Contracts for Difference (CfD): proposed amendments to the scheme 2020 CPRE The countryside charity 26 May 2020



CPRE is the countryside charity that campaigns to promote, enhance and protect the countryside for everyone's benefit, wherever they live.

With a local CPRE in every county in England, we work with communities, businesses and government, nationally and locally, to find positive and lasting ways to help the countryside thrive.

A key part of our vision is a low carbon countryside that mitigates and adapts to the impacts of the climate emergency. Decarbonising our energy system is an essential part of reaching net-zero GHG emissions, and we recognise that the scale of the threat we face means that no technology can automatically be considered off the table. We are calling for a transition to a decentralised, zero carbon energy system that empowers and benefits local communities, and is delivered in harmony with our natural environment and landscapes

In this spirit we are responding to this consultation to highlight how renewables can be done well in a countryside context. The proposed changes to Contracts for Difference will see the return of subsidies for onshore wind developments alongside other renewable generation technologies. This has been taken for granted within the government's consultation and CPRE, the countryside charity has already publicly welcomed this proposal as a necessary step towards tackling the climate emergency.

However, as we stated at the time, local communities must be at the heart of shaping the future of their energy landscapes. It is a sad fact that many of our local branches' communities across the country have had very negative experiences of renewable energy development proposals. It has too often been the experience that community engagement has been very poorly carried out, and this undermines support for existing and future schemes.

When subsidies in the form of strike prices for onshore wind and other renewable schemes are introduced our precious countryside must continue to be protected and enhanced whilst we seek to tackle the climate emergency. The beauty of our natural landscapes and solving the climate emergency must not be forced into conflict with each other. Local communities should have meaningful powers within the planning system to protect their countryside and amenity from schemes which fail to respect the landscape. Where there are tensions between multiple environmental objectives, the planning system has to arbitrate. Separately to issues of community support, planning committees must continue to consider the impact on the landscape before granting approval to renewable projects in the countryside. If a proposal is going to cause undue environmental impacts which aren't going to be properly mitigated by the scheme, then planning permission should not be granted.

Moreover, going forward, the government must consider these land-use issues strategically and clearly set out where the potential impacts to our heritage and the integrity of not only nationally protected, but also locally valued landscapes, make these developments unsuitable in certain areas. Contracts for Difference for low carbon electricity must be set in the context of an overriding preference for brownfield sites, full carbon lifecycle assessments of proposed projects, and a range of measures to reduce energy demand across the country. In relation to solar panels, it should be remembered that the National Planning Practice Guidance encourages the use of roofs for such a purpose. While CPRE accepts that tackling the existential threat of the climate emergency will require some renewable schemes to be developed in the countryside, it is essential that the CfD scheme is structured to support the sustainable management of land and the conservation of habitats, heritage and landscapes, and the protection of residential amenity managed through the planning system. Therefore, it is essential that the correct guidance is in place to ensure that renewable schemes in the countryside are done well for landscapes and local people.

In this context, it is disappointing and deeply concerning that the 'tough new guidance for renewable energy developers to ensure local communities given more effective voice and make sure they have a definitive say on developments that affect them' heralded by the government statement announcing this consultation has not been forthcoming. CfDs must only be awarded to schemes whose promoters have worked with communities and to the

benefit of habitats, heritage and landscapes, and should be prioritised for community-led schemes, and schemes that make positive use of suitable previously developed land.

We set out below our answers to the questions on 'community support' in which we suggest the key elements that this new guidance must include.

Community Support

1. How can the government better ensure that the local impacts and benefits of renewable energy developments are taken into account across the whole of GB?

Achieving net-zero carbon emissions will mean a huge number of new renewable energy developments, which raises the prospect of potentially enormous impacts, as well as new income streams, arising from the energy transition. It is essential that the government sets clear policies to ensure that local communities are able to capture the benefits of renewable energy, mitigate, and where necessary prevent the negative impacts of these developments.

Fundamentally, this means that new renewable energy developments across the country are subject to genuine democratic control. Local communities must be given access to the full evidence necessary to inform decision making as they shape their energy future, including more accurate and comprehensive noise assessments covering all noise types. Local communities must also be able to influence the location and scale of renewable developments in their area, for instance setting a maximum height on proposed wind turbines.

