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Social value from renewables in the Highlands and Islands

A report by Equitable Energy Research CIC, commissioned by Platform

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Introduction

As the scale and pace of new energy developments increase, the question of what constitutes a fair deal for communities hosting such projects becomes ever more critical.

This report suggests that social value from renewables spans a spectrum, from business-as-usual socio-economic impacts and Community Benefit Payments, all the way to partial or full community ownership.

Existing projects across the Highland and Islands (H&I) of Scotland demonstrate the range of what is possible. In this report, we review case study projects and the approaches of H&I local authorities in their dealings with the energy sector to date, particularly in relation to social value and community benefit from energy projects.

As community groups and local authorities consider how best to play their hands in this fast-evolving sector, this report assesses what has been achieved, what approaches are being taken today, and what might be possible in the future.

Platform

Platform is a UK-based collective that merges art, activism, education, and research to advocate for social and ecological justice. Established in 1983, it comprises campaigners, artists, and researchers working collaboratively to challenge the global oil industry's social, economic, and environmental impacts. Through initiatives like exhibitions, educational programs, and publications, Platform promotes systemic change and supports grassroots movements.

For more information, visit www.platformlondon.org.

Equitable Energy Research CIC

Equitable Energy Research is a Community Interest Company (CIC) set up in 2024 to:

- Research best practice community ownership, participation and benefit from energy projects.
- Work with communities, project developers and government agencies to develop initiatives that deliver a fair share of value for all parties.
- Publish information and provide advice that supports communities and the public to develop their understanding of the energy sector.

For more information, visit www.equitable.energy.

An increasing scale and pace of development

Renewable developments in the Highlands and Islands

People across the Highlands and Islands see a rapid growth in renewables: more and more projects, of ever-greater size. They are hearing a lot about the need for a just transition, and seeing scant evidence of it so far.

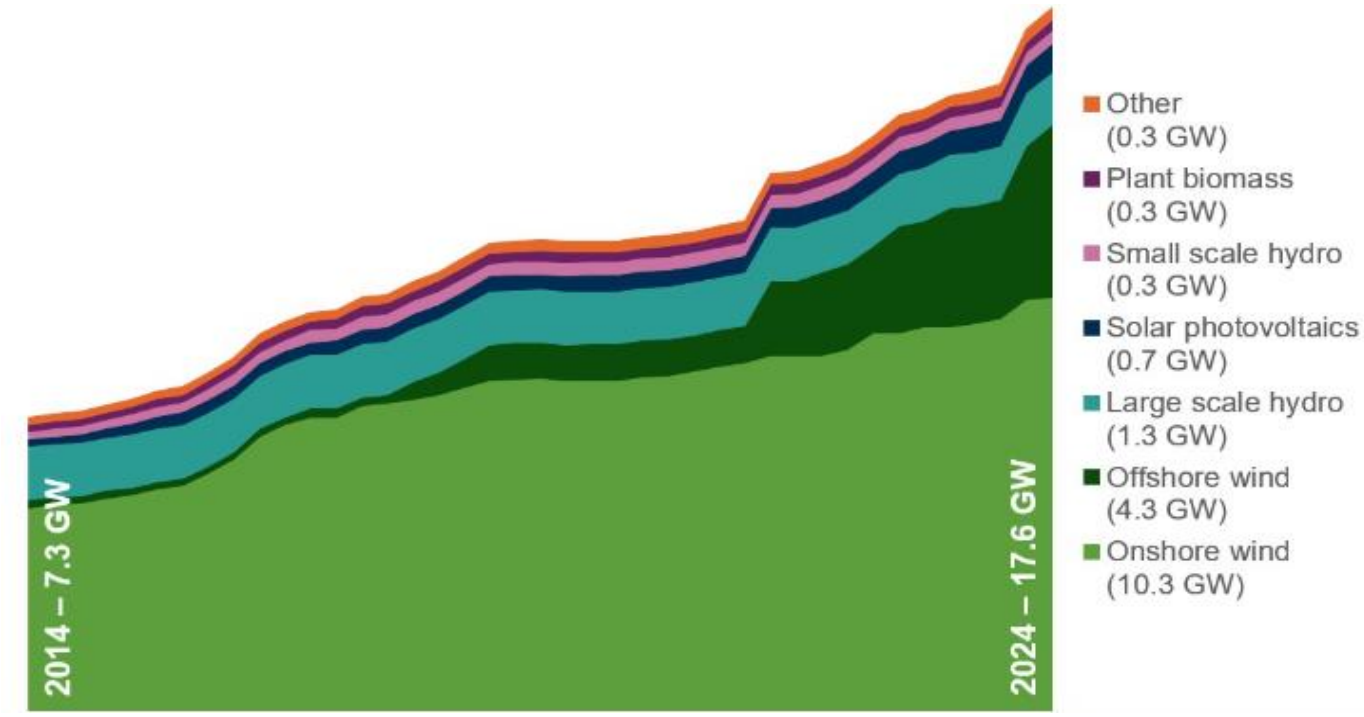

Figure 1: Operational renewable energy capacity in Scotland, 2014-2024[1]

Scotland's renewables industry began with hydro-electricity but is now dominated by onshore wind, with offshore wind the generation type expanding most rapidly (Figure 1). In this report, we focus on wind power projects as the predominant forms of renewable power generation in the Highlands and Islands (H&I).

Despite record growth in cleaner forms of power such as wind energy, fuel poverty rates across Scotland remain stubbornly high - and have increased to record levels in recent years.

The Scottish Government's analysis[2] shows that of the 32 local authorities in Scotland, seven have significantly higher levels of fuel poverty than the national average. Six of these are in the Highlands and Islands.[3]

[1] https://www.gov.scot/publications/energy-statistics-for-scotland-q4-2024/pages/renewable-electricity-capacity/ [DESNZ figures]
[2] https://www.gov.scot/publications/scottish-islands-data-overview-2023/pages/9/ [2017-2019 data]
[3] Plus Dundee City

Figure 2 shows the total capacity of onshore wind projects already operating, awaiting / under construction and in the planning system in each of the six Highland and Island local authorities.

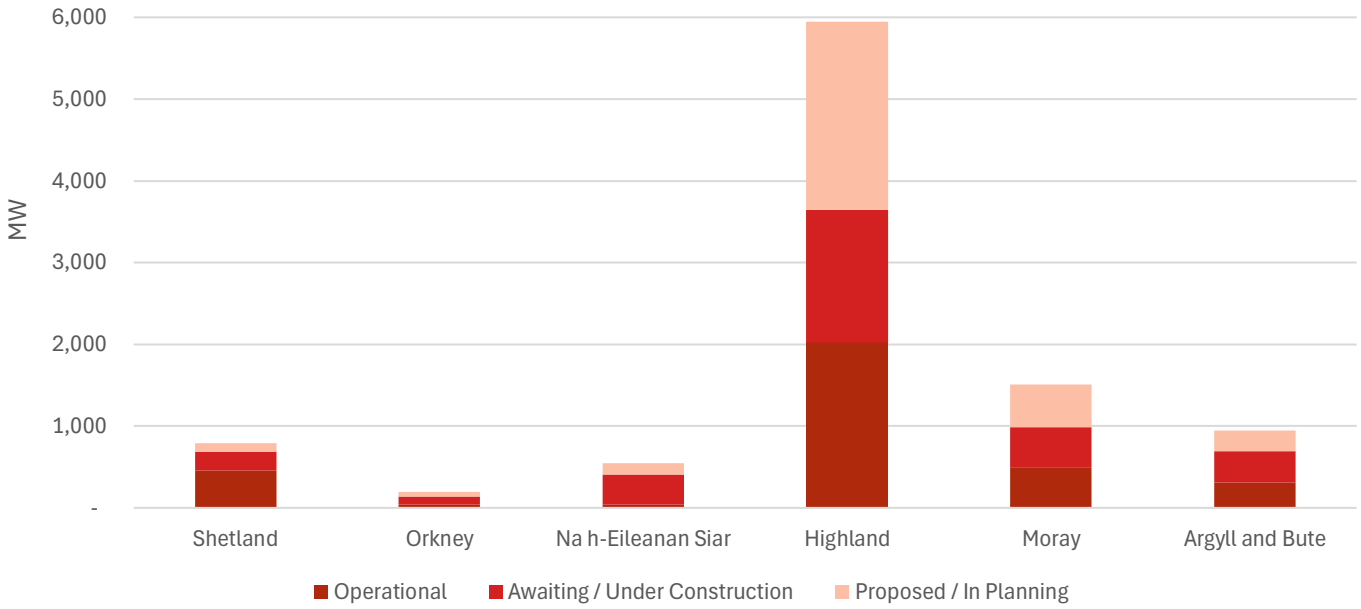

Figure 2: Onshore wind projects in the Highlands and Islands (DESNZ Jan 2025 figures[4])

As the largest and most populous local authority area, Highland hosts the largest capacity of existing and planned onshore wind projects. It is perhaps no coincidence that Highland has been at the centre of the debate around social value from renewables (see *Local authority positions*, p. 44).

The combined capacity of operational onshore and offshore wind projects in the H&I region is around 5 GW. If all projects currently awaiting construction and in the planning system were to be built, the total capacity of these projects could exceed 25 GW (Figure 3). Given sector conditions today, 100% build-out may seem unlikely. Nonetheless, particularly for communities seeing minimal benefit from existing large projects, concern about more of the same is understandable.

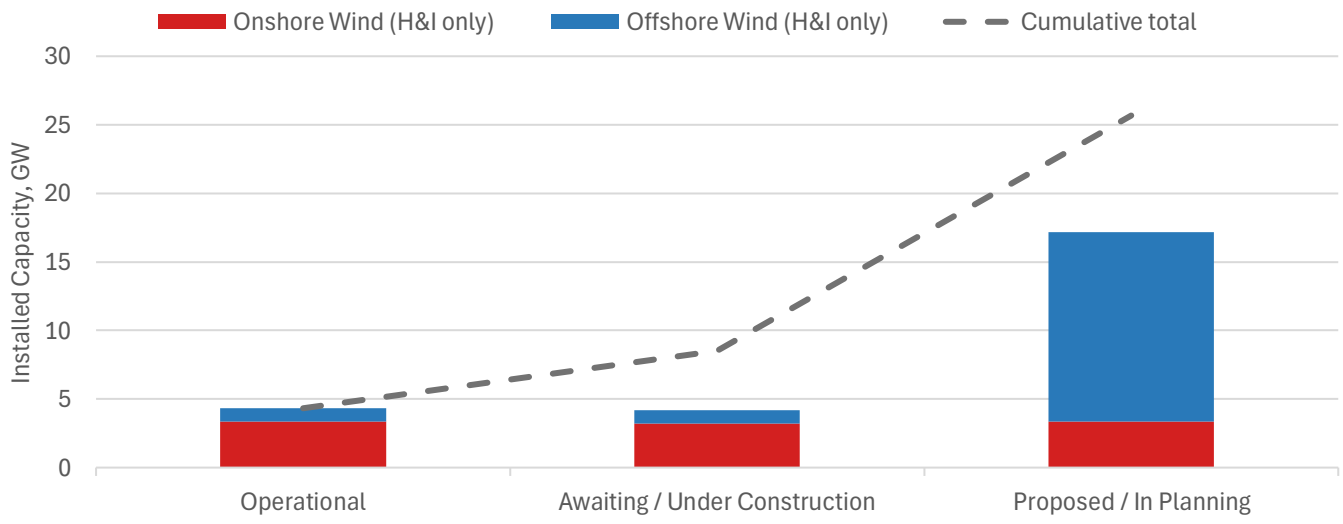

Figure 3: Onshore and offshore wind project pipeline (H&I only, DESNZ Jan 2025 figures)

[4] https://www.gov.uk/government/publications/renewable-energy-planning-database-monthly-extract

Although Highland hosts the greatest operational onshore wind capacity (and is set to host much more), Shetland and Moray have the greatest spatial concentration of operational and planned projects (Figure 4).

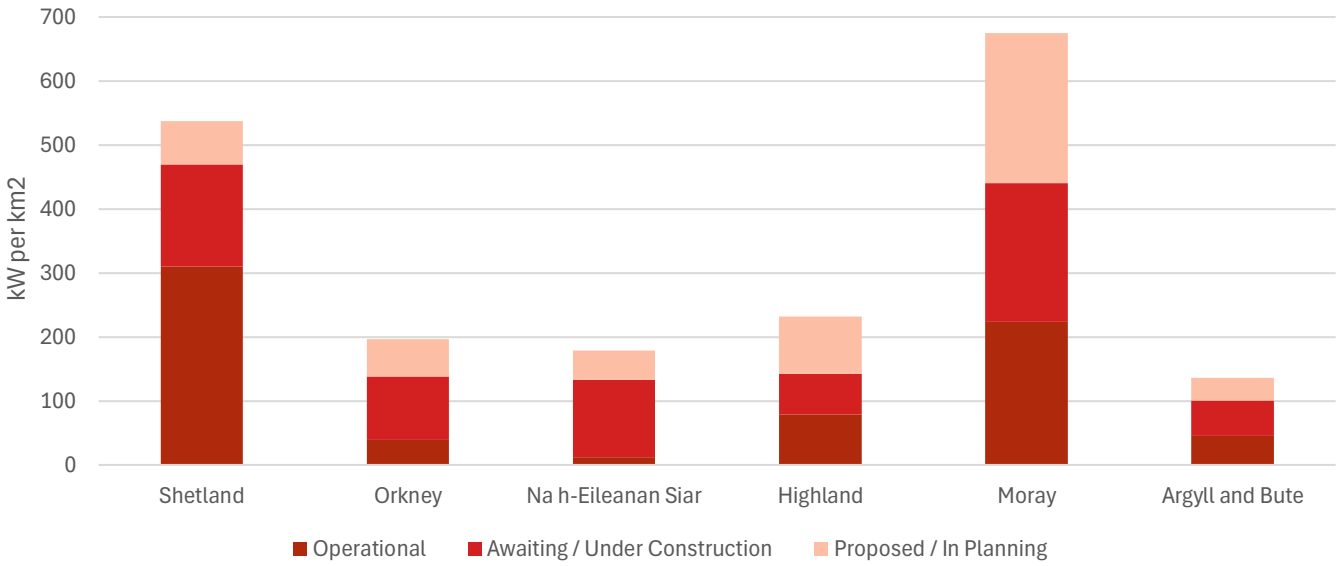

Figure 4: Onshore wind capacity per square kilometre of landmass (DESNZ Jan 2025 figures)

Shetland - host to the 443 MW Viking windfarm - has more installed wind capacity per head of population than any other H&I local authority, and is set to continue to do so (Figure 5).

