



Technical Appendix 13.1

SPR Community Investment Leaflet

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Background

Forestry and Land Scotland* appointed ScottishPower Renewables as one of several developers to investigate the possibility of developing wind energy projects on the National Forest Estate.

ScottishPower Renewables has been investigating this opportunity and our Clauchrie Windfarm project, in South Ayrshire, is currently under development. We anticipate the project is likely to consist of up to 18 turbines capable of generating around 100 megawatts of renewable energy and it is our intention to submit an application to the Scottish Government Energy Consents Unit at the end of 2019.

The added capacity will help meet our increasing demands for cleaner energy, and will contribute towards the Scottish Government's targets for renewable energy, a low carbon

economy and greater energy security.

The process to take a windfarm through development from initial environmental assessments, to receiving permission to build and operate it, through to the point where communities may invest could take approximately five years.

Should ScottishPower Renewables receive consent to build and operate Clauchrie Windfarm, we intend to provide benefits to the local communities. This will include an opportunity to invest in the operational windfarm, should the community choose to do so.

Community participation

We will talk to local stakeholders and Forestry and Land Scotland to determine which communities are eligible to participate. The criteria to define an appropriate Community Organisation comes from the community right-to-buy under Land Reform legislation. These include:

- being properly constituted;
- being geographically defined and situated by, near to, or on the land proposed for development;
- having open membership - membership of the Community Organisation is expected to be open to all members of the Community the Organisation represents; and
- ensuring members of the Organisation remain in control of the Organisation.

Responsibility resides with the Community Organisation to show how it has defined the community area. Existing geographical boundaries that can help with this include: community council areas, postcode units, council wards etc.



The Scottish Government has developed a Rural Community Mapping Tool to assist communities:
<http://crtb.sedsh.gov.uk/crtb/>

*From 1st April 2019, Forestry Commission Scotland became part of Scottish Government, with the regulatory section named Scottish Forestry and Forest Enterprise named Forestry and Land Scotland.

Proposed Investment structure

Interested Community Organisations should combine to form a single Community Vehicle to channel their investment. The Community Vehicle should be either a limited company or a limited liability partnership. The Community Vehicle will be the entity that administers the community benefit fund and would also have the opportunity to invest in the operational windfarm, on behalf of all the interested Community Organisations.

The Community Vehicle can:

- A) Receive a community benefit payment to the Community Organisation, OR
- B) Convert the community benefit payment into a Carried Equity stake** for the Community Organisation
- C) Raise capital to invest in the operational windfarm***

The Community Vehicle as a whole will be able to invest between a minimum of 5% and a maximum of 49% of the overall windfarm costs (please note that the 5% minimum does not apply to the Carried Equity stake).

There is no obligation on the Community Organisation to invest in the windfarm. The Community Vehicle may select to receive the community benefit payment without investing.

**A Carried Equity stake is one where the Community Vehicle converts its entire community benefit payment into an investment in the windfarm. In this case the Community Vehicle foregoes the right to the annual community benefit payment, but in return receives an equity stake in the windfarm and therefore a share of the windfarm's profits.

*** The Community Vehicle will raise funds from third parties such as banks or individuals in order to invest in the windfarm and to buy an equity stake in the windfarm.

Risks of investing

Investing in an operational windfarm carries risks as we cannot predict how the windfarm will perform.

At this stage in the windfarm's development it is not possible for ScottishPower Renewables to provide accurate information regarding the return on investment the Community Vehicle could make. This will become more clear after the project has received planning permission and we move towards construction. At that stage we will know the size of the windfarm and more accurate

information about project finances. ScottishPower Renewables will only progress the project if it is financially viable for us to do so.

Once the windfarm is operational any return the Community Vehicle may get from the investment would be variable, and would depend on how much energy the windfarm produces. Any return may not be paid out for a number of years and there is no guarantee on a return from the investment.

Investment information

Should the windfarm receive consent, ScottishPower Renewables will publish an appropriate investment Offer Document. This document will detail what the Community Vehicle could expect to earn from an investment and the related risks. The Community Vehicle does not need to decide if it wishes to invest until an Offer Document is provided and should base the decision to invest solely on the information provided within the Offer Document. The Offer Document would be published after planning consent and prior to commencement of construction.

Support for Communities

The Scottish Government has put in place a number of mechanisms to support communities that wish to invest in renewable projects. Local Energy Scotland can help guide communities through the process and provide access to grants which can be used to pay for legal and financial advisers to help you consider if an investment opportunity is appropriate for your community. The Scottish Government funds the Community and Renewable Energy Support (CARES) scheme, which can provide repayable finance to communities to help them invest in renewable projects.

CARES is administered by Local Energy Scotland, more information can be found at <https://www.localenergy.scot/>. We will keep you informed as the project progresses and, in line with Forestry and Land Scotland guidance, we will provide you with information in a timely manner so you are able to

fully assess the opportunity. If you think that your Community Organisation may be interested and would like to receive more information as it becomes available, please register your interest with ScottishPower Renewables.

Further information about community investment in renewables on the National Forest Estate can be found on Forestry and Land Scotland's website.

For further information about Clauchrie Windfarm or to register your interest to invest please contact clauchriewindfarm@scottishpower.com or write to:

Clauchrie Windfarm Project Team, ScottishPower Renewables, 9th Floor, ScottishPower House, 320 St Vincent Street, Glasgow, G2 5AD.

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