We want to see new participative approaches to planning for rural energy schemes. This will range from developer-led models where commercial proposals should be shaped at an early stage by local input, to schemes wholly owned by the community. These participative approaches must form a key part of the government's promised 'tough new guidance' giving local communities a stronger voice and a definitive say on developments that affect them. Local communities often sport a wealth of local knowledge and are best placed to ensure that new installations minimise landscape impact and have the maximum possible support. As part of the 'tough' new guidance for renewable projects we expect developers to engage with the local community and give them a meaningful say over the design of the project before it is presented as a planning application. Local people should be able to direct an onshore wind proposal towards the least impactful site in their area, and to suggest limitations on the height of the installation etc.

If communities become more engaged in their local planning processes, for example by contributing to their relevant local or neighbourhood plan, they can have a very positive impact in implementing the right renewable developments in the right places. Local communities should therefore be encouraged to become more involved and be provided with relevant resources and access to useful and practical knowledge to allow them to effectively contribute. CPRE and the Centre for Sustainable Energy's Future Energy Landscape report highlights the benefits of engaging local people in deliberative participatory workshops.ⁱⁱⁱ

CPRE, the countryside charity, believes that there are multiple methods by which communities can benefit more from renewable energy developments in their local area.

The first and arguably most exciting method is through encouraging community energy – whereby local communities come together to take control of their energy futures and fund local renewable energy installations in a number of ways. There are concomitant benefits here in that energy supply and energy demand can be better matched, thereby increasing efficiency by reducing demand on the national grid, while local people can reap the economic benefits - directly contributing to thriving local communities. For instance, income from Gacott Solar's project are invested back into the local community providing free advice on finding cheaper energy and increasing energy efficiency at home. This approach is applicable nationwide given the adaptability and wide option of renewable energy developments available including roof- and ground-based solar, wind, and hydro.

Community energy schemes allow local communities to capture the maximum value from the transition to a decentralised renewable energy system and encourages local democratic control of this process. Therefore, CPRE believes that the government should set out further policies alongside the amendments to the Contracts for Difference scheme which further promote community energy schemes. Since community ownership of new

renewable developments is strongly preferable to community benefit payments from commercial projects, both in terms of economic value to the local area and in democratic accountability, the government should ensure that subsidies prioritise community energy. Moreover, the government must do more to recognise the different needs for support across varying communities. Lower income communities often have the potential to benefit most from community energy schemes, but residents may lack the knowledge, experience, and confidence, as well as financial resources to take advantage of these possibilities. In order to ensure a just transition to a decentralised low-carbon energy system, the government must develop a range of financial and non-financial support to help communities plan their energy future and develop their own community energy schemes.

Another avenue for increasing community benefits is through shared ownership, in which communities purchase a percentage stake in a larger, corporate renewable energy development. A mandate for communities to be offered the opportunity to purchase a percentage stake in new installations would allow another way for communities to enjoy the economic benefits of a transition to net-zero. Communities may often lack the necessary skills and technical knowledge necessary for successfully implementing their own new renewable energy installation, so CPRE believes that being offered the opportunity to take shared ownership of a larger scheme can be an effective solution.

The Department for Energy and Climate Change stated in a 2014 report^v that, by 2015, they envisioned shared ownership offers being the norm for new commercial onshore developments. Unfortunately, this vision has not been realised. However, with relatively simple policies this can be achieved. This was set to be reviewed in 2015 with the option of considering making the offer a formal requirement, yet this failed to materialise. Reviving this project would be an ideal way of increasing community ownership, and in turn community 'buy-in'. Further, the report cited independent modelling which estimated that, by 2020, onshore community electricity could generate between 0.5GW and 3GW of energy. Community Energy England's most recent State of the Sector report^{vi} showed that community energy is continuing to struggle due to a reduction in subsidies, with 2018 showing the fewest new community energy generation projects, and community energy delivering 168 MW of total generation capacity.

Creating a coherent collection of best guidance on engaging with local communities on developments for new renewables would ensure that negative impacts can be minimised through lessons learnt, and opportunities for maximising benefits can be capitalised upon. A comprehensive and systematic register of community and part-owned renewable developments could provide an initial framework for building a more cohesive roster of best, and worst, practice.

2. What exemplifies 'best practice' when it comes to engaging with and supporting local communities on renewable energy developments? Examples of specific projects and/or developers would be welcomed.