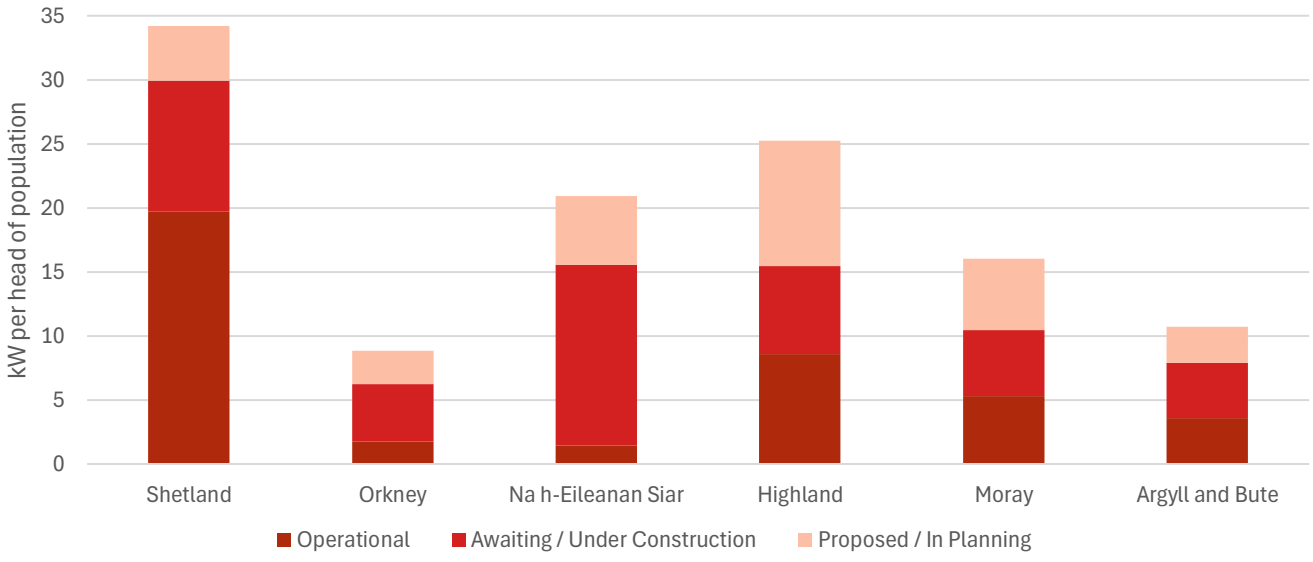

Figure 5: Onshore wind capacity per head of population (DESNZ Jan 2025 figures)

A map of operational and planned offshore wind projects is provided on the following page (Figure 6).

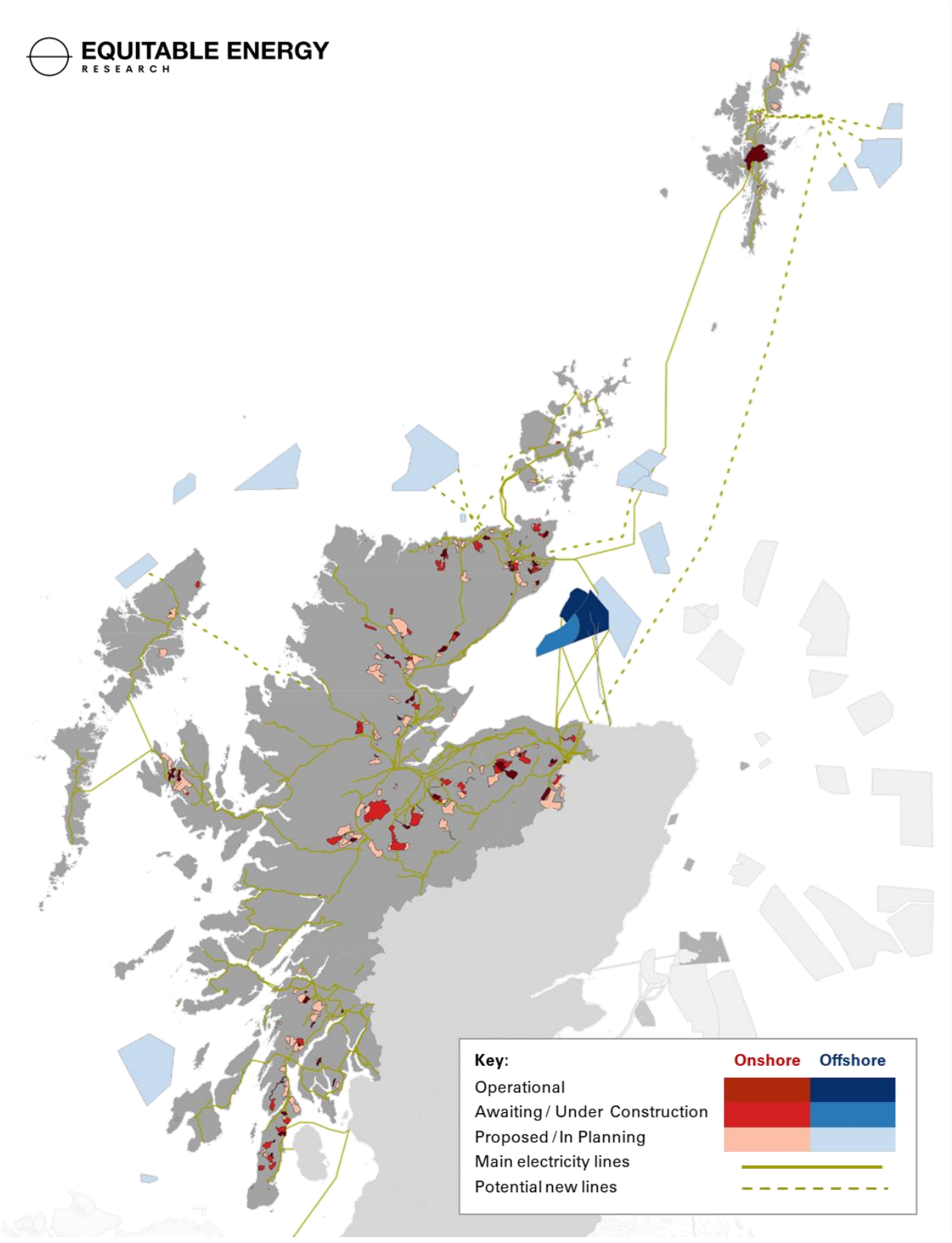

Figure 6: Onshore and offshore Wind Projects wind projects in the Highlands and Islands[5]

[5] Source material from https://data.spatialhub.scot (onshore sites and local authority boundaries); https://crown-estate-scotland-spatial-hub-coregis.hub.arcgis.com/ (offshore sites) https://openinframap.org (electricity lines) and other publicly available material. All cable routes and site boundaries are indicative only.

As renewable energy projects continue to expand across the Highlands and Islands, deep-rooted socio-economic challenges – including fuel poverty, a lack of affordable housing, and struggling transport links – persist and the path to their resolution is unclear. This has led many to question what the energy transition holds for them.

The success of retaining social value from renewables varies significantly across the Highlands and Islands region. While there are notable examples of energy projects transforming host communities for the better, there are also cautionary tales of missed opportunities and projects that are arguably more extractive than beneficial.

Although wind power has been promoted as a means to bring new jobs and industrial potential to areas of Scotland where industrial activity is declining, projects have often had a limited impact on local supply chains. As a result, job creation and community benefits have frequently fallen short of initial expectations. Manufacturing is most often outsourced overseas, leaving local communities missing out on the chance to share in the benefits of the renewable energy transition.

The ScotWind leasing round in 2022 awarded 23 GW of seabed leases. Around 10% of that total project capacity is owned by Swedish, Danish, Belgian, French or German public entities while the remaining 90% is privately-owned. None of the proposed wind farms include ownership participation from Scottish or UK public entities.[6] With the creation of GB Energy this may change in the future.

Despite the Scottish Government's 2014 ambition that "by 2020, at least half of newly consented renewable energy projects will have an element of shared ownership", little progress has been made in this direction either. As of April 2024, just 0.2% of Scotland's total installed onshore capacity was owned locally through a shared ownership arrangement.[7]

Given the accelerating pace of new energy developments, it is crucial to explore the full spectrum of possibilities for retaining value - both financial and non-financial - within host communities.

Key points (an increasing scale and pace of development)

- **Onshore wind is the main generation type in H&I - offshore wind is the most rapidly growing.**
- **In total there is ~5 GW operational today (onshore & offshore wind), with >10 GW in planning.**
- **Highland has the most wind capacity overall - Shetland leads on a per-person basis.**
- **Expected local benefits - supply-chain development and public or shared ownership - have often fallen short, while deep-seated fuel poverty, housing and transport issues persist.**
- **Renewable energy development across the H&I are unlikely to be considered "just" unless projects deliver significant social value – including a fair community share.**

[6] https://platformlondon.org/app/uploads/2023/12/Public-Ownership-NE-Scotland-1.pdf
[7] https://communityenergyscotland.org.uk/wp-content/uploads/2024/09/Scottish-Community-Coalition-on-Energy-Community-Shared-Ownership-Paper-FINAL-1.pdf

A spectrum of social value

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What do we mean by 'social value'?

Economic value measures direct, quantifiable financial benefits such as revenues or Gross Value Add (GVA). Social value captures broader societal impacts such as equity, wellbeing and environmental outcomes that economic value can't capture.

The term social value has been deployed in different contexts (and with somewhat different meanings) by UK, Scottish and Local Governments:

- The UK Public Services (Social Value) Act 2012[8] required contracting authorities to "have regard to economic, social and environmental well-being" when awarding service contracts, formally embedding social value in procurement.

- The Scottish Government's Community Empowerment (Scotland) Act 2015[9] mandated consideration of social value in asset-transfer decisions.

- Highland Council's Social Value Charter for Renewables Investment[10] sought commitments from renewables developers across areas such as community wealth building and stakeholder engagement.

We believe that social value from renewables boils down to two main principles:

1. **A fair share of the value of a common resource (the wind).** As outlined below, value can be retained via socio-economic impacts, community benefit payments or community / local authority ownership.

2. **Democratic oversight over how that fair share is put to use** - to empower local people to make their own decisions about the economic, social and environmental priorities in their area.

Whether funding an out-of-hours ferry in Shapinsay[11], a lunch club in North Yell[12] or tree planting in Lewis[13], projects across the Highlands and Islands demonstrate how renewables can empower communities.

The positive feedback loops are clear too: communities with better transport links attract more residents; communities with more development workers develop more projects; and communities that achieve success in one area go on to tackle other problems. Communities like this are more resilient and better placed to steward the economic, social and environmental flourishing of their place. That is social value.

[8] https://www.legislation.gov.uk/ukpga/2012/3
[9] https://www.gov.scot/publications/asset-transfer-under-community-empowerment-scotland-act-2015-guidance-community-9781786527509/pages/5/
[10] https://www.highland.gov.uk/download/meetings/id/83522/item_10_social_values_charter_for_renewables_investment
[11] https://shapinsay.org.uk/transport/out-of-hours-ferry/
[12] https://www.northyell.co.uk/community/projects/get-north-yell-going-again
[13] https://www.pointandsandwick.co.uk/news/

Towards resilient, flourishing local economies

This section sketches out a spectrum of social value from renewables, intended to inform and stimulate debate across three main areas: Socio-Economic Impacts, Community Benefit Payments (CBPs) and Community or Local Authority Ownership.

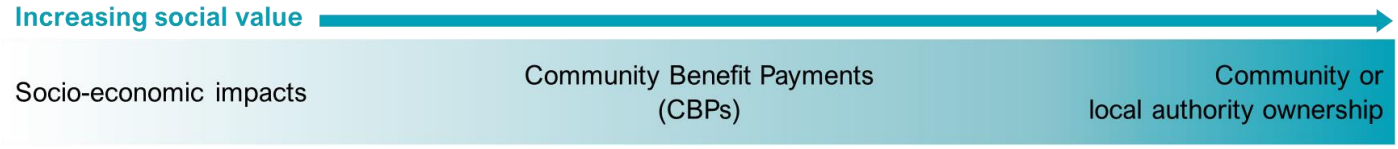

Figure 7: An indicative spectrum of social value from renewables

At the lower value end of the spectrum are "business-as-usual" socio-economic impacts such as supply chain activity and housing or infrastructure investments. Towards the higher value end of the spectrum are community benefit payments and varieties of full or partial ownership by communities and local authorities.

Note: This spectrum is proposed as indicative of general trends in the sector and is not definitive. There will be cases where, for example, CBPs from a large project deliver more social value than ownership of a small project, or where housing and infrastructure investments could deliver greater social value than a low level of community benefit payments. Nonetheless, there are abundant examples which demonstrate the general point that a greater degree of community / local authority ownership or revenue share tends to deliver greater social value.

