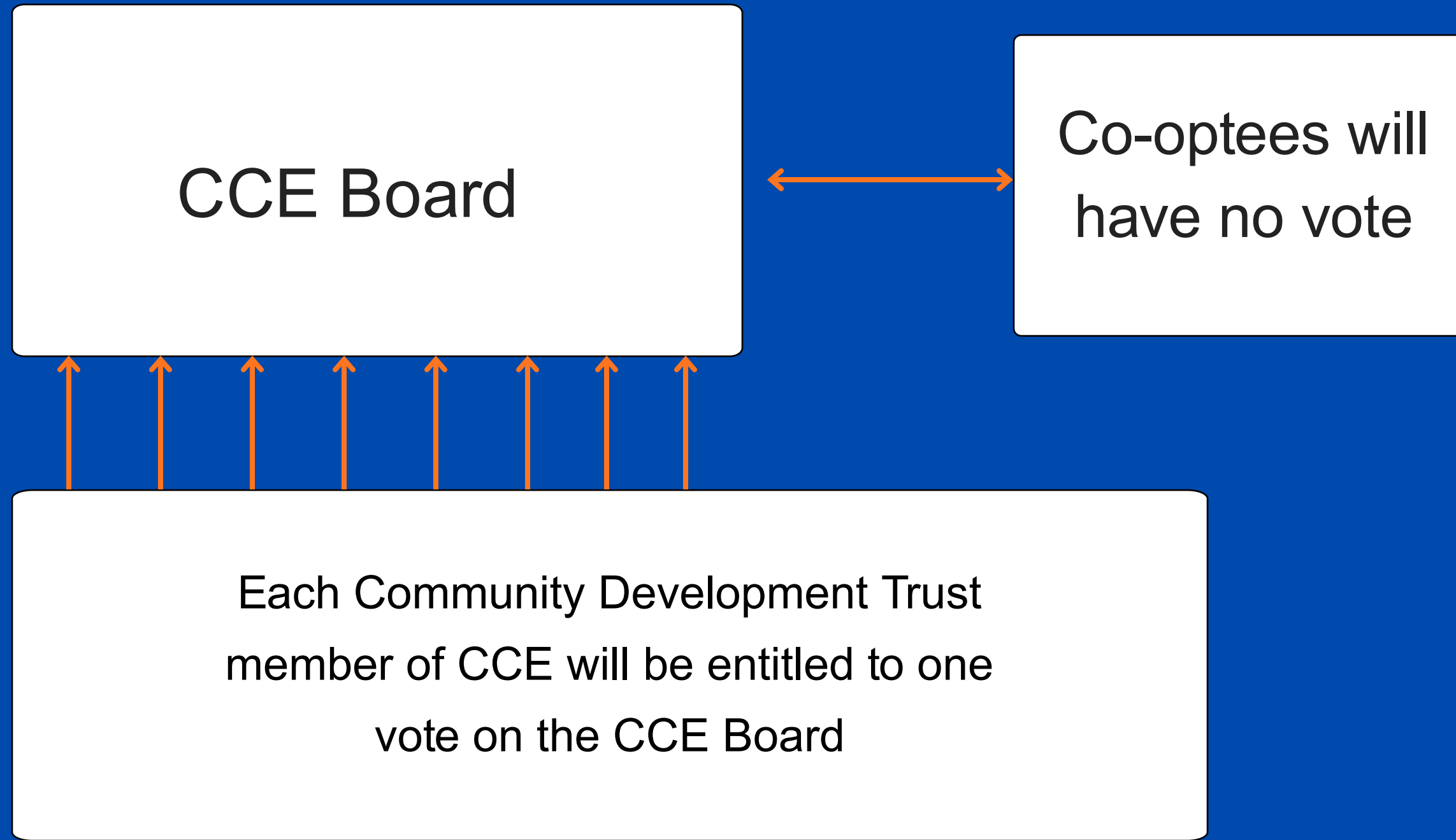
NB – This does not constitute financial advice, which CCE is not licenced to give. Figures are indicative only, based on best estimates from independent reports (including *Cost of Electricity Report Update 2024* commissioned by DESNZ from Ove Arup & Partners), knowledge from other windfarms and the limited amount of detail currently available on the project. CCE will procure further professional financial and technical advice as the project advances and more information becomes available.