With high overall support for renewable energy in the United Kingdom, it is often surprising that when specific projects are proposed, they can be met with staunch opposition from local people. However, in compiling our response to this consultation we heard from many local CPRE volunteers that in their experience of engaging with commercial renewable energy developments they had seen very little 'good' practice, let alone anything that could be described as 'best practice'. This further highlights the importance of the government bringing forward the 'tough new guidance' for developers that empowers local communities at every stage of a project's life. Renewable energy developers must engage meaningfully with the local community from the earliest possible opportunity, be responsive to them, and maintain constructive local participation to resolve any issues arising, rather than seeing this as a box-ticking exercise.

Several European countries are leading by example in engaging with local communities for their renewable energy needs. For example, in Denmark there is a legal obligation on developers to make 20% of their projects available for community ownership. If this mandate can be adopted and modified to suit our respective planning systems, we could see the start of real meaningful change in the renewable landscape.

The more communities are consulted, and their views considered, the less opposition local authorities and developers are likely to receive. Forming a full understanding of local views formed by such considerations is a key

part of adhering to planning best practice (as laid out in the National Planning Policy Framework (NPPF). Westmill Wind Farm Co-operative is a model example of how a scheme can be well-integrated within a community.^{vii}

Notably, the Scottish government published a 2019 report^{viii} of detailed guidance on good practice for businesses, local authorities, and communities, for shared ownership of onshore renewables. In 2017, Scotland was home to an estimated minimum of 666 MW of operational community and locally owned renewable energy capacity, which was a 12% increase on the previous year. For instance, on the Isle of Eigg in the Scottish Inner Hebrides, a community owned organisation provides electricity for all the island's residents, and, importantly, residents agree to limit their usage to match production.^{ix}

We believe that community ownership can be seen as the 'gold standard' for meeting the needs of local people. For instance, Burneside Community Energy, which invests in solar power generation and generates income to support local projects, is transparent, accountable and democratic to its members in the local community. Evidence shows that when communities are positively engaged with and able to own renewables locally, support increases dramatically; for instance, research in Germany found that local ownership improves net support for new wind turbines by 77% This is a win-win; communities feel that their needs are being met, which allows for a more constructive and participatory dialogue with renewable energy companies, which in turn should deliver more successful projects.

A shift in dynamic away from reactive responses to planning applications - and sometimes adversarial debate - towards a proactive and engaged process – ideally through local or neighbourhood plans – will result in a healthier, more efficient and more productive experience for all parties involved. By engagement, we mean a deliberative, iterative process that precedes design options and is genuinely responsive to alternative ways of delivering optimal capacity without significant detriment. This would go beyond usual current practice of pre-application discussion and/or presentation of a near finalised scheme, with little option of revision. The engagement should provide the opportunity for addressing issues such as noise (using a more up to date method than that given in ETSU-R-97, which is now 23 years old) and shadow flicker.

3. How should the government update the existing community benefits and engagement guidance for onshore wind to reflect developments in best practice for engagement between developers and local communities?

To date the existing community engagement guidance for onshore wind developments has rarely delivered positive outcomes for rural residents affected by these projects. It is, therefore, essential that the government updates the community engagement guidance to include the tough new rules it has promised. These rules should include addressing problems, including to individuals, arising from new renewables, as well as benefits for various community schemes in the area.

In amending the existing community engagement document the government should move from advice for onshore developers, to clear guidelines with formal standing setting out requirements for new projects to engage with the local community through deliberative processes at the earliest possible opportunities. By setting these guidelines on a formal standing the government should make it clear that adherence to these processes will carry weight in the planning process. If new renewable developments do not adhere to these formalised guidelines they should be ineligible for financial support in the form of subsidies arising from Contracts for Difference.

In order for communities to have a definitive say on new onshore wind developments in their local area it is essential that local and neighbourhood plans are used to develop future energy visions, including an assessment of the potential scope for renewable energy developments, which onshore developers can then adhere to. Therefore, CPRE calls on the government to update the engagement guidance for local authorities and local communities to emphasise the importance of including energy issues within neighbourhood and local plans. In order for this to be successfully achieved it is also important that the government should produce guidance for local planning authorities on how to identify suitable sites and plan for onshore wind development. Consideration of landscape issues, including their heritage and tourism value, should take place through strategic planning for onshore wind at national and sub-national (city region/combined authority) levels, and this will also be essential to enable to allow local

authorities to properly undertake their own planning work at a local level and engage successfully with local communities. For those renewable energy projects that are NSIPs, the same considerations should apply, with strategic priorities set through the relevant NPS and taking account of policies in development plans.

