

COMMUNITY PAYMENTS

Case studies from across Europe

Renewables 
Grid Initiative

FOREWORD

Payments by TSOs (Transmission System Operators) to communities who are present in the vicinity of new grid infrastructure have become a common practice throughout Europe. These payments (also known as community compensation/gain/benefit) have been seen as a way to both increase local support and to supply an “appropriate benefit” to communities that host grid infrastructure. At the same time, such transactions have been criticised as a tool to ‘buy’ local community support. Finding the right, legitimate approach to agree upon such payments is therefore of high importance.

The methods used to design and administer payments to the community with regards to new grid infrastructure are diverse. RGI has received requests from many of its members and external partners who are curious to understand what current practice in this field looks like and how it is being shaped by local circumstances. These requests come from a desire to improve practice through the sharing of real world “on the ground” experiences.

This brochure, therefore, looks to act as a knowledge-sharing tool by presenting five case studies of community payments from across Europe. Four of these case studies are from the electricity grid sector (Ireland, Germany, France and Italy) with a fifth coming from the wind energy sector in Scotland. By creating a common understanding of how TSOs and energy companies across Europe are designing and implementing their community payment schemes, we hope to facilitate the improvement in practice across Europe.

This brochure builds upon past work done by RGI, which has involved the hosting of several mini-workshops on community payments with contributions from industry and civil society partners. It also looks to inform RGI’s planned engagement with regulators and European wide organisations on this topic.

INTRODUCTION

Community payments for grid infrastructure are payments made by the TSO (Transmission System Operator) to provide a direct benefit to communities in the vicinity of a new or upgraded high voltage electricity line. These payments can be defined as a “goodwill” contribution by the TSO for the benefit of communities affected by development, where the development will likely have a long-term effect on that community.

Community payments are part of the project offering due to a desire from the TSO to redress the lack of local gain that local people often experience from new grid infrastructure. However, offering community payments is, for many TSOs, also a way of meeting corporate social responsibility aims and of creating or maintaining a positive public opinion towards their current and any possible future developments. These payments are a separate offering from compensation monies given to landowners, or any actions that are considered necessary for the project to receive the required planning or environmental permissions. Consequently, these payments are also not considered by the planning authority when determining the outcome of planning applications.

Community payments often share some of the following characteristics:

- They fund local projects of community benefit with a pre-determined one-off or yearly contribution.
- Local/regional government either controls the money or assists in the payments set-up, management and dispensation.
- Amounts made available by the TSO are initially based on the project characteristics (length of line, number of pylons, total project cost etc.).
- They are geographically limited to activities or projects that are a pre-determined distance from the line, or within a local government jurisdiction through which the line passes.

Although often similar, mechanisms for distributing community payments are currently being designed in a number of ways. The methods used to define the geographical scope, who is chosen to manage the funds and what these funds are finally used for vary from country to country and in some cases from region to region. Setting up community payments as a way of creating local value can be challenging. Ensuring transparency and equity have to be the two primary concerns of any TSO and supervising governmental authority.



GERMANY – 50 HERTZ

In 2012, 50Hertz introduced its policy on “community compensation” (community payments) in cooperation with the national regulator (BNetzA) and state and national governments. 50Hertz is the first and only TSO to introduce community compensation in Germany, with the here detailed process considered by 50Hertz to be a pilot case. So far, community payments have been paid in two projects in the company’s area of operation (North Eastern Germany).

Before introducing the payments, the organisational and legal components and ramifications of introducing such a policy were examined by the 50Hertz legal department. 50Hertz’s policy was designed in line with a piece of German legislation (StromNEV, §5(4)) that was issued by the German government and which was reviewed by the German grid regulator. This piece of legislation gave TSOs the opportunity to pay a limited amount of money (Max 40,000€ per km of line) to the local communities (“Landkreise”, county/parish council) through which a planned line would cross. Compliance issues were reviewed checked and discussed with 50Hertz’s Compliance Ombudsman and the responsible authorities, to avoid any legal risk for 50Hertz, its employees as well as for community authorities and their employees.

50Hertz begins the community compensation process by informing the affected communities in the early consultation phase that they will have the

opportunity to claim compensation from 50Hertz. As the project becomes more advanced, uniform contracts are signed between 50Hertz and the participating “Landkreise” that guarantee the amounts calculated and secure the rights and responsibilities of both parties. Amounts are calculated strictly on the basis of the length of the line that crosses the community territory/the strength of the line and the number of electrical systems, with no negotiation on amounts possible. The communities themselves then either choose to accept or reject the contract offering as it is.