Notes and Comments

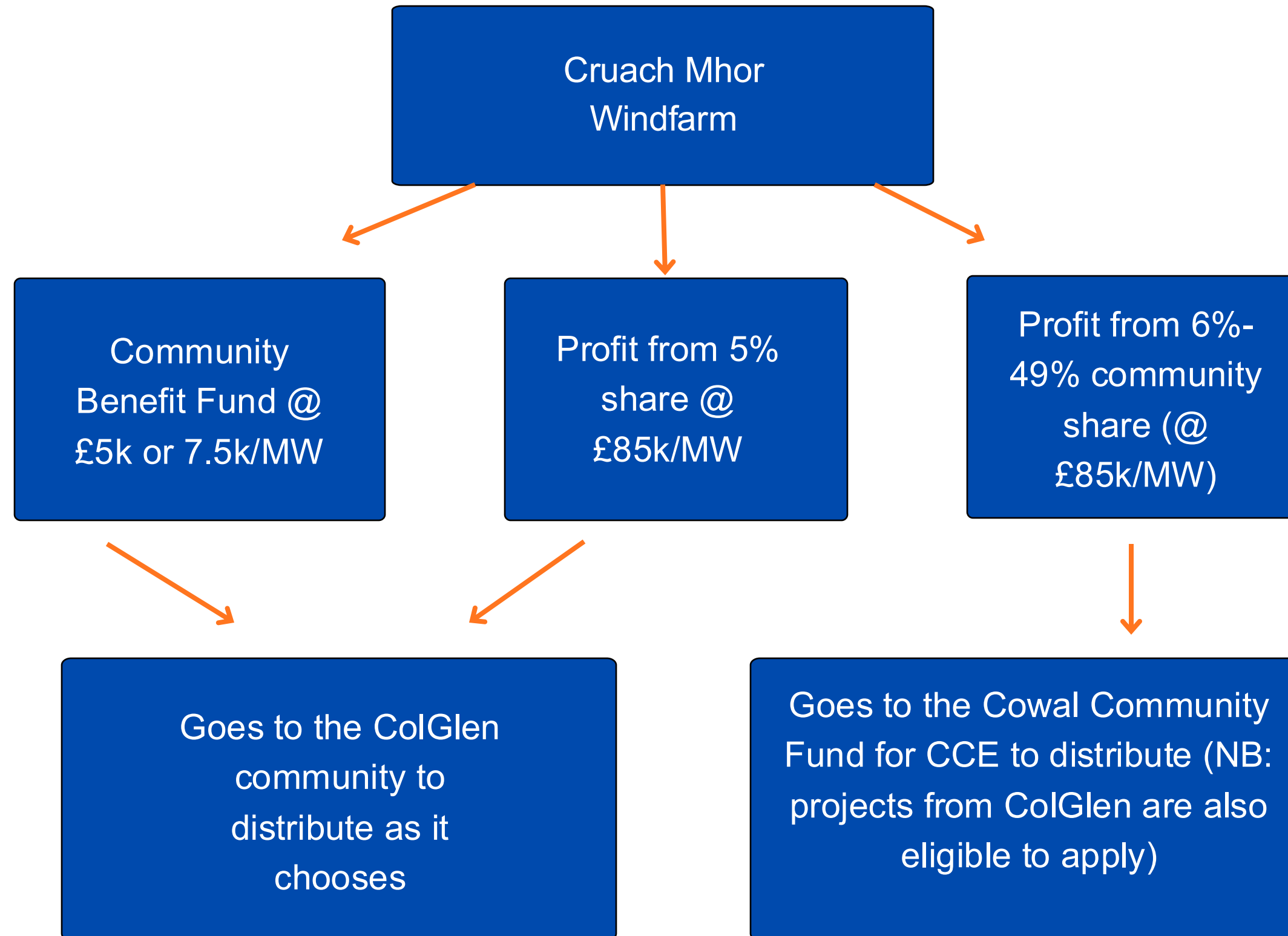
CapEx at cost (per MW) ¹	£1,810,000
CapEx market value (per MW) based on known recent transactions ¹	£2,150,000
Current SG Recommended CB Payments (per MW) ²	£5,000
CB Payments Under Negotiation with SG (per MW) ³	£7,500
Net Profit Yield (per MW) ⁴	£85,000

1. In any scenario the initial %age community share will be diluted when the windfarm expands from 30MW to 72MW unless the community provides the proportionate increase in capex to fund the expansion. If it doesn't, a 5% share would be diluted to approx. 2% on expansion. CCE would expect to match fund and maintain community share %age. Thus max 72 MW capacity used here.
2. SG recommends £5k per MW CB to be paid by windfarm operators, but this is not mandatory and not index linked. The FLS lease should bind Belltown (or any corporate they might sell to) to pay £5k/MW.
3. CES, CCE and other community bodies lobbying SG to increase CB payments to a figure in the region of £7.5k per MW. CCE guarantees to pay this amount and to index link these payments. Paid to ColGlen to distribute according to their own plans.
4. Specification and layout etc of windfarm not yet known, but best current average estimates, in line with other developments. Paid to ColGlen on 5% share to distribute according to their own plans.
5. In any scenario, CCE does not receive any Community Benefit payments. These are paid out by the corporate (and CCE if involved) to ColGlen as host community to distribute according to their own plans.
6. Modern turbines have an operating lifetime of up to 40 years.

Governance of Cowal Community Energy (CCE)



Distribution of Funds from Cruach Mhor Wind Farm



Cowal Community Energy Fund Principles

- ColGlen will receive the profits from the 5% share to distribute within ColGlen through its own local mechanisms. ColGlen will also still be able to apply to the wider Cowal fund. This point is guaranteed
- The remaining points are current thinking based on methodology currently in use elsewhere, however it will be for the board of CCE to arrive at a final decision on this depending on prevailing circumstances nearer the time of funds being generated
- The Cowal Collective profit fund would be managed by CCE as a charitable body
- CCE charity would be comprised of democratically elected and representative board members
- A 5-year Cowal Community Action Plan would be developed, based on engagement with community bodies across the region to identify key priorities and needs. This plan would be reviewed periodically, likely every 3 years
- Cowal based organisations would apply for funds to take forward their projects. Applications would be assessed by a representative panel and approved by CCE'S Charitable Board.
- A Community Development Officer would be employed to assist community organisations to prepare their proposals and to bring in match funding from external sources wherever possible.

It is envisaged that the same governance and distribution model will be used for the Cruach Mhor and Giant's Burn Wind Farms and for any other wind farm in which CCE buys a community stake.