The Scottish Government has committed to develop the world's first **Community Wealth Building Act** to "enable more local communities and people to own, have a stake in, access and benefit from the wealth [Scotland's] economy generates" while "cementing and augmenting" the role of local authorities in supporting a wellbeing economy.[14] Scotland is the first country in the world to embrace CWB strategies in legislation, with North Ayrshire Council becoming the first CWB council in 2020, followed by other local authority areas including the Western Isles and Moray. The Scottish Government has recognised the potential of CWB "as a practical, place-based economic development model that can help transform local and regional economies."[15]

CWB strategies redistribute power and collectivise ownership of assets that generate wealth, including land and property, labour, finance, and enterprise. In this way, CWB is an economic development model with the potential to democratise local economies.[16]

[14] https://www.futureeconomy.scot/publications/63-rewiring-local-economies-community-wealth-building-for-a-just-transition
[15] https://scottishparliament.tv/meeting/community-wealth-building-delivering-transformation-in-scotlands-local-and-regional-economies-may-25-2022
[16] https://www.democracycollaborative.org/enabling-conditions-and-principles

Socio-economic impacts

Socio-economic impacts typically sit at the lower end of the social value spectrum relative to direct Community Benefit Payments or ownership stakes. Nonetheless, if well calibrated and considered, they have the potential to bring transformative change for local communities. A key question in the assessment of whether socio-economic impacts are delivering a fair deal for communities is "does the developer need it anyway?" – best practice socio-economic benefits move beyond this minimum.

The "Business-as-usual" end of the spectrum might include for example sporadic use of the local supply chain, temporary housing, or minimal infrastructure upgrades - as opposed to consistent partnership with local companies, co-development of legacy housing, or co-investment in infrastructure that will last well beyond the construction phase. Best-practice socio-economic benefits can however retain significant value in rural and island communities: from job creation and skills development to community investment and infrastructure improvement, impacts can be significant and lasting when projects are designed with local benefit in mind.

Employment is often the most visible immediate benefit from an energy project. During construction and operation, projects generate jobs across a range of sectors and skill levels. Developers are increasingly expected to **source services locally**, supporting businesses such as transport operators, accommodation providers, fabricators, and catering firms. **Infrastructure upgrades**, although often driven by project needs, can also deliver long-term community value. Improvements to ports, roads, and grid connections can support multiple sectors. **Environmental enhancements** associated with renewable developments - such as peatland restoration or biodiversity initiatives - can bring wider socio-economic value too. Best practice in maximising socio-economic benefits from renewable projects includes **co-development** of housing or infrastructure with community organisation or local authorities. Table 1 recaps some of the key points from this section.

Table 1: Indicative spectrum of social value via socio-economic impacts

Increasing social value (socio-economic impacts) →

Business-as-usual supply chain and indirect impacts	Best practice supply chain and indirect impacts	Local ownership (by businesses and/or individuals)
• Short-term housing. • Limited infrastructure upgrades.	• Legacy housing e.g. co-developed with housing associations, local authorities or communities. • Infrastructure upgrades co-developed to create synergies with non-project related activities.	• Projects owned by local businesses or individuals, whilst limited in their social value impact relative to community or local authority-owned projects, tend to generate significant ripple effects in local economies relative to externally-owned projects.

Community Benefit Payments (CBPs)

Community Benefit Payments (CBPs) are direct benefits paid by renewable energy developers to local communities (as cash or energy bill discounts) as a means of sharing the value of local resources with local people. Direct CBPs sit at the centre of our social value spectrum: generally a better deal than mere socio-economic impacts[17], but tending to deliver a much smaller share of value than community or local authority ownership. CBPs are net positive – they add value – as opposed to compensation, which is zero sum.

There is much debate around not only the size of Community Benefit Payments, but also how these should be understood. This section summarises general principles and some recent relevant benchmarks. Appendix A outlines some of the more academic terminology used in relation to CBPs and the broader debate around social value and the just transition.

£5,000 per MW per annum was established as an industry benchmark in 2010 by Forestry and Land Scotland[18]. The Scottish Government endorsed this in their 2014 "Good Practice Principles for Community Benefits from Onshore Renewable Energy Developments"; in the 2019 update of those same principles[19]; and in the 2022 onshore wind policy statement[20]. A consultation on these principles closed in April 2025[21]. **The £5k good practice benchmark has not been updated since 2010 and CBPs at this level are typically index-linked from project first power rather than to a consistent historic baseline (e.g. 2010 or 2014): in real terms, the level of CBP has eroded significantly over time.**

While there is not yet an agreed standard for offshore wind CBPs in Scotland or the UK, a recent example of good practice is the commitment by the proposed Spiorad na Mara windfarm off Lewis to provide £4.5 m per annum into a Community Benefit Fund (whilst it is not framed as related to the size of the development, it is equivalent to £5000/MW/year).[22] The majority of offshore wind projects in the UK have paid significantly less than onshore wind projects. For example, the RWE Rhyl Flats Offshore Wind Farm in Wales committed in 2018 to provide a base level payment equating to £1000/MW/year, index-linked to RPI from first power (now replaced by the CPI as the primary measure of inflation).

A report produced by Aquatera, Voar and Community Energy Scotland and endorsed by Shetland Islands Council elected members[23] recommended that CBPs ideally be based on a percentage share of gross project revenue, combined with an agreed minimum income level: "aiming for project revenue is transparent, captures curtailment income and mitigates the possibility of accounting practices diminishing profitability through overhead allocations between business units, etc. This approach both optimises and de-risks Community Benefit Payments for SIC (or a community organisation) and the developer: it provides some degree of income

[17] Although not necessarily – if for example CBPs are set relatively low, best practice socio-economic impacts could conceivably deliver greater benefit.
[18] https://forestryandland.gov.scot/what-we-do/renewable-energy-in-scotlands-national-forests/community-benefits-and-opportunities
[19] https://www.gov.scot/publications/scottish-government-good-practice-principles-community-benefits-onshore-renewable-energy-developments/
[20] https://www.gov.scot/publications/onshore-wind-policy-statement-2022/
[21] https://consult.gov.scot/offshore-wind-directorate/community-benefits-net-zero-energy-developments/
[22] https://northlandpowerscotwind.co.uk/spiorad-na-mara-delivers-commitment-on-community-benefit-funds-for-communities-on-the-west-coast/
[23] https://coins.shetland.gov.uk/submissiondocuments.asp?submissionid=30912

security for the community, while facilitating greater value share from the developer (who can share more in a good year, but is not exposed to paying such a large CBP in less productive years)". See Figure 8.

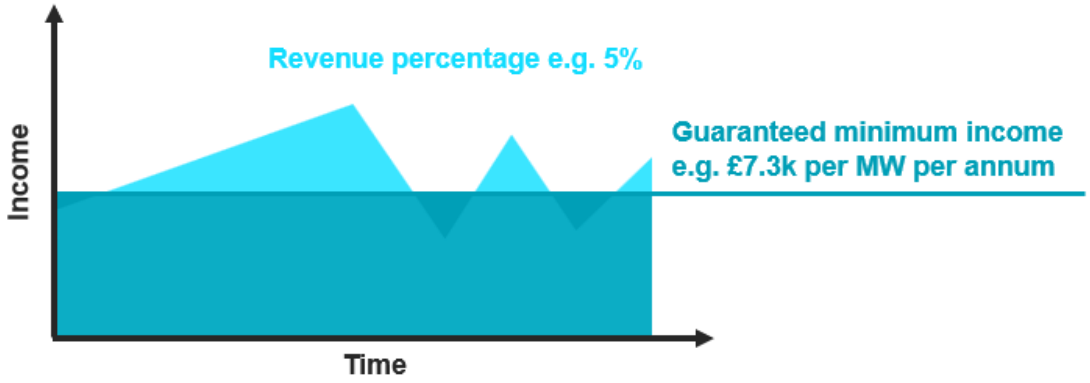

Figure 8: Floor and ramp model for Community Benefit Payments

The same report found that for onshore wind, a share of 5% of revenue was warranted in Shetland, given the exceptionally high-capacity factors and the large amount of development already present in the isles (Figure 4, p. 6). Table 2 summarises the (Shetland-specific) recommendations developed for different renewable technologies in that report, which include an acknowledgment that lower percentage revenue shares may be justified in early-stage industries or where project developers can demonstrate that such a level of value share would threaten project viability. CES have also noted that different standards may be required for technologies, dependent on their expected revenue.[24]

Note: although there is wide variation between projects, a 5% share of gross project revenues – which has also been proposed by the Scottish Liberal Democrats[25] - would put the value of community benefits payments in a similar ballpark to Highland Council's ask of £12,500 per MW per annum, while de-risking this level of value share somewhat for the developer, who does not have the same firm obligation to pay CBPs in less productive years.

CES recommend that community benefit funds should be: reliable and predictable throughout a considerable period of time; proportionate and fair to the scale of the project; and without conditions as regards community control. Framing community benefit funds as 'gifts', 'philanthropy' or 'social responsibility' can disempower communities, as opposed to defining these as 'contracts' and 'investments' between communities and developers.[26]

The current voluntary nature of community benefits furthers the narrative that these are entirely dependent on the goodwill of developers, rather than the reflection of a co-dependent relationship between communities and developers in the path towards a sustainable energy future. In a letter from December 2023, the Scottish Government urged the UK Government to "explore mandating community benefits for onshore energy developments."[27]. There is a strong case to be made that CBPs should be mandatory. This does however require

[24] https://communityenergyscotland.org.uk/wp-content/uploads/2025/01/New-Standards-for-Community-Benefit-Funds-Dec-2024.pdf
[25] https://www.scotlibdems.org.uk/news/article/scot-lib-dem-conference-backs-plans-to-deliver-community-benefit-from-windfarms
[26] https://communityenergyscotland.org.uk/wp-content/uploads/2025/01/New-Standards-for-Community-Benefit-Funds-Dec-2024.pdf
[27] https://www.gov.scot/publications/community-benefits-letter-uk-government/

the UK Government to act – for it to have legal effect, and also to prevent Scottish projects being at a competitive disadvantage in UK-wide CfD subsidy auctions.

Table 2: CBP position endorsed by Shetland Islands Council for Shetland Projects[28]

Sector:	Onshore Wind	Floating Offshore Wind	Hydrogen / PtX / CCS
Gross project revenue share	**[Up to] 5%**	**2.5%**	
Rationale	*Established and widely developed sector with better-known costs base. In line with Scot Lib Dems proposals*[29]*.* *5% of revenue should be appropriate and viable in most or all cases, given the quality of Shetland's wind resource.* ***If developers can demonstrate that this level of CBP is not viable, project-specific conditions could be explored.***	*Revenues during the early stages of these sectors are likely to be higher than for example onshore wind (per MW installed), linked to the significantly higher underlying costs of production and generation – and correspondingly higher CfD subsidy. Operating margins could however be lower on a percentage basis than in onshore wind. 2.5% of project revenue is therefore an appropriate and viable share of the overall value realised by these projects, which are also either further away from habited areas, or smaller footprint. 2.5% is also established SIC policy.* *This recommendation should be reviewed regularly e.g. following each subsidy auction and it may be possible for SIC / the Shetland community to secure a higher revenue share, depending on the degree of leverage over the specific project in question.*	
Guaranteed minimum payment	**£7.3k/MW/year** *(2024 prices)*	**£5.0k/MW/year** *(2024 prices)*	**Agreed based on a minimum production threshold**
Rationale	*Based on index linking the established good practice benchmark (£5.0k/MW/year) back to 2010 when this was first established.*	*Established precedent for equivalent payments on Spiorad Na Mara. Earlier stage industry.* *Note: disturbance or compensation payments to fishing industry is a separate matter from CBPs.*	*Specific terms should be agreed to prevent production risk being carried by the recipient of the Community Benefit Payments. This may be based on agreed production targets and minimum hydrogen values, e.g. minimum production = 75,000kg H2 per MW per annum. Minimum hydrogen sale value = £5 per KG. Project specific conditions should be agreed in each case.*

[28] https://coins.shetland.gov.uk/submissiondocuments.asp?submissionid=30912
[29] https://www.scotlibdems.org.uk/news/article/scot-lib-dem-conference-backs-plans-to-deliver-community-benefit-from-windfarms

A report by the Royal Society of Edinburgh found that a "lack of standardisation and sharing of practice around commercial community benefits, coupled with the optional nature of payments and in-kind contributions from developers, has resulted in a patchwork landscape with some communities negotiating significant investment, while others lacking opportunity to do so."[30] While recognising there is no one-size-fits-all or future-proof solution, there is an urgent need to standardise community benefits from commercial developers to define local expectations and develop accountability mechanisms.

It is also crucial to understand how communities can come together in democratic agreement and cooperation to make decisions and maximise outcomes equitably, not only between communities and developers, but also between communities themselves. The 9CC Group presents an exemplary case of successful collaboration around CBPs at a local scale. The World Bank has highlighted that fundamental elements of successful CBPs include clear design, collaboration and coordination with stakeholders, continuous improvements through regular reviews, participation tailored on community capacity, transparency and impact measurement.[31]

Table 3 explores some relevant datapoints with regard to community benefit payments, the rationale behind revenue shares tending to deliver a greater share of value, and the importance (and precedent) for guaranteed minimum income payments.