The money itself is paid by 50Hertz to the qualified community upon the commissioning of the project, with the community free to use the money as they see fit. According to the legislation, 50Hertz plays no further role in directing how the money is spent and is reimbursed through the grid tariff.

Schwerin-Hamburg “Wind Bus Bar” project

The 88 km Schwerin-Hamburg “Wind Bus Bar” project is a 380 kV line connecting new wind energy capacity to consumption areas across northern Germany. 50Hertz made clear that they were willing to offer compensation on this project during early consultation meetings with the local authorities, with contracts then drafted for agreement with each of the communities.





23 Landkreise in all were eligible for compensation, with 22 deciding to take the money on offer. One of those eligible did not receive the necessary feedback from the supervising body (the state authority) due to disagreement on competencies and responsibilities, and in consequence, did not ask for the payments. The project was commissioned in 2012 with money paid out that year. The money paid went into the general operating budget of the local council, whose main areas of responsibility include, among others:

- Public parks
- Social welfare
- Youth welfare
- Public libraries
- Building and upkeep of regional roads
- Financial support for cultural activities etc.

50Hertz sees the money given as a way to redress a lack of local gain in such projects. Those running the communities and receiving the money are considered to be respected and embedded within the local community, and are considered by 50Hertz to be

the best conduit through which to spend the money in the public good.



KEY FACTS

- Payments are made directly into the operating budgets of the county/parish council, at a maximum of €40,000 per Km of line.
- 50Hertz plays no role in deciding how the community spends the money.
- The organisation and amounts paid for “Community compensation” are defined by German law, but remain optional for the TSO.
- 50Hertz has paid community compensation on two projects so far and plans to roll it out on all following projects.
- Other German TSOs are currently working with 50Hertz to learn from their approach.
- Money to be used for public amenities, support schemes for the youth and elderly, tourism and cultural activities.

LINKS

- **The StromNEV, §5(4) legislation (German)**
https://www.gesetze-im-internet.de/stromnev/__5.html
- **50Hertz policy on compensation for municipalities**
<http://www.50hertz.com/en/Grid-Extension/Compensations-for-municipalities>
- **Details of the Wind Bus Bar project from 50Hertz**
<http://www.50hertz.com/en/Grid-Extension/Projects/Wind-Bus-Bar>



IRELAND – EIRGRID

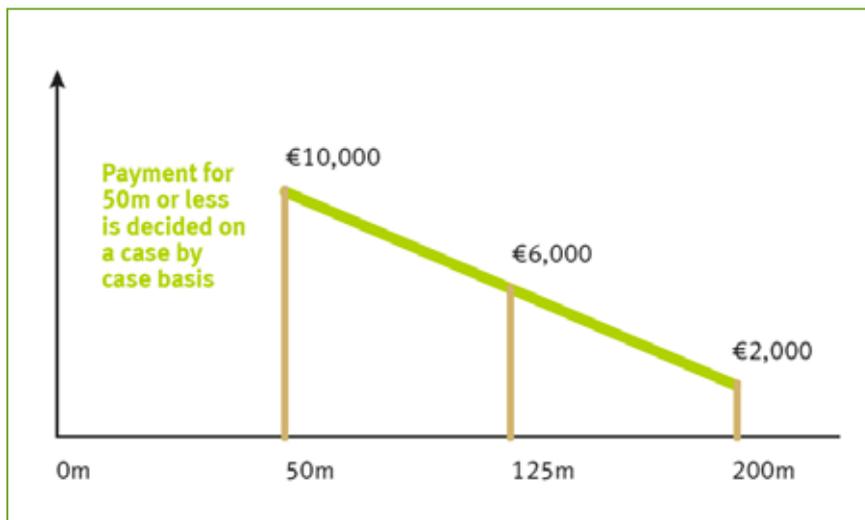
EirGrid’s “community gain” measures were developed in response to a 2012 policy statement released by the Irish government on the “Strategic Importance of Transmission and Other Energy Infrastructure”. This policy statement looked to promote ways of increasing public acceptance of grid infrastructure by supporting community gain approaches, with the emphasis on landscape, biodiversity and civic amenity benefits that could be brought to impacted communities. In response, EirGrid developed a community gain package that would be deployed on new development projects in the coming years. The package contains two elements:

The community payment is part of EirGrid’s response to public concerns about new grid infrastructure. The payment looks to share the benefits of new and upgraded network infrastructure with the communities whose cooperation is needed to improve the Irish electricity grid. For each grid improvement project EirGrid creates a dedicated fund, which dispenses payments to communities who are closest to new transmission infrastructure. These payments are used for projects of local value and are dispensed in the form of grants.