In relation to the community benefits guidance, it is essential that any amendments by the government maintain as a fundamental principle that any offers of community benefits must not influence the planning process or the granting of approval to a new project. The government should reiterate at the very beginning of the community benefits guidance document that there is a clear legal precedent that community benefits cannot be treated as a material consideration when considering granting planning approval to new projects. xii

CPRE has worked actively on the issue of the substance of community benefits offers from commercial onshore wind developments, including in 2012-13 in response to the government's call for evidence on onshore wind.

Through that work CPRE influenced the existing community benefits guidance and achieved commitments to

- (i) A more transparent approach to offering and deciding community benefits.
- (ii) Raise the level of benefits typically offered to rural communities by up to 5 times i.e. from £1,000 per megawatt hour of electricity per year in 2008 to an industry guideline of £5,000 per MWh pa now.

Based on this previous work, CPRE suggests that any updates to the existing community benefits and engagement guidance for onshore winds should continue to emphasise the importance of developers engaging consistently, transparently, and as early as possible with local communities.

Since commercial onshore wind developments are often extremely profitable^{xiii}, the industry guideline for community benefit offers of £5,000 per MW pa^{xiv} should be considered as a minimum baseline for community benefit schemes. In addition to allowing funds to address any problems caused by the wind farm, such funds should also be available to fund capital and revenue investments, including land purchase where appropriate. To date, it appears that many such funds have in fact been under-used because strict criteria cannot be met. In many cases there is ample scope for increasing the community benefit offer whilst maintaining the profitability of the overall scheme as an attractive investment for commercial developers. Since the impacts of onshore wind developments are highly localised, best practice should seek to promote schemes that maximise the benefits also captured by the local community. Therefore, CPRE believes that the government should update the best practice within the community benefit guidance document to strongly encourage onshore wind developers to consider offering community benefit schemes worth more than the industry guideline of £5,000 per MW pa.

While there are many laudable uses for community benefit funds, and it is right that local communities have the flexibility to choose their own approach, the best examples come from those schemes that have invested in projects that help multiply the climate benefits of new renewables, or to further mitigate their landscape impacts. This can take many forms with existing best practice including using benefit funds to support community energy efficiency; small-scale 'microgeneration' and distributed energy; schemes for renewable or low-carbon heat and power, and 'green infrastructure' schemes aimed at improving landscapes and/or wildlife habitats. Funding for green infrastructure in particular could help to address concerns about the landscape and biodiversity impacts of windfarms. For example, The Wadebridge Renewable Energy Network (WREN) in Cornwall is an excellent illustration of this practice. CPRE suggests that the government updates the best practice within the community benefit guidance document to strongly encourage communities to consider using funds to help tackle the climate emergency, enhance their local landscapes, and improve access to the countryside.

In addition, CPRE believes that the government should also take further steps towards meeting the ambition set out in the 2015 response to the Shared Ownership Taskforce that the offer of shared ownership should become the norm for all renewable projects covered by the scope of the Shared Ownership Framework.* There is virtually no evidence to suggest that the voluntary Framework has been successful in achieving this objective. CPRE therefore believes that the Shared Ownership Framework should now be updated to be made obligatory for all new renewable projects covered by the scope of the Framework, and that the government should investigate the possibility of

applying this retrospectively to allow communities across the country to own a stake in renewable projects in their local area.

This would mean that:

- Renewable projects that are i) taken forward by a commercial project developer, ii) exceed £2.5 million in project costs, and iii) are for the primary purpose of exporting energy into a public network, should be legally obliged to offer interested communities shared ownership opportunities, and
- Discussions between developers and the local community should take place at the earliest practical point in project development, and
- The local community must be offered a minimum stake of between 5-25% of the value of the project at a fair market value, and
- The local community must be offered a range of community shared ownership models including split ownership, shared revenue, and joint venture. The government should ensure that local communities have access to impartial advice to understand which model of shared ownership best suits their aims and circumstances.

The offer of shared ownership should be made in addition to, not instead of, any monetary or in-kind benefit offer.

4. Should the government consider creating a register of renewable energy developments in England that lists available projects and associated community benefits?