Table 3: Indicative spectrum of social value via community benefit payments

Increasing social value (community benefit payments) →

Per MW payments	Gross revenue %	Gross revenue % with income guarantee ("Floor and ramp")
• £5,000 per MW installed per annum was first established as a reasonable baseline in 2010[32] - this is equivalent to £7,500 in 2025. • Many new projects continue to offer £5,000 index-linked from first power, rather than to a consistent historic baseline. The real value of such payments is almost 40% lower today than in 2010. • Developers such as Bute Energy in Wales have committed to paying £7,500 per MW installed pa. • Highland Council's Social Value Charter sought a total of £12,500 per MW installed per annum.	• Aiming for project revenue is transparent, captures curtailment income and mitigates the possibility of accounting practices diminishing profitability through for example overhead allocations between business entities, etc. • Landowners hosting onshore wind projects typically receive a percentage of project revenues (in addition to some level of income guarantee – see next column) • The Scottish Liberal Democrat have proposed a 5% gross project revenue share[33].	• This approach tends to optimise and de-risks Community Benefit Payments for the community and the developer, by providing a degree of income security for the community, while de-risking greater value share from the developer (who is not exposed to paying the same level of CBP in less productive years). • This type of arrangement is common for landowners to have in place with onshore wind project developers. • Ref. SIC targets in Table 2, p15

[30] https://rse.org.uk/wp-content/uploads/2024/12/RSE-AP-A-strategic-approach-to-community-benefits-in-the-energy-system-2024.pdf.
[31] https://commdev.org/wp-content/uploads/pdf/publications/Community-Benefits-in-Offshore-Wind-Development-Report-v5.pdf
[32] https://forestryandland.gov.scot/what-we-do/renewable-energy-in-scotlands-national-forests/community-benefits-and-opportunities
[33] https://www.scotlibdems.org.uk/news/article/stone-sets-out-proposals-for-onshore-energy-community-benefits

Community and local authority ownership

As outlined in the following section, there are abundant examples of the enormous positive impact that community and local authority ownership of energy can deliver. Community Energy Scotland is asking the Scottish Government to set a target for wholly community-owned energy (e.g. 1 GW by 2030) and credible community shared ownership.[34]

In Denmark, by 2016 over half of the country's installed wind capacity was owned by citizen ownership models (individuals and cooperatives)[35]. A key policy enabling this was the 2008 Promotion of Renewable Energy Act, which made it mandatory for developers to offer at least 20% ownership arrangements to locals.[36] Many other international examples of good practice show what could be possible in Scotland.

Research by the University of St Andrews confirms that community and shared ownership of renewable energy projects provide the highest levels of community benefits, while growing social acceptance and the developer's social value[37]. This creates positive outcomes not only for local communities, but all involved stakeholders, including developers, suppliers and investors.

Whether wholly or partially-owned by communities or local authorities, these types of project represent an important means of democratising energy[38] i.e. decarbonising, while promoting democratic practices of energy production, management and consumption - to create a more just and equitable energy system.

Community and local authority ownership models are summarised in Table 4 and discussed in turn below.

Table 4: Community and local authority ownership and revenue sharing models

Ownership model	Definition	
Community and local authority ownership	This model refers to 100% ownership of an energy project by communities, local authorities or other democratically accountable community-based organisations.	
Shared community and local authority ownership	**Split ownership**	This model sees the community as owner of a physical section of the project (e.g. one wind turbine within a wind farm) alongside the developer.
	Joint Venture model	This model typically refers to joint ownership of a project between community and a developer, offering opportunities for local representation and decision-making in all phases of the development.
	Shared Revenue model	This model is often preferred by developers, as communities receive an opportunity to purchase a share of revenue without ownership per se.

[34] https://communityenergyscotland.org.uk/wp-content/uploads/2024/04/Fair-Energy-Deal-Full-Paper.pdf
[35] https://www.sciencedirect.com/science/article/abs/pii/B9780323911351000158
[36] Parliament of Denmark (2008) *Promotion of Renewable Energy Act ,* Act no. 1392, https://ens.dk/sites/ens.dk/files/Vindenergi/promotion_of_renewable_energy_act_-_extract.pdf
[37] https://www.tandfonline.com/doi/full/10.1080/13549839.2024.2360716
[38] https://www.common-wealth.org/publications/plug-in-public-power-the-case-for-commnunity-energy-democracy

Community ownership models

This section provides a brief overview of some of the different possible community ownership models. Further details and support are available from organisations such as Community Energy Scotland, Local Energy Scotland and the Energy Saving Trust.

Full community ownership provides the best arrangement for communities to maximise benefits and maintain control of assets.[20] However, not all communities are able to undertake full ownership due to a lack of willingness, limitations in capacity, or resources.[39] In this sense, the ability to pursue full community ownership in some contexts can be understood as a class issue, where communities from middle- or upper-class backgrounds are able to employ resources that other communities do not have, further exacerbating existing inequalities.

The second-best option on the ownership model spectrum is **shared ownership** of energy projects on behalf of communities and developers. Shared ownership can be defined as "any structure which involves a community group as a financial partner over the lifetime of a renewable energy project."[40]

There are currently several models of shared ownership currently pursued, including Split ownership, Joint Venture and Shared Revenue. These arrangements may grant benefits on both sides, ensuring high levels of local acceptability and speeding up processes for developers, as well as enhancing public involvement, local acceptance, and democratic processes. More generally, this benefits the just transition by ensuring clean energy targets are met promptly and fairly, given the urgency of developing energy solutions to climate change.

However, it is crucial that shared ownership is not seen as a fair model promoting a just transition by default.[22] Ensuring that governance, funding and community engagement in renewable energy decisions are also delivered in a democratic, fair and transparent way are important steps to achieving an equitable outcome, and a just transition. A failure to recognise this democratic requirement can only lead to increased injustice on a policy and governance level, no matter how clean and green these solutions may be.

Although each of these models offers different advantages as well as disadvantages, **there is no one-size-fits-all when it comes to community ownership**: in other words, each community may take advantage of whichever model works best for their specific needs, requirements and capacities.

Local authority ownership

Local authority ownership of wind energy projects is also gaining increased attention due to its role in Community Wealth Building (CWB), raising funds for public services, generating local jobs and reducing energy

[39] Regen (2023). Leveraging local and community energy for a just transition in Scotland. http://dx.doi.org/10.7488/era/3892

[40] https://www.gov.scot/binaries/content/documents/govscot/publications/advice-and-guidance/2019/05/scottish-government-good-practice-principles-shared-ownership-onshore-renewable-energy-developments/documents/scottish-government-good-practice-principles-community-benefits-onshore-renewable-energy-developments/scottish-government-good-practice-principles-community-benefits-onshore-renewable-energy-developments/govscot%3Adocument/scottish-government-good-practice-principles-community-benefits-onshore-renewable-energy-developments.pdf

costs for rural communities. This is led by local authorities and public bodies at a local scale.

Municipal energy plays an important role across Europe, with companies such as Aspiravi in Belgium, Stadtwerke Munchen in Germany and EKZ in Switzerland operating at a scale comparable to North-East Scotland. Despite the important opportunity for public ownership of energy projects, there are very few examples in Scotland today.[41]

A report by Transition Economics estimates that local authorities in North-East Scotland could benefit between £1 million to £150 million per year in additional income from publicly-owned renewables. It is estimated that Orkney's Community Wind Farm Project which is being developed by Orkney Islands Council will generate £5.5 million per year for local services, while paying £432,000 per year in community benefit schemes.[42]

A call for the Scottish Government to support local authorities to access and develop further examples of municipal energy was recently shared by Scotland's largest trade union body STUC.[43] The organisation also published the latest 'Public Power League Tables' to highlight progress made by Scottish local authorities in the development of energy projects.

These found that Aberdeenshire Council is first for capacity with 275 MW, followed by Highland Council with 115 MW of public energy capacity.

In its manifesto, the new Labour government has proposed to create a Local Power Plan and GB Energy, a publicly-owned renewable energy company, to "support the development and scaling of municipal and community energy" and "ensure that communities benefit from the clean energy infrastructure they host."[44]

Local councils are to be supported through access to finance and organisational capacity to support the delivery of renewable energy projects. To further this plan, GB Energy is set to make available up to £600m in funding to support local authorities and up to £400m low-interest loans for communities each year.

Other 'local' ownership models

Local ownership represents a wider category which includes community and municipal ownership. However, this often extends to small-scale projects which are owned at a local level, but are not always designed to yield social value and contribute to the wider local economy. This may include, for example, local businesses, private landowners, individuals or trusts with limited democratic accountability or community purpose.

An investigation by The Ferret, an independent media cooperative in Scotland, found that the Scottish Government is "bending the definition of community energy beyond breaking point", with ambitions to have more community or locally-owned projects not met and owned primarily by multinationals registered abroad, in the rest of UK, or in tax havens.[45]

[41] https://platformlondon.org/app/uploads/2023/12/Public-Ownership-NE-Scotland-1.pdf
[42] https://www.orkney.gov.uk/News?postid=5975
[43] https://www.stuc.org.uk/news/news/new-public-power-league-reveals-local-authorities-leading-the-charge-on-energy-/
[44] https://labour.org.uk/wp-content/uploads/2024/03/Make-Britain-a-Clean-Energy-Superpower.pdf
[45] https://theferret.scot/local-wind-farms-owned-by-firms-based-abroad/

This also found that some of the 81 Scottish renewable energy projects with a capacity of over 1 MW and listed as locally or community-owned by Local Energy Scotland are currently owned by investors or firms registered abroad. The definition of 'locally'-owned projects, in fact, includes ownership by bodies including farms, estates, local businesses, housing associations, as well as landowners, community groups and local authorities.

This poses further challenges around the definition of projects that serve local community needs. For this reason, it becomes increasingly important not to take any 'local' initiative at face value, but rather to understand how this affects and is shaped by local communities themselves and serves their interests.

Table 5: Types of local, community and public ownership

Local ownership	Community ownership	Municipal / public ownership
Local businesses Private landowners & individuals Trusts with no (or limited) democratic accountability / community purpose.	Democratically accountable development trusts Charities Other *bona fide* community organisations	Local Authorities Other public bodies and linked public good funds

Table 6 explores different ownership arrangements and the social value these may provide. It is important to note that full ownership and co-development opportunities offer the greatest social value potential, but require early work by communities and local authorities to secure.

Table 6: Indicative spectrum of social value via community or local authority ownership

Increasing social value (community or local authority ownership) →

Shared ownership / revenue schemes	Co-developed projects leading to early equity stakes	Full ownership (by community or local authority)

• Many different models:
  ○ Joint Venture model – may generate early equity stakes, or be offered later in the project;
  ○ Shared revenue model – special consumer status for communities;
  ○ Split ownership model – community owns a physical section of the project.
	• Early engagement of local communities presents a way for them to ensure substantial equity stakes in co-developed projects, as well as greater long-term benefits.
	• While yielding less social value than full ownership, partial ownership remains a viable option likely to deliver a greater share of value than developer-led initiatives offered late in the project.
		There are numerous examples across Scotland (and the Nordics) of the outsize benefits that full community or local authority ownership can bring – see case studies in next section.

Key points (Spectrum of social value)

- **Business-as-usual socio-economic approaches deliver business-as-usual results** – and feed public resistance to renewable developments at precisely the time public support is most critical.

- **Best practice socio-economic benefits are possible** – and include ambitious use (and development of) local supply chains, co-development of legacy housing, and strategic infrastructure upgrades.

- **The standard CBP of £5,000 per installed MW per annum established in 2010 is out-dated and does not represent a fair share of value** – if linked to a historic baseline it would now be worth closer to £7,500 per MW in 2025. Some developers are now voluntarily paying close to this level.[46]

- **CBPs would be best linked to a percentage of gross project revenue, with some guaranteed level of minimum income payment**. Local authorities and the Scottish Government can exercise soft power by aiming for this target level, which remains pragmatic. **If developers can clearly demonstrate that such a level of CBP would threaten project viability, then flexibility in this stance may be required – but transparency is essential**. When a major barrier to community energy projects is the lack of available grid capacity, the argument that communities need to accept less so that externally-owned projects can go ahead is unlikely to land well.

- Rather than being dependent on the goodwill of developers, **CBPs should be mandatory** – this requires the UK Government to act in order to prevent Scottish projects being at a competitive disadvantage in UK-wide CfD subsidy auctions.

- **CBPs should be held and managed by local democratically accountable organisations to ensure they generate real social value**.

- **Full or partial community or local authority ownership offer the greatest rewards**

- **Local authorities can generate income from renewable energy to sustain long-term ambitions** - a successful example of this is the Orkney Islands Council which has managed to develop a local authority-owned wind farm and ensure value is retained locally.

- **Collaboration and coordination between local authorities and communities** could help promote and accelerate more local or community-owned projects, as well as helping to secure a better deal from the existing pipeline of energy projects.

[46] https://bute.energy/investment-in-south-wales-wind-farm-to-generate-new-jobs-and-help-to-reduce-energy-bills/

Existing projects show what's possible

Case study projects

This section considers some case study energy projects in each local authority area (Figure 9). As onshore and offshore wind dominate the current renewable energy landscape in Scotland, the case studies here examined will focus on a range of wind projects across the local authorities in the northern regions. We exclude examples of private or domestic self-supply, where the consumer generates their own power, and rather look to cases that directly impact the wider community.

The case studies in this section include for each region:

- A large commercial project
- A local authority-owned project
- A community-owned project

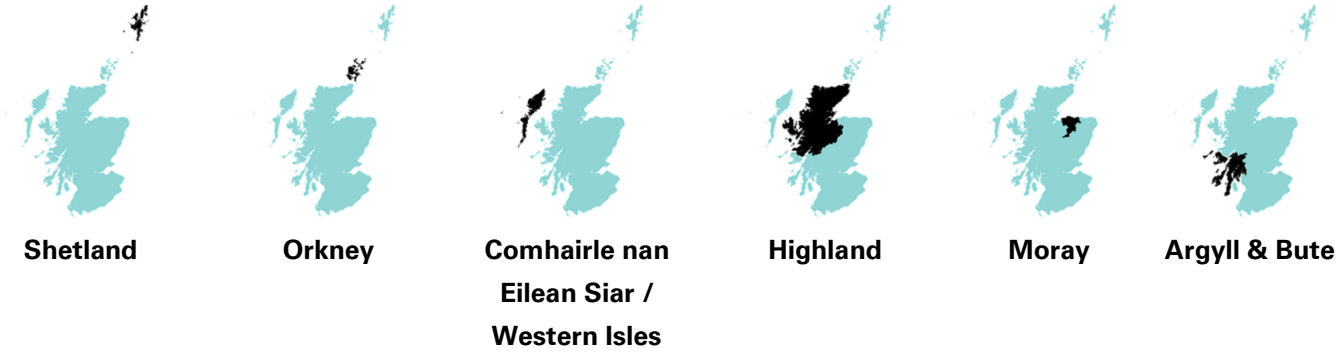

Figure 9: Local authority areas in the Highlands and Islands

This report focuses primarily on cases of **community ownership** and **local authority ownership** which tend to deliver greater social value than *private local ownership*, although the socio-economic benefits of projects owned by local individuals and businesses can still be material.