EirGrid deliberately keeps the structure of the payments flexible in order for them to suit a variety of local contexts.

The proximity payment aspect looks to provide direct benefit to those impacted by the line. This consists of a payment made to all homeowners whose occupied building is within 200m of the centerline of 220 kV and 400 kV lines, or within 200m of a new pylon for 110 kV lines.

The proximity payment is dependent on the voltage of the line, and is based on a sliding scale; the highest amounts are given to those at 50m decreasing in amount per meter to 200m.





The process used by EirGrid involves the following steps:

- Once the route has been agreed upon, EirGrid approaches homeowners and explains the offering and application details.
- EirGrid assesses applications and will either confirm the offer or explain reason for rejection.
- Homeowner reviews and either accepts or rejects offer.
- EirGrid pays 20 % of amount when construction starts.
- EirGrid pays the remaining 80 % when the line is energised.

Both elements are defined as “ex-gratia” by EirGrid and are considered a gesture of goodwill by the company. This means that EirGrid does not recognise any obligation to pay this money and is therefore not legally bound by its choice to do so. Individuals and communities will only be offered money in this way when impacted by one of EirGrid’s “Greenfield” projects, meaning that the package does not apply to upgrades of existing lines or substations.

Mullingar-Kinnegad Community Payment

The Mullingar-Kinnegad project is a new 110 kV line currently being used by EirGrid to pilot the roll out of a community payment. The project is planned to run between two existing substations for a length of 24 km, running alongside two existing 110 kV lines. A total of 125 double wood pole structures and 23 steel towers are to be constructed along the length of the proposed development with associated upgrade works also planned. Several rounds of public

consultations were undertaken for the project between 2009 and 2012, with the project receiving final planning permission in January of 2013 and construction forecast to be complete sometime in 2016. The line is expected to cost in the region of € 25 million. The project was identified by EirGrid as a good candidate to pilot the rolling out of the community gain package, as construction works coincided well with the introduction of the scheme.

The community payment element of the project was made available in April 2016 to non-for-profit, com-



KEY FACTS

- The “Community” Gain package was introduced in response to a guidance document released by the Irish Government that encouraged the implementation of such measures.
- € 15,000 per Km are to be made available on the initial pilot of the fund (still ongoing).
- Part of the fund is to be managed by the local authority (smaller grants) with larger, regional grants managed by the “The Community Foundation for Ireland” (a grant managing NGO).
- Involves an independent proximity payment element for all those whose main dwelling is within 200m of the centerline or pylon (depending on voltage).
- Money to be used for employment, education, environmental and community facilities

munity or voluntary organisations with potential projects located within a defined boundary around the new transmission line. The community payment made available for the project was set at € 360,000 (€ 15,000 per km x 24 km of line.)

The payment is broken into two streams of grants based on the following differing amounts that are on offer to the applicant:

€ 1,000 to € 10,000 - These grants are targeted at smaller initiatives, and will be administered by Westmeath County Council (the local authority) on behalf of EirGrid.

€ 10,000 to € 50,000 - For these amounts, the payment looks for benefits proven to last over the medium to long term. Priority is given to projects where community and voluntary groups work together to serve a wider area or a larger number of people. The Community Foundation for Ireland will

administer these larger awards on behalf of EirGrid and have advised EirGrid on the main issues within the Mullingar-Kinnegad area. The four areas identified include:

- Employment
- Education
- Environment
- Community Facilities

Evaluation Committees are currently in the process of being established and will comprise elected members of local authorities, Council staff, EirGrid representatives and independent members of local community organisations.

The process for the dispensation of the proximity payments is currently ongoing and is following EirGrid's established policy. Full results for both elements of this initial pilot will be available in the second half of 2016.

