Who benefits from hydro schemes in our National Parks?

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Thousands of older Scots invest in community-ba

THOUSANDS of older Scots are investing in community-based renewable energy schemes.

This is sparking hopes for major growth north of the Border.

Figures show there are now 13,250 small-scale investors in hydro-electricity sites being built across Scotland. The projects offer annual returns of about 4 per cent over 20 years – more than double the interest in most high street bank accounts. It comes millions of pounds paid out by energy communities fr proceeds of wind far

Herald 13th October

Recent news stories (above and here) about community financing of renewables and the benefits which may be derived from them should not be allowed to conceal what is going on across Scotland and in our National Parks. The primary driving force behind the development of renewables is profit for the few and within the overall market, both in Scotland as a whole and in our National Parks, the contribution of community schemes is small. One consequence of the greed of the few has been a disregard for where new schemes have been located (Torridon, Affric and now Etive (see here) outside of our National Parks and several places within them) as well as a general lack of care in how they have been designed and finished. This post takes a look at contribution of community schemes within this context and suggests it is time an alternative approach to energy generation was developed in Scotland.

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The scale of community investment and the hydro market

13,250 people investing in community hydro schemes sounds impressive but many of the people doing so are investing small amounts. 13,250 £100 investments only comes to £1,325,000 or say the cost of one small hydro scheme. While some people may be investing 10 times that, even if all were that would be only £13,250,000. Contrast that with another article in the Herald earlier this year which reported that Aberdeen Standard (Life) Investments had “invested” £43m in buying up just six hydro schemes from Gilkes energy. Two of these were in the Loch Lomond and Trossachs National Park, Kendrum near Lochearnhead and Ben Glas in Glen Falloch and one, Loch Pattack, at the edge of the Cairngorms National Park.

Out of the 43 or so operational run of river hydro schemes in the Loch Lomond and Trossachs National Park four, or almost 10%, are community hydro schemes if you allow the Glen Donich scheme at Lochgoilhead which is 20% owned by the local community to be classified as a community scheme. However, most community schemes tend to be quite small – for example those at Kingussie and Corrimulzie by Braemar in the Cairngorms National Park – and the percentage of hydro output generated by community schemes is likely to be lower than the number of such schemes might signify. The 2 Megawatt Pattack hydro scheme, which crosses into the Cairngorms National Park and which was bought up by Standard Aberdeen Investment, is far larger than four of the schemes I have

visited combined (Stank Glen 425 kilowatt, Braemar 100 kw, Arrochar 120 kw and Kingussie just 15 kw).

The most notable facts about this hydro market is not that some small community schemes continue to be developed but the key role that private finance has taken in hydro scheme development and that the market is now rapidly consolidating. The consequence basically is that apart from rents paid to landowners, most of the income generated by hydro developments is flowing out of the areas where the electricity is being generated in the direction of the City of London (and Edinburgh).

The Ben Glas hydro scheme bought by Aberdeen Standard Investments is a good example. By May 2016, shares from 11 other shareholders, including the Lowes family who own Glen Falloch Estates, the Developer Ventus and Temporis Capital LLP had been bought by Gilkes Energy ben glas power shareholders. Two years later they sold the hydro to Aberdeen Standard Investments. The Lowes family continue to derive a profit from leasing out the land on which the hydro infrastructure is located but almost all the other income/profit is now going to a major financial institution (my understanding is the four Glen Falloch schemes support just one full-time local job).

This matters, not just in terms of the local economy but in terms of our landscape. Its one thing trying to enforce planning conditions in respect of the developer who constructed the scheme but once a scheme has been sold on not just once but twice that becomes considerably harder.

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How significant are the community benefits generated by renewables?

Communities can benefit from renewable schemes in two ways, either by owning them directly or else by the renewable company offering to make them payments as compensation for the scheme – as has happened with some windfarms. In the second Herald article last week this was presented as a bonanza:

"REMOTE communities across Scotland are sharing a multi-million-pound cash bonanza generated by the wind and rain that batters them. Over the past decade, nearly £50 million has been paid to communities from the proceeds of wind farms that have been built nearby."