Shetland

A brief energy history

Shetland is the most northerly archipelago of over 100 islands in Scotland, lying around 100 miles north-east of the UK Mainland. The island group benefits from especially high wind speeds, making it one of the most productive locations in the world for wind energy production.[47]

Shetland's economy has historically been shaped by the maritime and textile industries, and the North Sea oil and gas boom in the 1970s. The Sullom Voe Terminal was established in 1978, constituting one of the largest oil export terminals in Europe. The deals between the Shetland Island Council (SIC) and oil companies involved permanently transformed Shetland's economy.[48]

Since the 1990s, several community renewable energy initiatives have been promoted, including the Lerwick District Heating Scheme and community energy schemes in Foula, Fair Isle, Northmavine and North Yell.

Wind energy was also developed on the islands, with a range of corporation-owned and community-owned wind farms. This includes the community-owned Garth Wind Farm (4.5MW), which has directly contributed to the community of North Yell through its revenue, local jobs and social programs.

Locally- and community-owned projects however represent a small fraction of total output, reaching 0.6% of total consented wind capacity. The majority of projects are externally-owned by multinational corporations, including the Viking Wind Farm (443MW), fully owned by SSE Renewables. This was initiated in 2005 but only completed in 2024 due to significant local opposition.

Other consented projects in Shetland include Mossy Hill (initially 49 MW, revised down to 36 MW), Beaw Field (72 MW) and Energy Isles (126 MW) which are all fully owned by the Norwegian state-owned company Statkraft.

Despite these renewable energy developments, the Shetland Islands Council estimates that 66% of households in Shetland experience fuel poverty, with extreme fuel poverty reaching rates as high as 33%.[49] These calculations have however been criticised for missing the wider issues faced by communities in Shetland relating to energy access, generation and costs.[50]

Recent energy developments include the ORION Clean Energy Project, designed to integrate renewable energy sources and develop hydrogen technologies, as well as the completed Shetland HVDC Link which connects the islands to the UK grid to export surplus energy.

The **Shetland Community Benefit Fund (SCBF)** is one of the primary organisations responsible for administering community benefits from renewable energy projects to develop initiatives in Shetland. This also incorporates

[47] https://www.ofgem.gov.uk/sites/default/files/docs/2019/05/ghd_report_-_shetland.pdf
[48] Voar, 2024
[49] https://www.shetland.gov.uk/climate-change/sic-climate-change-strategy-consultation/11#:~:text=Fuel%20poverty%20in%20Shetland&text=The%20Council%20estimates%20fuel%20poverty,CACI%20paycheck%20data%20for%202021.
[50] https://www.shetnews.co.uk/2024/10/11/fuel-poverty-calculation-misses-wider/

and manages the **Viking Community Fund** and **Shetland Aerogenerators Community Benefit Fund**.

Case study projects (Shetland)

- **The Viking Energy Wind Farm** is the largest renewable energy development in Shetland. It also represents the Highlands and Islands' most significant missed opportunity for a community to secure a fair share and maximise social value from a commercial renewable project. The development consists of 103 turbines, each with a capacity of 4.3 MW, totalling 443 MW, along with over 70 km of roads.

  The project was initially developed by the Viking Energy Partnership, a joint venture between SSE Viking Ltd and Viking Energy Ltd (which was created to represent the Shetland Islands Council (SIC) in renewable energy investments) with the SIC subsequently transferring their participation stake to the Shetland Charitable Trust (SCT).

  Meaningful local participation was particularly important in light of the economic uncertainties and changing energy landscape associated with the decline of throughput at the Sullom Voe terminal in Shetland, a major employer and source of revenues for the SIC.

  The ownership of the overall project was initially on-track to be 50% owned by SSE, 45% owned by the Shetland Charitable Trust, with the remaining 5% held by individuals involved in another wind farm development on Shetland. A number of project setbacks ultimately led to SSE taking the project forward under full ownership.

  Following the loss of a community ownership stake, the Viking Wind Farm agreed a Community Benefit Payment of £5,000 per MW per year, totalling £2.2 million each year.[51] In addition, the SCT receive a return due to their initial £10 million investment in the project.[52]

- **There are no examples of large-scale municipal electricity generation in Shetland.** The original Viking Wind Farm presented an opportunity for the SIC to pursue municipal energy, with 45% community ownership, but the opportunity was lost to full commercial ownership. Shetland Heat Energy and Power (SHEAP) operate a very successful district heating scheme in Lerwick, which provides affordable low carbon heat to over 1,000 properties in Lerwick.[53]

[51] https://www.vikingenergy.co.uk
[52] https://www.shetnews.co.uk/2024/09/12/charitable-trust-viking-investment-pay/
[53] https://sheap-ltd.co.uk/

- The **Garth Community Wind Farm** is an important example of what a community-owned energy project can achieve. The wind farm is a 5-wind turbine development (4.5MW) owned by the North Yell Development Council (NYDC) and built in 2017 at the cost of £8.3 million. The NYDC are also involved in the development of an Energy Grant Scheme, the North Yell Marina and other initiatives to combat rising living costs for the island's inhabitants. Although this project is 1/100th the size of Viking, the social value generated from this is exceptional in comparison.

  While the Viking Wind Farm will provide around £2.2 million per year throughout the lifetime of the project, the Garth Community Wind Farm returns around £2 million per year to North Yell's local community.[54] **This translates into £96 per capita in Shetland (pop: 23,000) from the Viking Wind Farm, as opposed to the £8,000 per capita in North Yell (pop: 250) from the Garth Wind Farm.**

Commercial project	Municipally-owned project	Community-owned project
Viking Wind Farm **(443MW, SSE Renewables)** **£2.2m CBP per annum** **= £5k per MW installed**[55]	*No major projects to date – Viking was initially a local-authority led scheme before transferring to Shetland Charitable Trust (that community ownership stake was subsequently lost after project delays).*	**Garth Community Wind Farm** **(4.5MW, North Yell Dev't Trust)** **£0.5m to £4.0m annual profit** **= £100k to £800k per MW installed**[56]

[54] https://www.justtransition.scot/publication/shetland-community-benefit-and-the-energy-transition/
[55] https://www.vikingenergy.co.uk
[56] https://www.justtransition.scot/publication/shetland-community-benefit-and-the-energy-transition/

Orkney

A brief energy history

The Orkney Islands, an archipelago of around 70 islands, lie 10 miles north of the Scottish Mainland. These islands are situated at the confluence of strong tidal currents, with the Pentland Firth (the seaway between Scotland and Orkney) presenting one of the most powerful tidal streams in Europe. Orkney's fertile land has been home to a flourishing agricultural industry, constituting the fundamental sector of the islands' economy alongside fishing, forestry, food and beverage manufacture. For centuries, Orcadians have harnessed wind potential to operate domestic mills, marking the first steps in the renewable energy history of the islands.

In the 1950s, Orkney was home to pioneering renewable technology, with the UK's first grid-connected wind turbine at Costa Head. This produced 80 kW, before being damaged by the wind in 1953 and the project abandoned.[57] By the 1980s, experimental wind technologies were further developed with the construction of the world's largest wind turbine at Burgar Hill. The new site is currently operational and now owned by SSE Renewables, with the first turbine to generate 100,000 MWh of electricity for the national grid in 2015.[58] Orkney's wind farms include externally-owned large-scale commercial developments, community-owned projects, and some which are a mix of private and public ownership.

Since 2003, the European Marine Energy Centre (EMEC) has been developing pioneering wave and tidal technologies in the marine renewables sector, including wave test site at Billia Croo and tidal test site in the Fall of Warness. Solar energy is also harnessed, with 370 solar panels being utilised across the islands. Today, domestic scale wind projects have reached the number of 760 turbines, with 10% of the population generating their own power.[59] It is estimated that these wind turbines have saved over 50,000 tonnes of CO2 emissions to date.[60]

Despite being connected to the Mainland, Orkney produces over 100% of its net power from renewable energy sources.[61] Orkney has generated over 100% of electricity from renewable sources since 2013, though 75% of the islands' total energy consumption is still derived from fossil fuels.[62] **Despite these rates, the 2019 Scottish House Condition Survey found that fuel poverty rates in Orkney remain higher than the Scottish average, with 31% of the population living in fuel poverty and 22% in extreme fuel poverty.**[63]

Green hydrogen has also been explored with the use of surplus renewable energy in recent years. Future energy developments include the Big Hit project (formerly Surf and Turf), aiming to convert surplus electricity into hydrogen, and the ReFlex project, exploring alternative possibilities for energy storage.
The **Orkney Renewable Energy Forum (OREF)** is a platform that brings together local authorities, developers

[57] https://theorkneynews.scot/2022/01/16/the-1955-costa-hill-wind-turbine/
[58] https://www.oref.co.uk/orkneys-energy-1/wind/#:~:text=Burgar%20Hill%20hit%20the%20headlines,good%20wind%20speeds%20year%20round
[59] https://www.oref.co.uk/orkneys-energy/#:~:text=Timeline%20of%20Key%20Events,tested%20at%20Costa%20Head%2C%20Orkney.&text=1984%2D2000%20–%20Orkney%20is%20home,followed%20by%20another%202MW%20prototype
[60] https://www.oref.co.uk/orkneys-energy-1/wind/
[61] https://web.archive.org/web/20150823152417/https://www.youtube.com/watch?v=FXe1hBvlylw
[62] https://clean-energy-islands.ec.europa.eu/countries/united-kingdom-uk/orkney
[63] https://www.gov.scot/publications/scottish-house-condition-survey-2019-key-findings/pages/6/

and communities to facilitate dialogue and promote collaboration which benefits and aligns with local needs.

Case study projects (Orkney)

- The **West of Orkney Wind Farm** is one of the largest offshore renewable energy developments which has recently received planning permission from the Highland Council (the project is close to the Scottish mainland and it is understood the cable(s) will land there rather than Orkney. The project is expected to have a capacity of around 2 GW and be generating energy by 2030. West of Orkney Wind Farm is owned by Corio Generation, headquartered in London, TotalEnergies SE, a French multinational company, and Renewable Infrastructure Development Group (RIDG), a micro company based in Edinburgh.

- The **Orkney Community Wind Farms** are the only major municipal energy developments in the H&I region wholly owned by a local authority (Orkney Islands Council). If all three projects in Quanterness, Faray and Hoy are successfully constructed they will total 86.4 MW and generate ~£5.5 million revenue each year, with OIC retaining the profits to support local services. These wind farms are also expected to return £432,000 in CBPs to the local communities hosting the projects.[64] Following a public consultation, it was agreed that a Location-Specific Community Benefit Fund scheme would offer direct payments to community councils across Orkney. Of the funding, 60% will be shared as additional recognition for the three host communities, while 40% will be split equally between local communities.[65]

- The **Rousay, Egilsay and Wyre Development Trust's community turbine** is a 900 kW wind generator sited on Kingarly Hill, Rousay, after planning consent in November 2008 and community backing (80% in a postal vote) in early 2010. Funded by a £435,000 Big Lottery grant, a £1.2 million commercial loan, and Trust reserves, it was installed in August 2011 and began exporting power in October 2011. Operated day-to-day by REWIRED Ltd (the Trust's wholly owned trading arm), the turbine is projected to create a £2.7 million Community Trust Fund over 20 years, with all profits gift-aided back to support local projects - from reducing fuel poverty to funding training and jobs.

Commercial project	Municipally-owned project	Community-owned project
West of Orkney Wind Farm (2 GW, Corio Generation + RIDG) **£10m CBP per annum = £5k per MW installed[66]**	**Orkney Community Wind Farm (86 MW TBC – 3 sites, OIC)** **All profits retained by OIC, plus estimated £432k CBP per annum @ £5k per MW installed[67]**	**Rousay Community Wind Turbine (0.9 MW, Rousay, Egilsay and Wyre Dev't Trust)** **£150k to £200k profit per annum = £170k to £220k per MW installed[68]**

[64] https://orkneywindfarms.co.uk/community-benefits
[65] https://www.orkney.gov.uk/your-council/get-involved/orkneys-community-wind-farm-project/location-specific-community-benefit-fund/
[66] https://www.westoforkney.com/application/files/2216/9504/5371/West_of_Orkney_Windfarm_-_Offshore_Planning_Statement.pdf.
[67] https://orkneywindfarms.co.uk/community-benefits
[68] Interview with Rousay, Egilsay and Wyre Development Trust, April 2025.

Comhairle nan Eilean Siar / Western Isles

A brief energy history

The Western Isles, or Outer Hebrides, are a chain of 119 islands along the North-West coast of Scotland, of which over 70 are named. Due to their natural features, flat terrains and seas, these isles have been deemed one of the best sites in Europe for wind and wave resources.[69]

Commercial and industrial development remains mainly small scale. Crofting is foundational to the culture and way of life on these islands, with a total of 6,000 crofts held in land tenure. Due to the area's remoteness, peat remained the main source of energy on the isles until recently.