LINKS

- **EirGrid Mullingar-Kinnegad Community Fund details**
<http://www.foundation.ie/wp-content/uploads/2016/04/Criteria-EirGrid-Community-Fund-Mullingar-Kinnegad-110-kV-Line-1.pdf>
- **Details of the Mullingar-Kinnegad project**
<http://www.mullingar110kvproject.ie/index>
- **“Strategic Importance of Transmission and Other Energy Infrastructure” policy statement - Irish Government**
<http://www.eirgridgroup.com/site-files/library/EirGrid/GovernmentPolicyStatementontheStrategicImportanceofTransmission.pdf>



FRANCE – RTE

Payments into local government budgets form the backbone of community payment mechanisms in France. An overhead line project is proposed by RTE, with French legislation enabling local stakeholder committees to be set up by the relevant Préfet (administrative leader of a local region) in order to determine the scope and beneficiaries of any payments made by the TSO. The Préfet is able to establish different committees for each topic of interest (environment, tourism etc.) and choose the participants who will decide how the money will be spent. These committee groups manage the money that the commune/region receives, with the committees often including local politicians, agricultural associations, the Chamber of Commerce, the Commission for tourism and the local DSO. The TSO will then go through a process of negotiation with these committee groups and the relevant local authorities as to define appropriate compensation amounts and activities that can be funded.

The total amount that is to be spent for community payments is set by the French State - RTE negotiates the structuring of these payments, which represent:

- 10 % of total project costs for lines at 400 kV or over
- 8 % of total project costs for any strength of line below 400 kV

The distribution to the towns the line is running through is set by the Préfet through the set up lo-

cal committees (usually defined to what extent the town/area is crossed by the line).

The Haute-Durance Project

In 2009 RTE initiated consultations for the planned upgrade of the entire regional electricity grid of Haute-Durance (in the French Alps) in order to improve local infrastructure. This project is a multi stage project (18 projects planned in 6 stages) involving the upgrade, dismantlement and construction of several overhead and underground grid lines across the region. These projects are largely new build 63kV projects with some being upgrades from 63 kV and 125 kV to 225 kV, in total they amount to:

- ≈ 100 km of new underground lines
- ≈ 100 km of new overhead lines well inserted in the landscape
- The removal of ≈ 200 km of redundant overhead lines

Impact assessments and public enquiries were conducted within the affected communes over the period of 2013 and early 2014. By the end of 2014, the final planning consent documents for all of the project elements were received, with construction work beginning in April 2015.

Details of the final design of the community support elements of the project were released jointly by RTE and the leader (Préfet) of the Haute-Alpes district in the form of a community support mechanism

plan (“PAP” in French). The overall community support contribution is equal to 8 % of the construction costs of the above ground and high voltage works, with the final payments projected to reach € 6.9 million. This money is provided for the following uses: enhancement of the landscape, heritage, tourism, sustainable local development actions and for the undergrounding of existing electrical or telephone networks.

The final total is to be dispensed through three separate mechanisms;

- € 6 million (87 %) will go directly to the 22 towns concerned, distributed by the number of kilometers of line, which cross the respective Prefectures. The minimum cost of a project is set at € 20,000 with the search for other co-financers being encouraged.
- € 800,000 (11.5 %) will go to other regional communities or organisations such as national parks, environment or social related associations, who are in the proximity and operate in areas visually impacted by the new lines.
- € 100,000 (1.5 %) will also be contributed by RTE to a new crowdfunding project hosted by the ULULE online platform. RTE will receive “pitches” from entrepreneurial, cultural and development projects within the Haute-Durance territory.



Which projects to fund are decided upon through a “Steering Committee” which is chaired by the Préfet of the Hautes-Alpes region. This committee judges which of the proposed projects should be funded based on the quality of the project, and its consistency with planning regulations. The committee also monitors the impact of those projects which have been chosen to be funded. The committee consists of representatives from the State and other local elected officials, leaders of local associations and a representative from RTE, ERDF (the DSO), and SYME 05. RTE does not participate directly in the evaluation of the projects but acts as an observer in the committee.

Prior to the decisions made by the “Steering Committee” a “Technical Committee” vets proposed projects to decide whether the project is deemed as legally eligible or not under the guidelines set out in the PAP. This committee is chaired by the Deputy Prefect of Gap/Briançon and consists of representatives of the State, the Region and the Department.