For comparison, up until 2017 £300m had been paid as compensation to the owners of windfarms for the times when they have switched off due to a surplus of supply over demand.

"The money has been spent on a diverse range of schemes, from the renovation of village halls and bowling clubs, to taking school pupils on day trips, providing musical tuition and giving everyone in the community new Christmas lights."

This is all small stuff, chickenfeed compared to the cuts in expenditure by public authorities as a result of austerity. In the case of hydro, rather than windfarms, take Callender where the community hydro generates £60,000 a year but where, according to the most recent issue of the Voice, the magazine of the Friends of Loch Lomond and Trossachs, there are over 80 plus community groups. That's less than £1000 a group a year. While this "bonanza" is going on, the introduction of Universal Credit, for

example, means that an estimated 2 out of 5 families in receipt of benefits will be on average £2500 a year worse off. You only need 50 such families in the Callender area and that is a loss of £50k to the local economy. While I welcome community ownership and control we should not let the alleged renewables "bonanza" disguise what is really being done to rural communities.

"In other cases, canny investors who have pumped savings into buying shares in community energy schemes are reaping up to eight per cent return on their investment – far more than they might hope for in any high street savings account.

Such is the clamour to invest in renewable schemes, the latest share offer that calls for community investors to purchase the first of £1.89m worth of shares in six hydroelectric projects across the Highlands raised one-third of the money required within days. Indeed, demand for a share of the windfall means the offer is likely to be over-subscribed."

An 8% return is appealing when banks pay no appreciable interest on deposits but the numbers of people getting benefit from this is very small. The £1.89 share offer for the six hydro schemes referred to in the article compares to over £3.5m spent on building the Ben Glas scheme, with the size of the rewards commensurate with the size of the developments. What the community schemes generate and put back into local area is tiny compared to the amounts being extracted by other schemes. Moreover, most people in Highland Scotland are paying far more in the high electricity prices from which the rich gain generous profits than they gain from community schemes.

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What's problem and what's the solution?

I am not against Commmunity hydro schemes, far from it, but we need to recognise the current constraints on their development including:

- Access to land. Most land is in private ownership – the main exception being Forestry Commission Land – and landowners do not need to co-operate. While all credit should be given to landowners who have made land available for community schemes (eg Luss Estates at Arrochar and Invercauld at Corriemulzie) most haven't but instead have developed schemes for their own benefit.
- Access to finance. Scotland completely lacks the type of smaller banks which have financed community renewable energy projects in Germany for example.
- The work involved. Developing a community hydro takes enormous amounts of voluntary effort and time – during the construction of the Arrochar scheme for example one person was, I understand, visiting the site on a daily basis to check everything was going ok – and not many people have either the capacity or will to take on this work. I have the utmost admiration for those that do but we cannot expect this to be replicated across all communities and the reliance on volunteers can lead to mini-disasters as at Corriemulzie (see here).

A few days ago it was announced that people on Fair Isle at long last have electricity 24 hours a day. They have had to do it themselves with a grant from the Scottish Government. However heroic their efforts, that they have had to wait this long should be seen as a disgrace. Our privatised electricity companies, SSE and Scottish Power, have obviously failed to deliver (and there are other islands still without public electricity supplies).

Given all this, we have a choice. Either we can continue to rely on the private market to develop hydro and other renewable energy schemes, in the knowledge there will be little benefit to local communities, that landscape destruction will continue and this will likely to be insufficient to meet carbon reduction targets or we can start considering a far more planned approach.

While I believe that will require action from the Scottish Government, our National Parks, which have a statutory duty both to conserve the landscape and to promote sustainable economic development, could be playing an important role in this. The LLTNPA in particular has issued a number of supportive statements about community renewables while remaining totally silent on the far more significant aspect of hydro development highlighted in this post. So why not commission some research, perhaps jointly with the Scottish Land Commission, into who is really benefitting currently from hydro developments and how alternative models could be made to work?

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Date Created
October 18, 2018
Author
nickkempe