In the 1940s-1950s, the electricity grid was extended to remote areas of the Western Isles, which became fully connected by the 1970s. In this period, the discovery of oil in the North Sea shaped Scotland's energy history and, although the Western Isles were not directly involved, the impact of the oil boom was felt in the broader energy market.

Following this, the islands became an area of interest for renewable energy potential due to their abundant winds and coastal conditions. Between 2000s and 2010s, onshore wind farms were established on the islands and plans for offshore wind and tidal energy projects began to develop, along with some small hydroelectric projects harnessing rivers and streams for local power generation.

Significant offshore wind and tidal trials have been underway since then, aiming to promote renewable energy and make the islands self-sufficient. The push for greater energy independence due to the islands' isolation have led to a focus on community-owned projects, including solar and wind power.

Despite its potential renewable energy contribution to the rest of the UK, island residents suffer from the highest levels of fuel poverty in the UK, with fuel poverty levels estimated at 57% and extreme poverty at 44% according to a 2024 report by TEAS.[70] Households in the region are heavily dependent on oil and electricity and the average bill is around £2,012, 49% higher than the UK average.[71] Further challenges are posed by the limited capacity of connection of the isles to the Mainland to export excess energy.

Case study projects (Western Isles)

- The **Druim Leathann Wind Farm** is a 49.7 MW development located in the north-east of the Isle of Lewis. The 14 wind turbines owned by Forsta Energy, a company based in Greenock, is located in a remote and highly environmentally sensitive area due to the presence of boggy moors and proximity to Scottish Water drinking reservoirs. These were granted planning permission in 2013 and have been generating electricity since 2020.

[69] https://www.nature.scot/doc/landscape-character-assessment-outer-hebrides-landscape-evolution-and-influences
[70] https://tighean.co.uk/wp-content/uploads/2024/06/Warmth-Booklet-2024.pdf
[71] https://www.robinson-h2020.eu/the-islands/western-isles/

At first, the community was offered a community benefit of around £350,000 per year from Forsta Energy, which was the same amount earned by the community from only one turbine through Tolsta Community Development Ltd. Over the lifetime of the project, the expected community benefits add up to £10 million in total.[72]

- **There are no examples of large-scale municipal energy in the Western Isles.** However, the Comhairle nan Eilean Siar is pursuing sustainable waste management technologies in the coming year, which aim to transform 100% of the islands' non-recyclable waste into alternative fuel, making it the first council in the UK engaged in similar projects.

- The **Beinn Ghrideag Community Wind Farm** is one of the projects of the Point and Sandwick Trust, an organisation created to promote the social, educational, cultural and environmental well-being of people in the Western Isles. According to this, sustainable development is understood as "development which meets the needs of the present without compromising the ability of future generations to meet their own needs."[73]

With this 3-turbine Beinn Ghrideag Wind Farm (9 MW), the Point and Sandwick Trust has developed the largest community wind farm in the UK. This currently produces £900,000 per year in net income for local communities in the Western Isles.[74] Following repayment of capital costs, the wind farm is expected to generate £2 million per year in support of local initiatives and communities.

When comparing the impact of these two commercial and community-owned projects in the Western Isles, the first generates low social value even though its community benefits are higher than Scottish Government's standards, with £7,000/MW per year. Nonetheless, this was received poorly by local communities on the grounds that local views were not considered, as well as posing negative visual, cultural and environmental effects.[75]

On the other hand, Beinn Ghrideag Wind Farm presents an example of how community-owned energy can contribute to CWB, generating 1420% more than a commercial wind farm to finance local needs through local means, and support local communities across the Western Isles.

Commercial project	Municipally-owned project	Community-owned project
Druim Leathann Wind Farm **(50 MW, Forsta Energy)** **£350k CBP per annum** **= £7k per MW installed[76]**	*No major projects to date. The CnES is currently pursuing alternative fuel creation via sustainable waste management.*	**Beinn Ghrideag Wind Farm** **(9 MW, Point & Sandwick Development Trust)** **£900k indicative average profits** **= £100k per MW installed[77]**

[72] http://www.scottish-land-court.org.uk/decisions/SLC.28.18.a.html
[73] https://www.pointandsandwick.co.uk/about-us/our-constitution/
[74] https://www.pointandsandwick.co.uk/about-us/our-wind-farm/
[75] https://www.emg-lewis.co.uk/about
[76] http://www.scottish-land-court.org.uk/decisions/SLC.28.18.a.html
[77] https://www.pointandsandwick.co.uk/about-us/our-wind-farm/

Highland

A brief energy history

The Scottish Highlands have been shaped by agriculture, fishing, and resource extraction, with the growing interest and significance of modern industries such as renewable energy and tourism.

From the mid-1800s, early use of waterpower from the Highland's rivers and streams helped power water mills and, later in the early 1900s, hydroelectric generation. This marked the beginning of major hydroelectric schemes and electrical power generation in the region. The grid was expanded to bring electricity to remote communities in the Highlands in the 1940s-1950s, followed by large-scale hydroelectric projects such as the Slickle and Beauly hydroelectric schemes in the 1960s.

Though not directly involved in the North Sea oil boom in the 1970s, the region was involved in support industry including logistics, shipbuilding and marine services. The wind and water resources in the Scottish Highlands made this area especially apt for renewable energy developments, with the first large-scale wind farms appearing in the 1990s. This led Scotland to have one of the largest installed wind capacities in Europe by the 2000s.[78] A report by BiGGAR Economics found that in Highland, 88% of operational wind farms were linked to a community benefit fund, with £2,940/MW/year provided on average.[79]

Despite these benefits, fuel poverty remains an important issue in the Highland region, with 33% of households living in fuel poverty and 21% in extreme fuel poverty according to the available Scottish Government estimates.[80] [81] Issues remain with these estimates which, despite being the most recent, refer respectively to 2015-2017 and 2017-2019, ignoring other factors including rising energy costs in recent years.

Case study projects (Highland)

- The **Creag Riabhach Wind Farm (92 MW)** is owned by ERG UK Energy, a European renewable energy company based in nine countries with an office in Edinburgh. The wind farm is located on land owned by the Altnaharra Estate and is constituted by 22 wind turbines which became operational in 2023.

  The community benefit fund of the Creag Riabhach Wind Farm returns £462,000 to local communities per year, administered by the Altnaharra Community Trust and North & West Sutherland Trust.[82] The annual contribution is split 50/50 between those living and working in the local area of Altnaharra and those residents in the wider north and west Sutherland region.

[78] https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2013/GWEC/GWEC_UK.pdf?la=en&hash=E8BEE8160570AB71ED71D93D515C50883C14C2D5

[79] https://www.scottishrenewables.com/assets/000/004/152/BiGGAR_Economics_Developing_a_new_model_to_maximise_local_economic_benefits_from_development_in_Moray_and_Highland_Report_Final_original.pdf?1724330915

[80] https://www.gov.scot/publications/latest-estimates-fuel-poverty-extreme-fuel-poverty-under-proposed-new-definition-following-stage-2-fuel-poverty-targets-definition-strategy-scotland-bill/pages/5/

[81] https://www.gov.scot/publications/scottish-house-condition-survey-2019-key-findings/pages/6/

[82] https://localenergy.scot/project/12/

- **There are no examples of large-scale municipal energy in Highland.** However, the Highland Social Value Charter is creating significant investment opportunities, with up to £8 million proposed to be allocated in shared investment in renewable energy.[83] The Highland Council is also currently exploring ways to generate power through solar and large lithium-ion battery storage.

- The **Ben Aketil Wind Farm** (12.75 MW) is a 12-turbine project managed by the Isle of Skye Renewables Coop, an energy cooperative established in 2007 to own a share in the wind farm located near Dunvegan. This became the Highlands first wind farm cooperative. Energy4All was appointed by the Board to conduct day-to-day management and administration of the cooperative.

  The cooperative also has an agreement in place with Renantis (former Falck Renewables) that they will collaborate with Energy4All to establish a local coop for each one of their Highland renewable energy sites and thereby promote community ownership of wind farms in Scotland. The net revenue of the wind farm is around £3.5 million per annum, based on an estimate from the 2019 registered accounts. If taken as a "conservative" annual estimate, this would generate around £87.5 million for the local community during the 25 year lifespan of the project.[84] This has enabled the establishment of a community benefit fund to support local projects, including off-grid, energy strategy and energy efficiency initiatives. **When compared to the social value of Creag Riabhach Wind Farm, which generates £5,021/MW, the Skye Renewables Coop wind farm delivers over £274,500/MW which is retained locally.**

Commercial project	Municipally-owned project	Community-owned project
Creag Riabhach Wind Farm **(92 MW, ERG UK Energy)** **£462k CBP per annum** **= £5k per MW installed[85]**	*No major projects to date. The HSVC is unlocking significant investment opportunities in renewable energy. Highland Council is also exploring ways to harness solar and battery storage to generate local energy.*	**Ben Aketil Wind Farm** **(13 MW, Isle of Skye Renewables Coop.)** **£3.5m indicative average profits** **= £275k per MW installed[86]**

[83] https://www.highland.gov.uk/news/article/16526/highland_council_proposes_14_million_investment_in_bus_expansion_projects_and_renewable_energy#:~:text=Leader%20of%20The%20Highland%20Council,renewables%20development%20in%20the%20Highlands.
[84] http://www.pointandsandwick.co.uk/wp-content/uploads/2021/06/Financial-comparison-of-private-and-community-wind-farms-report-FINAL-1.pdf
[85] https://localenergy.scot/project/12/
[86] http://www.pointandsandwick.co.uk/wp-content/uploads/2021/06/Financial-comparison-of-private-and-community-wind-farms-report-FINAL-1.pdf

Moray

A brief energy history

Moray is located in the north-east of Scotland, looking out into the Moray Firth, and constitutes one of the 32 council areas in the country. The region's strong winds, shallow coastal waters, flat land and rivers offer positive conditions for a range of renewable energy projects. Moray's economy heavily relies on the food and beverage sector (including distilleries) and manufacturing, and has a track record of sustainable activities, including circular economy practices of social enterprises and distilleries re-purposing their waste products.[87]

In the early 1900s, the region benefited from the expansion of the national grid, allowing for electricity to reach communities, and the development of offshore oil and gas in the North Sea. Due to its proximity, Moray became an important area for the oil boom in the 1970s and 1980s. During this time, early renewable energy projects began to develop in the region, with a particular focus on wind and hydropower.

Beatrice Wind Farm (588 MW) became Scotland's first offshore, and the world's largest, wind turbine in 2006. This was extended and became operational in 2019, jointly owned by SSE (40%), Copenhagen Infrastructure Partners (35%) and SDIC Power (25%). Moray hosts a number of other offshore wind farms, including Moray East (1,116 MW), Moray West (882 MW), which are owned primarily by Ocean Winds, a joint venture between EDP Renewables and Engie. Ocean Winds owns 60% and CTG owns 40% of Moray East, while Ocean Winds owns 75% and Shell owns 25% of Moray West.

Onshore wind energy developments in Moray involve different ownership models and scales, such as community-owned Findhorn Wind Park (750 kW), partly community-owned Berry Burn Wind Farm (66 MW), as well as corporate-owned Hill of Towie Wind Farm (24 MW) and Clash Gour Wind Farm (157 MW), fully owned respectively by RWE Renewables and EDF Renewables UK.[88] The latter project has proposed a Memorandum of Understanding with Community Energy Moray on community investment in the project.[89] A report by BiGGAR Economics found that, in mid-2023, 80% of operational wind farms in Moray were linked to a community benefit fund and provided on average £2,380/MW/year.[90]

Other emerging energy developments include the Speyside Hydrogen Project and the Moray Solar Project, currently under construction as part of the Macallan Distillery and owned by EDF Renewables UK.

Despite being rich in renewable resource opportunities, Moray is one of the regions with the highest rate of fuel poverty in Scotland, with around 45% of households experiencing high energy bills and difficulties heating homes.[91]

Case study projects (Moray)

[87] http://www.moray.gov.uk/downloads/file147200.pdf
[88] https://communityenergymoray.org.uk/share-offerings/
[89] https://communityenergymoray.org.uk/our-story-so-far/
[90] https://www.scottishrenewables.com/assets/000/004/152/BiGGAR_Economics_Developing_a_new_model_to_maximise_local_economic_benefits_from_development_in_Moray_and_Highland_Report_Final_original.pdf?1724330915
[91] https://reapscotland.org.uk/moray-energy-action-project/

- The **Clash Gour Wind Farm** is an onshore development of 48 wind turbines with a capacity of 225 MW. This is located near Forres, in Moray, and received planning consent in October 2022. The wind farm is owned by EDF Renewables Ltd, and the company is set to offer a Community Ownership Opportunity for local communities to own a share of profits. A Memorandum of Understanding was signed between the developer and Community Energy Moray, pending further developments on this shared ownership opportunity.[92] EDFR also established a community benefit fund amounting to £5,000 per MW each year.[93] A Community Liaison Group will be organised to administer the fund and decide how it will be spent.

- **There are no examples of large-scale municipal energy in Moray.** However, Moray Council generates energy from minor solar PV projects: in 2021-2022, it generated 30,716 kWh, equal to 0.07% of its total energy consumption.[94] Further plans are being explored in this direction.[95]

- The **Findhorn Wind Park** is a community-owned wind farm part of the Findhorn Ecovillage in Forres. This project was initiated in 1989 with the erection of the first 75 kW wind turbine, Moya. Following this, three additional second-hand wind turbines were set up giving a total capacity of 0.75 MW. The initial project investments were supported by NFD Ltd (which operated the first wind turbine), Ekopia Ltd, the development trust, and Caledonia Energy Cooperative, which is part of Energy4All. The wind park began operating in 2006 and now supplies more than 100% of the community's electricity needs. Here, the community owns its own private electricity grid and exports the surplus (typically around 50% of their production to the national grid. According to 2024 accounts, annual income from the wind farm was £500,000.[96] According to a study by the Stockholm Environment Institute, Findhorn was found to be the community with the lowest ecological footprint in the industrialised world: half the UK average. The site is now 35 years old and supports the local community's activities, economy and impacts.