KEY FACTS

- The local Préfet (local government representative) organises and negotiates on behalf of the community, whilst distributing the money amongst the various communities.
- Depending on the line strength, payments are calculated at 8 % or 10 % of total project costs.
- Money is directed by specialist committees set up by the Préfet.
- Final payments projected to reach € 6.9 million on the Haute-Durance series of projects.

LINKS

- **Full project information of the Haute-Durance project (French)**
<http://www.rte-france.com/fr/projet/alimentation-electrique-de-la-haute-durance>
- **Full details of community payment element of the Haute-Durance project and beneficiaries**
<http://www.rte-france.com/fr/projet/alimentation-electrique-de-la-haute-durance>





ITALY – TERNA

In Italy local governments are given the right to stipulate agreements with the TSO in order to request “compensation measures” (Legislative act 239/2004). These compensation measures look to offset residual impacts and supply an environmental balance to those areas that are impacted by either a new grid line project or by the upgrading or conversion of existing infrastructure.

After a project has been proposed, the national TSO Terna approaches the various local authorities (provinces, municipalities, national parks) in order to negotiate agreements on the nature and scope of the compensation activities. After discussions, an initial “Protocol of Understanding” is signed identifying the eligible authorities and defining the project route and rationale (upgrading of old power lines etc.). The total amount of money for compensation measures is set by Terna and based on a percentage of the total project costs (approximately 6%). The money is then allocated to the local authorities based on a methodology provided by the consultants CESI (Centro Elettrotecnico Sperimentale Italiano). This allocation is mainly based on the project parameters and the areas physical characteristics (number of km of new lines, voltage, substations, environmentally sensitive area etc.).

Terna provides a list of project categories that it is willing to fund and for the authority to realize, this includes:

Environmental measures:

- Conservation and improvement of habitats.
- Environmental restoration of areas of public interest.
- Energy efficiency/ energy saving.

Urban and infrastructure improvement measures:

- Construction/restoration of public buildings (schools, libraries, municipality offices etc.).
- Construction of cycling paths.
- Improvement of local architectural/archeological/artistic heritage.
- Improving accessibility of public buildings to the elderly (eliminating architectural barriers etc.).

Subsequent to this, the local authorities that signed the protocol of understanding suggest specific appropriate projects that fit into one of the provided categories. After the projects have been identified, a contract (Convenzione) is signed with each municipality to define and approve how the authority will receive and spend their respective monies. This is done after a formal vote for approval is held within each provincial/municipal administration. The project itself has to be located on public soil within the boundaries of the authority that signs the agreement, regardless of its distance from the grid infrastructure.



The payments are structured in three steps: the first 25% is paid when the working site opens, during construction the authority is then able to invoice as the compensation project progresses. Finally the balance of the agreed upon sum is then paid when the power line is operational.

The most common actions of public interest to be funded by Terna so far have been playgrounds, streetlights, pedestrian/cycling paths and the restoration of public schools and of cultural/artistic heritage.

Chignolo Po-Maleo 380 kV powerline

The 24km Chignolo Po-Maleo power line is a line upgrade that runs between the cities of Pavia and Lodi, both located in the region of Lombardy. The initial "Protocollo di Intesa" (MoU) was signed in June 2008 by the province of Lodi, the river Adda park authority and 8 municipalities. Terna identified the total amount available for compensation based on the forecast project costs and allocated this amount amongst the impacted authorities. These authorities then identified a set of compensation projects adhering to the list of possible actions set out by Terna, with each project being formally approved by Terna and the leading bodies of both the province and the municipalities.

The most common projects chosen for this project were:

- Maintenance of the roads pavements.
- Construction works for public gyms, stadiums, schools and municipality offices.
- Upgrade of heating systems (schools, public offices).
- Restoration of historical buildings and churches.
- Cycling paths and car parking areas.
- Recreation grounds.
- Remediation of waste disposal areas for ecological improvement.

The most effective compensation project has been deemed by Terna to be the project realised by the Municipality of Chignolo Po. This included the demolition, re-design and enlargement of a local secondary school (pictured) in order to allow the school to increase its capacity and host both primary and secondary school children.



KEY FACTS

- The total amount of money for compensation measures is set by Terna and based on the total project costs.
- Terna uses a methodology developed by a consultant (CESI) to calculate the division of compensation monies based mainly on the project parameters and the areas physical characteristics (km of line, substation etc.).
- Terna provides a guiding list of projects that it will fund, with the specific projects to be funded jointly agreed upon.
- The most common actions of public interest to be funded by Terna so far have been playgrounds, streetlights, pedestrian/cycling paths, the restoration of public schools and cultural/artistic heritage.