Yes, the government should create a register of renewable energy developments in England that lists available projects and associated community benefits. It remains unclear why the previous national register of community benefits, which should have been kept maintained after Ministers committed to its establishment in 2013, has been allowed to wither on the vine, while the equivalent Scottish register is still kept up to date. Lessons from the previous register should be learnt and any shortfalls should be addressed once a (new) national register of community benefits is revived. This register should be supported by a parallel register of community owned renewable energy projects that lists their associated benefits to help inform both local communities and national government as to the comparative merits of commercial development and community ownership of new renewable energy projects.

Key recommendations.

CPRE recommends that the government adopts the following policies as part of the amendments to the Contracts for Difference scheme:

- 1. CPRE supports the reintroduction of Contracts for Difference for onshore wind and other renewables as an essential step towards rapidly decarbonising our energy system and tackling the climate emergency.
- 2. CPRE accepts that tackling the climate emergency means that there must be new renewable energy schemes within the countryside, and calls for rural renewables to be done in the best possible way. There should be a clear preference for siting new renewable energy projects on brownfield sites wherever possible, and local communities should be given a meaningful say over the location and design of schemes in their area in order to minimise landscape impacts.
- 3. There must be a shift towards proactive community engagement for new renewable projects with a deliberative, iterative process that precedes design options and is genuinely responsive to alternative ways of delivering optimal capacity without significant detriment. This would go beyond usual current practice of pre-application discussion and/or presentation of a near finalised scheme, with little option of revision.

- 4. Local communities must be given access to the full evidence necessary to inform decision making as they shape their energy future, including more accurate and comprehensive noise assessments covering all noise types. They must not be placed under pressure to accept schemes that would cause undue harm to their local landscapes and amenity.
- 5. Local communities should be provided with relevant financial and practical support to allow them to plan their energy future and effectively contribute to the development of new renewable schemes in their area.
- 6. The government should promote direct community ownership of renewable energy schemes as the 'gold standard' arrangement for meeting the needs of local people.
- 7. The government should set out further policies alongside the amendments to the Contracts for Difference scheme which further promote community energy schemes, including directing subsidies to prioritise community energy projects.
- 8. The government should move from advice for onshore wind developers, to clear guidelines with formal standing setting out requirements for community engagement which carry weight within the planning process. Such guidelines should have statutory force.
- 9. The government must maintain as a fundamental principle that any offers of community benefits cannot influence the planning process or the granting of approval to a new project.
- 10. The government should update the best practice within the community benefit guidance document to strongly encourage onshore wind developers to offer community benefit schemes worth more than the industry guideline of £5,000 per MW pa.
- 11. The Shared Ownership Framework should be updated to be made obligatory for all new renewable projects covered by the scope of the Framework, and the government should consider applying this retrospectively.
- 12. The government should create a register of renewable energy developments in England that lists available projects and associated community benefits alongside a parallel register of community owned renewable energy projects that lists their co-benefits.

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Endnotes

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https://www.gov.uk/government/news/millions-more-homes-to-be-powered-by-renewables

iii https://www.cpre.org.uk/wp-content/uploads/2019/11/future-energy-landscapes-design-and-rationale.pdf

iv http://gawcottsolar.co.uk/#news

vhttps://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/363405/FINAL - Community_Benefits_Guidance.pdf

vi https://communityenergyengland.org/files/document/317/1561208314 StateoftheSectorReport2019-FullReport.pdf

vii https://www.westmill.coop/timeline/

viii https://www.gov.scot/publications/scottish-government-good-practice-principles-shared-ownership-onshore-renewable-energy-developments/pages/3/

ix https://islandsgoinggreen.org/about/eigg-electric/

^{*} http://www.communityenergycumbria.co.uk/wp-content/uploads/2015/11/Burneside-Energy-Share-Offer-Document.pdf

xi https://ilsr.org/wp-content/uploads/2018/03/Advantage Local-FINAL.pdf

xii As per the recent Supreme Court judgment in R (Wright) v Forest of Dean DC and others [2019] UKSC 53 https://www.supremecourt.uk/cases/docs/uksc-2018-0007-judgment.pdf

xiii In 2008 CPRE estimated that one 9.6 MW wind farm in Cornwall would earn £1,200,000 a year in Renewable Obligation subsidies alone https://docs.wind-watch.org/cpre_goodwill-payments.pdf

xiv https://cdn.ymaws.com/www.renewableuk.com/resource/resmgr/Docs/community_benefits_report.pdf

^{**}https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/408440/Government_Response_to_Shared_Ownership_Taskforce.pdfb