Commercial project	Municipally-owned project	Community-owned project
Clash Gour Wind Farm **(225 MW, EDF Renewables Ltd)** **£1.1m CBP = £5k per MW installed**[97]	*No major projects to date. Moray Council has developed some small-scale solar and wind projects for buildings.*	**Findhorn Wind Park** **(0.75 MW, Findhorn Ecovillage)** *Indicative £500k revenue - profitability figures not available at the time of writing.*

[92] https://communityenergymoray.org.uk/our-story-so-far/
[93] https://www.edf-re.uk/our-sites/clash-gour-wind-farm/
[94] http://www.moray.gov.uk/moray_standard/page_146809.html
[95] https://newsroom.moray.gov.uk/news/moray-council-approves-options-for-solar-panels-on-key-buildings
[96] Interview with Findhorn representative, April 2025
[97] CBP estimated from stated commitment to adhere to £5,000/MW per annum, as per Scottish Government recommendations: https://www.edf-re.uk/our-sites/clash-gour-wind-farm/.

Argyll and Bute

Argyll and Bute's energy history in brief

Argyll and Bute constitute the second largest authority area in Scotland. Located to the north-west of Scotland, including the islands of Bute, Mull, Gigha, Islay and Iona, the area is held between the towns of Helensburgh and Dunoon, Loch Lomond, the Mull of Kintyre and the Sound of Mull and Appin.

This faces onto the Atlantic Ocean and North Channel, characterised by ragged and indented peninsulas, deepwater and freshwater lochs. Due to the area's natural features, its economy is heavily dependent on agriculture, forestry and fishing, as well as tourist activities, compared to other Scottish regions.[98]

The first sources of energy in Argyll and Bute were found in traditional fuels such as peat and wood which were used by local communities for heating homes and cooking, as well as coal mining which took place, for example, in the Kintyre peninsula.[99] As industrialisation took foot, Argyll and Bute began to employ hydropower thanks to its abundant rivers and waterfalls in the 19th century.

Argyll and Bute soon became an important area for the first renewable energy developments. The first example of a reversible pump storage hydro of its scale is in fact the Cruachan hydroelectric scheme developed in 1965. Thereafter, one of the very first large-scale wind farms in Scotland was built in 1999, named Beinn Ghlas. The community of Gigha was the first to own a grid-connected wind farm in Scotland in 2004.[100]

Currently, Argyll and Bute is characterised by a constellation of large-scale and small-scale renewable energy projects, with projects as large as the MachairWind offshore development (2GW) being currently planned in the area.

One of the world's first tidal power array demonstration projects is also being developed in the Sound of Islay, in a partnership between Atlantis Resources and ScottishPower Renewables, upholding the region's pioneering role in the development of renewable energy technologies.

Argyll and Bute is currently facing important challenges including a housing crisis, depopulation and issues around land and value extraction due to external market forces and their impact on the local economy. Fuel poverty is also an important issue in the region as households experiencing fuel poverty amount to 32% according to the 2019 Scottish House Condition Survey.[101] Efforts are being made to address these through Community Wealth Building and just energy approaches.[102]

Case study projects (Argyll and Bute)

[98] https://www.argyll-bute.gov.uk/my-community/economy
[99] https://campbeltownheritagecentre.co.uk/collection/coal-mining
[100] https://www.argyll-bute.gov.uk/environment/renewables-and-climate-change/renewable-energy
[101] https://www.gov.scot/publications/scottish-house-condition-survey-2019-key-findings/pages/6/
[102] https://www.argyll-bute.gov.uk/moderngov/documents/s206441/Appendix%201%20Argyll%20and%20Bute%20Report%20Final.pdf

- The **Beinn An Tuirc 1-2 Wind Farm** is a project by ScottishPower Renewables. Beinn An Tuirc 1 is a project constituted by 46 turbines and with a capacity of 30 MW, while Beinn An Tuirc 2 is constituted by 19 wind turbines generating up to 44 MW. While phase 1 of the project delivers funding to West Kintyre and East Kintyre Community Council via the Argyll and Bute Council, phase 2 will offer a 60/40 split of funds between East Kintyre and West Kintyre Community Council and AliEnergy via Argyll and Bute Council. In 2023, the most recent revenue figures from Beinn An Tuirc 1 was estimated to be £46,000 and £137,000 from Beinn An Tuirc 2, with a total of £183,000 from the combined funds.[103] The original agreement was made in 2001, pre-dating the formal acquisition of community benefit standards by the Scottish Government in 2010.[104] Beinn An Tuirc 3 presents the latest phase of this project.

- **There are no examples of large-scale municipal energy in Argyll and Bute.** However, Argyll & Bute Council owns minor solar PV projects and a wind turbine on a landfill site, but concern has been expressed regarding grid constraints for larger municipally-owned projects. There are plans to deploy renewables to building estate at a municipal scale.[105]

- **Tilley** is the name of the **Tiree Community Wind Turbine**, a 0.9 MW Enercon E44 turbine installed on the Ruaig Sliabh in eastern Tiree. This was developed by Tiree Renewable Energy Limited (TREL), a wholly owned subsidiary of the Tiree Community Development Trust. Since being commissioned in April 2010, Tilley has created revenue for the Tiree community, helping develop the Trust's services and support local initiatives such as building a community filling station, funding a Tiree Ranger Service and managing some community-owned business units and the island's two harbours. As of 31st December 2022, the total passed to the Trust by TREL was over £3,000,000[106] - an average of around £236,000 pa, or £263,000 per MW.

  While the combined 65 wind turbines of Beinn An Tuirc 1-2 generate around £2.5k/MW per year for local communities, Tilley has generated over £250k/MW per year for the Tiree Community Development Trust.

Commercial project	Municipally-owned project	Community-owned project
Beinn An Tuirc 1-2 Wind Farm (74 MW, Scottish Power Renewables) **£185k CBP per annum = £2.5k per MW installed[107]**	*No major projects to date. A&B Council has developed small-scale solar and wind projects for buildings.*	**Tilley, the Tiree Community Wind Turbine (0.9 MW, Tiree Community Development Trust)** **£250k per annum indicative community returns = £250k per MW installed**

[103] https://investinargyllandbute.co.uk/wp-content/uploads/2023/12/Wind-Farm-Community-Benefits-11.23.pdf
[104] https://forestryandland.gov.scot/what-we-do/renewable-energy-in-scotlands-national-forests/community-benefits-and-opportunities#:~:text=Community%20benefit%20payments,-Community%20groups%20may&text=In%202010%20we%20introduced%20a,Scottish%20Government%20Good%20Practice%20Principles.
[105] Information collected through interview with A&B Council representative.
[106] Correspondence with TREL representative, May 2025
[107] https://investinargyllandbute.co.uk/wp-content/uploads/2023/12/Wind-Farm-Community-Benefits-11.23.pdf

Case study projects (overview)

Area	Commercial project	Local authority ownership	Community-owned project
 Shetland	**Viking Wind Farm (443MW, SSE Renewables)** £2.2m CBP pa = £5k per MW installed	*No major projects to date. Viking was initially an SIC-led scheme which transferred to SCT. Community ownership was subsequently lost.*	**Garth Community Wind Farm (4.5MW, North Yell Development Trust)** £0.5m to £4.0m pa = £100k to £800k per MW installed
 Orkney	**West of Orkney Wind Farm (2 GW, Corio Gen. + RIDG)** £10m CBP pa = £5k per MW installed	**Orkney Community Wind Farm (86 MW TBC, OIC)** *The only H&I local authority developing a major municipal energy project.* All profits retained by OIC, plus estimated £432k CBP pa	**Rousay Community Wind Turbine (0.9 MW, Rousay, Egilsay and Wyre Dev't Trust)** £150k to £200k profit per annum = £170k to £220k per MW installed
 Comhairle nan Eilean Siar	**Druim Leathann Wind Farm (50 MW, Bayaa Energy)** £350k CBP pa = £7k per MW installed	*No major projects to date. The CnES currently pursuing alternative fuel creation via sustainable waste management.*	**Beinn Ghrideag Wind Farm (9 MW, Point & Sandwick Development Trust)** £900k indicative average profits pa = £100k per MW installed
 Highland	**Creag Riabhach Wind Farm (92 MW, ERG UK E.)** £462k CBP per annum = £5k per MW installed	*No major projects to date. The Highland Social Value Charter has the potential to unlock significant opportunities.*	**Ben Aketil Wind Farm (13 MW, Isle of Skye R. Coop.)** £3.5m indicative profits pa = £275k per MW installed
 Moray	**Clash Gour Wind Farm (225 MW, EDF Renewables Ltd)** £1.1m CBP = £5k per MW installed	*No major projects to date. Moray Council has developed some small-scale solar and wind projects for buildings.*	**Findhorn Wind Park (0.75 MW, Findhorn Ecovillage)** *Profitability figures not available at the time of writing.*
 Argyll & Bute	**Beinn An Tuirc 1-2 Wind Farm (74 MW, Scottish Power Renewables)** £185k CBP pa = £2.5k per MW installed	*No major projects to date. A&B Council has developed small-scale solar and wind projects for buildings.*	**Tilley, the Tiree Community Wind Turbine (0.9 MW, Tiree Community Development Trust)** £236k indicative returns to trust = £263k per MW installed

Note: financial estimates are referenced and explained in the previous sections.

Existing projects show what's possible

The cases highlighted in this section showcase how diverse ownership arrangements of renewable energy projects differ and yield diverse social value outcomes. While community benefits from commercially-owned projects remain, in some cases, below the Scottish Government standards of £5,000/MW per year, projects that are developed and owned by local communities and municipalities provide enormous revenues in comparison, while responding to local needs, mitigating risks of local opposition and maximising social value outcomes.

The evidence of this is clear in each local authority area in the Highlands and Islands, as shown in the cases explored above. Although only one case study per type of ownership is presented in each region, it is safe to assume that higher social value is generally created by local community and local authority-owned energy projects in northern Scotland.

The tensions between these comparisons, however, also point to important needs at a local and national level. Firstly, **clarity on Scottish and UK Government targets** for community benefits, community ownership and local authority ownership of renewable energy projects helps ensure coherence and ambition across policy scales, from local authorities to national government.

Community Wealth Building strategies can promote the delivery of a just energy transition for local communities in Scotland through democratic accountability and locally-controlled assets. This will allow for increased community capacity building, access to financial means and fairer investment opportunities for communities looking to develop local energy projects.

As shown above, community and local authority ownership of renewable energy projects provides important advantages for local communities including greater energy access, reduced energy costs and long-term resilience. When full community or local authority ownership are not viable, the second-best option is shared ownership of projects. By setting **community ownership as priority**, Scottish and UK policy can help local communities and authorities benefit from these advantages.

Transparency and early-stage awareness of the opportunities available for communities to maximise social value from any kind of renewable energy development empowers them to negotiate a better deal and ensure that meaningful benefits are derived from projects. There is also a strong argument on how businesses can meet their needs more successfully by addressing local community concerns.[108]

The role of **community engagement and participation** is also crucial in ensuring the success of a renewable energy project. Extensive research has been conducted in this field. Three crucial reasons to include communities in decision-making processes have been identified and summarised below.[109]

[108] https://commdev.org/wp-content/uploads/pdf/publications/Community-Benefits-in-Offshore-Wind-Development-Report-v5.pdf

[109] Kallis et al. (2021). The challenges of engaging island communities: Lessons on renewable energy from a review of 17 case studies. *Energy Research & Social Science 81 (2021) 102257.*

Added value of community engagement

(1) **instrumentally**	Integrating communities secures social acceptance and lower opposition to projects.
(2) **normatively**	Communities hold a right to decide how the benefits and burdens of the energy transition are distributed, especially if projects are developed where they reside.
(3) **substantively**	Communities have specific knowledge that may improve these decisions and their outcomes.

Support for communities with lower capacity is also crucial at an early stage to ensure that they are nonetheless able to put in place a fair arrangement that is tailored to suit local needs. Lastly, communities from across Scotland may also learn from each other's examples of best practice, through **opportunities to share knowledge, skills and experiences among communities** in the negotiation, management and distribution of benefits from the renewable transition.

Key points (Case study projects)

- **Diverse ownership arrangements of renewable energy projects differ and yield diverse social value outcomes.**

- **In each local authority area in the Highlands and Islands, evidence shows that projects developed and owned by local communities and municipalities provide enormous revenues in comparison to commercially-owned projects, while responding to local needs, mitigating risks of local opposition and maximising social value outcomes.**

- **The tensions between these comparisons, however, also point to important implications around how participation, engagement and decision-making play out at a local and national level.**

- **There is no one-size-fits-all approach to community and local authority ownership models: each local community may take advantage of whichever model works best for their specific needs, requirements and capacities.**

Ownership delivers the greatest value, but has become more difficult in recent years

Community energy comes with several opportunities to accelerate the just energy transition while supporting local development, including the development of local resilience, increased economic stability, meaningful community involvement and democratic accountability. By generating and retaining revenue within the community, community-owned projects support the development of **inclusive and self-sustaining local economies** and long-term reinvestment in local priorities such as housing, training, infrastructure and social care.

This also enhances **levels of public support** for renewable energy as communities have a direct stake in the benefits, supporting the social licence for development, strengthening democratic participation and mitigating conflicts that may arise due to diverse interests.

Community ownership also promoted the **creation of decentralised systems** and the delivery of efficient and community-led energy solutions such as district heating, storage and demand-side flexibility. This aligns closely with national policy agendas, such as Scotland's Community Wealth Building strategy and the planned Local Power Plan, both of which support local and municipal ownership as a way of anchoring value in local places.