SCOTLAND – WIND ENERGY SECTOR

The Wind Energy sector in Scotland has a relatively long history of offering community payments on their projects (over 10 years). Although wind farms are relatively contained “non-linear” projects, there exists a similar set of public acceptance issues faced by both the wind energy industry and grid expansion projects. The mechanisms used in Scotland regarding community payments are therefore of value to all those interested in developing appropriate schemes for grid infrastructure projects.

The Scottish governments guidance on community benefit schemes for wind energy developments is grounded in the belief that such schemes “present an opportunity for social, economic and environmental improvements to communities and individu-

als in Scotland” Scottish Government guidance paper (2014).

Rather than promoting an approach that looks to tie funds to local government budgets, the voluntary setting up by developers of structured community funds that are managed independently by a selected panel is encouraged. The Scottish government’s position also seeks to encourage innovative approaches such as in-kind benefits (habitat improvement, industry apprenticeships) and broader regional development. Additionally, the schemes set up by wind energy developers in Scotland are voluntary and are separated from the decision making planning and permitting process run by the local authorities’ planning department.



It is suggested by the Scottish government that the geographical scope of the funds is based around the community/parish councils (local governmental districts). Although these councils are suggested as the focus for setting up such funds, no strict rules are provided to limit their geographical scope; this has not been done as it is considered important by both industry and government in Scotland to leave a certain amount of flexibility in the process.

How is the money spent?

Several of the larger developers in Scotland manage the funds “in-house” and administer the fund on behalf of the community, while others are managed by independent charitable foundations (e.g. Foundation Scotland). The terms stipulated by the developer are generally “hands-off” and do not prescribe specific uses for the money, rather they define the Terms of Reference (ToRs) for the management of the fund, the amounts given and some restrictions on what the money can be used for (no political activity/anti-wind farm activities etc.).

The decision making body that runs the fund usually consists of at least one local government official. Who makes up the rest of the panel varies and can include a variety of people deemed responsible and representative. This panel reviews applications for

the financing of local projects and judges on their suitability, such activities have included;

- Environmental protection and improvement projects
- Building/Improvement of sporting facilities
- Education and training projects for local people
- Supporting culture and heritage

Management of the funds are ideally governed by local community action plans, which set community priorities through a consultation process, with reporting and review processes built into the fund’s ToRs.

Ensuring Transparency

Both the Scottish government and developers are well aware that if transparency is not ensured then the funds are unlikely to have their desired effect, and possibly even erode local trust. The “Scottish Government Community Benefit Register” was set up as a voluntary way for communities and industry to publish what they are paying/receiving, how the fund is being administered and what it is being spent on. Apart from this scheme, it is largely up to the developer as part of their offering to ensure that stakeholders understand all parts of the process and that they instill complete accountability and transparency.

SSE – COMMUNITY INVESTMENT PROGRAM

Since 2002, the energy company and wind farm developer SSE has funded over 1,500 community projects, with grants totaling over £16 million. SSE offers a community investment fund on all its onshore wind energy projects in Scotland, with the latest updated package offering published in 2012. SSE commits a fixed amount of money to each project, with the amount currently set at £5,000 per MW of installed capacity every year for up to 25 years. Of this money 50 % is ring-fenced for the “local community”, with the other 50 % set aside and pooled into a “regional” fund for the wider area.

The Local Community Fund: This half of the fund looks to focus on those communities living in direct proximity to the wind turbines. The local community is initially defined as being the community council areas within close proximity to the wind farm site, this definition is flexible as this can include community/parish councils where significant visual impact, or impact from construction activity, also occurs.

Once the project has full planning permission, SSE starts working with local community councils to set up a small panel of community representatives who decide on how the money is spent. The local fund is for use by communities, predominantly within their geographical boundaries (community/parish council area), as they see fit. This has included projects such

as: skills development and training, social enterprise, amenity, educational, charitable, or environmental purposes.

Smaller micro-grants (usually under £500) are administered by the community/parish council, any amount greater than this goes to the community panel for a decision. The process runs as follows:

- Memoranda of Understanding and ToRs are signed with the council (after planning permission received).
- Fund is made public and advertised to local people.
- Applications received from public and assessed (criterion of assessment are flexible).
- Panel meets and decides what to fund
- Monies paid.

The money cannot be used for politics, religion, direct energy subsidies, or activities that are deemed by SSE to be harmful to their interests or the wind energy industry more broadly.

Regional Sustainable Development Fund: The second half of the fund is ring-fenced for the wider local authority area and is designed to support larger regional initiatives, with applications for funding coming from across the region. SSE looks to focus



the money on projects in close proximity to the wind turbines, but applicants' from farther afield can also apply. The money often supports larger initiatives such as:

- Skills development and training
- Built or natural environment projects (e.g. Building a tourist walk through the region)
- Community renewable energy projects/energy efficiency schemes.

Projects can be set up to tackle one specific regional issue, such as funding for apprentice schemes for the young.

Like the local community fund, all funds are managed "in-house" and assigned a fund manager who is an SSE employee. The management of the fund was brought in-house (it was previously managed by an external organisation) so as to build a more solid relationship with project stakeholders. SSE manages the funds by receiving and assessing applications against the agreed upon criteria, preparing panel documentation, undertaking annual fund reviews, preparing fund reports, grant-making and publicising the fund and supported projects.

The SSE Strathy North Community Fund

Strathy North is a 33-turbine (67MW) wind farm located in a commercial forestry plantation, approximately 7 km south of Strathy Village in the county of Sutherland. It was given planning consent by the Scottish Government in November 2011. Preparatory construction works for the project began in February 2014 with the project operational by the

second half of 2015. The community fund for this relatively large project had three elements:

Local Community Fund: This element was launched in October 2014 and was set at £170,000 annually for the 25-year operational life of the wind farm and is shared by the Community Council areas of Strathy and Armadale, Bettyhill, Strathnaver and Altnaharra and Melvich. A panel including representatives of these four community councils was set up to direct the funds. As of early 2016 the fund has awarded over £243,000 to projects and initiatives in this area, with £4.25m expected to be spent on local projects over the wind farm's lifetime.

In order to apply for funds, groups must be one of the following; a legally constituted community group, a non-profit organisation; or a registered charity. Money has been paid to a range of local projects, including;

- Delivery of classes at local Leisure Centre - £15,000
- Refurbishment of village hall - £7,960
- Delivery of martial Arts classes - £2,500
- Purchase of film and sound equipment for film club - £6,060.
- Funds towards sports facilities at primary school - £23,000

Regional Sustainable Development Fund: Consists of 50 % of the fund (the remaining £170,000) that is paid annually into SSE's regional "Highland Sustainable Development Fund". The fund panel is made up of experts on communities and sustainable development. This includes a former First Minister

of Scotland, the director of the St Andrews Sustainability Institute at the University of St Andrews and the Chief Executive of Skills Development Scotland; the panel also includes a senior SSE executive. Beneficiaries of this funding have included:

- Renovating the Bonar Bridge Post Office flat for use as affordable rental accommodation - £43,300
- Improving the resilience and capacity of a high speed rural community broadband network by installing a second fibre optic leased line - £75,000
- Capacity improvement works to an essential hydro scheme which is the main energy supply to an off grid community - £75,000

Strathy and Armadale Fund: This one-off lump sum fund of £228,000 was launched in April 2014 and is ring-fenced for the Strathy and Armadale Community Council area that 'hosts' the project. This amount is an additional one-time payment to the usually

committed fund and is targeted at communities who are immediately impacted by the development.

KEY FACTS

- SSE commits a total fixed amount of £5,000 per MW per year of operation (for 25 years of forecast operation).
- Divided 50/50 into a Local Community Fund and a Regional Sustainable Development Fund.
- Micro-grants (smaller than £500) are administered by the community/parish councils.
- SSE manages the larger grants "in house" with a separate panel of local politicians, community leaders, regional development experts and SSE representatives awarding the grant money.
- Funds are only set up after planning permissions is confirmed.

LINKS

- **Guidance Principles from the Scottish government on community benefits for onshore renewable developments**
<http://www.gov.scot/resource/0043/00438782.pdf>
- **Scottish Government - Local Energy Scotland - Community Benefit Register**
<http://www.localenergyscotland.org/>
- **SSE - Community Investment Review 2014/2015**
http://sse.com/media/328462/CommunityBenefitReport_2014-15.pdf



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