Other advantages are derived from the participatory value of community energy where **democratic, participatory and fair processes** are encouraged. These arrangements deliver further social, environmental, technical and economic outcomes that are valuable not only for communities, but for other stakeholders and actors.[110]

Despite these important opportunities, however, major barriers to the development of community energy exist. One of the most persistent challenges in fact is **access to finance**. Community organisations typically face difficulties raising the upfront capital needed to develop projects, particularly those involving larger or newer technologies like green hydrogen, battery storage or offshore wind. High development costs, planning fees, and equipment costs present substantial risks for local communities, as most lack the collateral or commercial scale required to attract private finance.

Public funding schemes, where available, are often designed with commercial developers in mind and can be difficult for small community groups to navigate or access, particularly at the early feasibility or pre-planning stages. Without grant funding or low-interest loans to cover pre-development activities such as land agreements, grid studies and community consultation, many promising ideas fail to progress.

Enormous opportunities also exist for local authorities to pursue public and community-owned renewable energy projects. Some challenges, as expressed by some council representatives, involve grid restrictions, access to funding sources, building of knowledge capacity and local skills. If local authorities are supported to pursue **municipal energy** at a larger scale, this could unlock important energy potential while building wealth locally.

Alongside financial constraints, **grid access remains a structural barrier** for both community and municipal energy. In many parts of the Highlands and Islands of Scotland, available capacity is limited and often already

[110] see https://communityenergyscotland.org.uk/wp-content/uploads/2025/02/ELN_The-case-for-community-energy_Briefing-Note.pdf.

secured by large-scale private developers. Community groups may find that even technically viable projects cannot secure an export connection, or that the costs of upgrades and delays to connection timelines render the project unfeasible.

The grid system currently does not include any mechanism to prioritise or reserve capacity for community-owned energy, meaning that local groups often lose out to better-resourced commercial players. This creates a **fundamental inequity in the system**, where communities hosting infrastructure may have no realistic route to participate in ownership or revenue sharing. Even in areas with strong renewable resources and community motivation, these structural barriers significantly restrict local benefit.

Despite these challenges, there are routes forward to support community and municipal energy in Scotland. Targeted policies could promote priority grid access for community and local projects, pre-development grant funding, guaranteed minimum price for community energy sales, more flexible subsidy and tailored financial mechanisms, such as patient capital or community bonds backed by public institutions, to ensure local actors are not excluded from the market by design. **With the right support and structural changes, community and municipal energy could move from the margins to the mainstream, helping to deliver a fairer and more locally grounded transition to net zero.**

Capacity building, funding and grid access are all critical for the development of community and local authority owned energy.

Non-financial benefits of community ownership (examples)

Benefit	Other consequences
Higher levels of public support	Speeding up green energy ambitions while including communities in decision-making processes
Inclusive and self-sustaining local economies	Promoting economic stability
Decentralised systems	Promoting energy security, accessibility and efficiency
Democratic outcomes	Enhancing fairness, participation and accountability
Local resilience	Promoting self-sustaining communities in response to environmental and economic adversities

Local authorities have an important role to play

Local authority positions

Local authorities can be important actors in the renewable energy transition. By pursuing municipal energy projects themselves, promoting community energy developments or pushing for a fairer share of value, councils can play an important role in accelerating the development of a just transition in Scotland.

Some councils clearly embrace the development of meaningful community ownership, and increased social value, in their policies. An example of this is the Social Value Charter developed by the Highland Council. Others are more aligned with Scottish Government recommendations and have yet to stake out a distinct position of their own. As has been well documented, all local authorities are under strain and their cash and clout has tended to decline in recent decades[111]. They can also wield significant soft power, as the democratic voice of Scotland's regions. This section explores the different policy frameworks developed by the Highlands and Islands authorities in relation to community benefit and wealth building from energy projects.

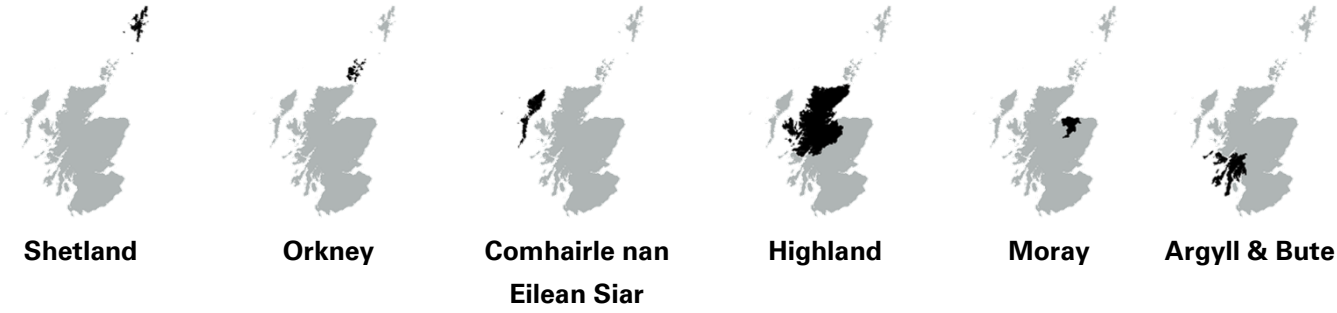

Figure 10: Local authority areas in the Highlands and Islands

The debate around social value from renewables is ongoing and the positions of local authorities, community groups and industry continue to evolve. This is a complex picture: this section provides a snapshot of some of the most relevant developments in each area. **The authors of this report would welcome any further insights, opinions or updates on developments across these regions at hello@equitable.energy.**

[111] https://reidfoundation.scot/portfolio-2/the-silent-crisis-failure-and-revival-in-local-democracy-in-scotland/

Shetland

Energy policies and governance

From the 1970s onwards, Shetland built significant community wealth from the oil and gas industry, thanks principally to robust negotiation by local politicians and an act of parliament – the Zetland County Council Act – which gave the council powers to act as a harbour authority, to compulsorily purchase development sites and greater financial and regulatory powers. Following that success in oil and gas, in the early 2000s Shetland (initially via Shetland Islands Council and subsequently, via Shetland Charitable Trust) made a bold move to partner with SSE co-develop what became the **443 MW Viking Energy Windfarm**. Unfortunately the community ownership stake was lost. Meanwhile, local developers Shetland Aerogenerators, Northfish and North Yell Development Council were successful in building their own smaller-scale projects.[112]

In 2020, the SIC created **Project ORION**[113] (Opportunity for Renewable Integration with Offshore Networks) project, which "brought together UK and Scottish government agencies, regulators, industry stakeholders, and other key organisations to develop a far-reaching clean energy plan for Shetland and the wider region".[114] This advertised Shetland's attractiveness as a destination for large energy projects and included aspirations to tackle fuel poverty, but did not prioritise community ownership.

In 2022, the SIC approved a set of **Energy Development Principles** to guide developers, engage with government agencies and target a just transition. The principles address four key areas of action, including Environmental Protection, Sectoral Co-existence, Local Supply Chain Integration and Benefits to the Shetland Community. Regarding community benefits, the principles identify the whole of Shetland as the community to be considered for major projects - a simpler definition than is possible in other areas of H&I where projects may straddle regional boundaries – and proposed **£5,000 per installed MW (index-linked)** or **2.5% of generation value** as appropriate "quantums" for the community to receive from projects including offshore wind, oil and gas, hydrogen and derivative fuels. These principles did not include any explicit aspiration for community ownership or control over future projects. [115]

In early 2024, the SIC released a draft **Energy Strategy** for consultation, which the SIC subsequently voted to keep in draft form[116] after feedback from Shetland Net Zero Energy Forum[117] and some councillors. At the time of writing in April 2025, the revised strategy has yet to be published.

In February 2025, councillors voted to endorse a new and more ambitious set of **principles for community benefit from future energy developments**[118]. This included a commitment to explore community ownership and wealth building principles, in line with emerging UK and Scottish government guidance and initiatives (e.g. National Planning Framework 4, GB Energy Local Power Plan). Regarding community benefit, the revised approach targets 2.5% to 5% of gross project revenue depending on the sector, combined with a guaranteed

[112] https://www.justtransition.scot/publication/shetland-community-benefit-and-the-energy-transition/
[113] https://www.orioncleanenergy.com/about/story
[114] https://www.orioncleanenergy.com/about/story
[115] https://www.shetland.gov.uk/climate-change-3/shetland-energy-development-principles
[116] https://www.shetnews.co.uk/2024/03/28/energy-strategy-remain-draft-now/
[117] https://www.shetnews.co.uk/2024/02/28/industry-expresses-grave-concern-lack/
[118] https://coins.shetland.gov.uk/submissiondocuments.asp?submissionid=30912

minimum income payment based on project capacity, as outlined in more detail in Table 2, p. 15.

In Feb 2025 the SIC also released a political engagement document that outlined the council's policy priorities in engaging with UK and Scottish Governments. This proposed three 'benefit baskets' from offshore wind revenue: a National Wealth Fund, a Regional Infrastructure Fund and a Local Energy Fund.[119]

Region	Key Points
 Shetland	**Historical success** in building community wealth from oil and gas. Examples of **successful community ownership**. Recent commitment to **community wealth building principles**. In 2025 the SIC voted to endorse a report recommending the following CBP positions: **Onshore wind: 5% gross project revenue (GPR) with min. £7.3k/MW pa;** **Offshore wind: 2.5% GPR with min. £5.0k/MW pa;** **Green Hydrogen / Power-to-X / CCS: 2.5% GPR with project-specific minimum income.**

[119] https://www.shetland.gov.uk/downloads/file/10557/shetland-s-future

Orkney

Energy policies and governance

The Orkney Islands have established a policy framework in support of socio-economic benefits from renewable energy project, particularly promoting 'location-specific' community benefit schemes.

The Orkney Islands Council (OIC) sets by national standards a minimum annual contribution of **£5,000 per MW of installed capacity**. As the Scottish Government has already established community benefit standards, it finds "no need for the Council to agree a separate policy on community benefit from onshore renewable development."[120] The Council has also expressed its stance on community benefit from any commercial offshore project in waters adjacent to Orkney, regardless of distance from shore, aiming for a minimum of £5,000 per MW per year (index-lined) as per onshore developments.[121]

Policy 7 of the **Orkney Local Development Plan** focuses on the use of renewable energy technologies, the development of which will be supported if these do not pose negative effects on the community and environment. Proposals are assessed against their net-economic impacts, including local and community socio-economic benefits, and "any demonstrable benefits will be balanced against any identified adverse impacts on known constraints."[122]

The Plan appoints local authorities to engage in negotiations to secure community benefits. Herein, shared ownership is defined as the condition where "a community organisation is a meaningful financial partner in a renewable development".[123] The Plan proposes this model as a meaningful way to engage with communities and identify effective use of funds from an early stage.

Orkney presents an example of how councils can actively push for renewable energy developments that generate long-term income for their budgets from publicly-owned renewable energy projects and benefit local communities. Further research will measure the conditions and impact of this model on CWB in the future.

Region	Key Points
 Orkney	**OIC has a focus on public ownership and present the only example of major municipally-owned energy in the H&I region,** planning to allocate location-specific community benefit funds. Efforts made to ensure that more wealth generated in Orkney is retained locally and shared more equitably to reduce poverty and hardship in the islands. Reviews of existing action plans will be made to further incorporate CWB principles. The OIC has endorsed a **minimum of £5,000/MW per year** from offshore projects.[124]

[120] https://www.orkney.gov.uk/media/fredshda/item-16-community-benefit-from-offshore-renewable-developments.pdf
[121] https://www.orkney.gov.uk/media/fredshda/item-16-community-benefit-from-offshore-renewable-developments.pdf
[122] https://oic.maps.arcgis.com/apps/MapJournal/index.html?appid=da0730babf6249bb8c67b749004b42fa#
[123] Supplementary Guidance: Energy OIC 2017
[124] https://www.orkney.gov.uk/media/fredshda/item-16-community-benefit-from-offshore-renewable-developments.pdf

Comhairle nan Eilean Siar / Western Isles

Energy policies and governance

The Comhairle was one of the Scottish Government's five pilot CWB sites. In 2021, the Outer Hebrides Community Wealth Building Plan was adopted to maximise ways in which wealth can support local communities and economies.[125] Discussions have been ongoing around community ownership between the Stornoway Trust, Muaitheabhal Community Wind Farm Trust and Comhairle nan Eilean Siar, particularly in relation to offers of up to 20% community ownership in the Stornoway Wind Farm and Uisenis Wind Farm (consented, 85 MW).[126]

The **Supplementary Guidance for Wind Energy Development** (2021) clarifies that that the Comhairle nan Eilean Siar (the Council) has authority to determine wind energy development applications up to 50 MW, while beyond this it becomes principal consultee, and authority is passed onto Scottish Ministers.[127] A **Major Development Oversight Board** was also established by the Comhairle in response to the increasing interest in developing major renewable energy projects in the Outer Hebrides. Its efforts involve pressure to allow a short-term special island tariff for the most vulnerable areas and long-term solutions to provide discounted electricity supply from wind turbine outputs in the same postcode.[128]

In July 2024, the Comhairle published a report advocating for a **single island authority (SIA) model** – by merging public authorities working simultaneously on the ground to improve efficiency, economy of scale and service delivery – to ensure better outcomes for communities and local 'whole-system' decision-making. This also claimed that "the Western Isles needs its own version of the European Charter of Local Self Government, shortly to be incorporated within the law of Scotland."[129]

Governance structures are being debated in the Western Isles to promote a single island authority model. This would present an example of local governance with greater accountability, democratic participation, local decision-making and improved capital spending to inspire other areas in Scotland.

Region	Key Points
 Comhairle nan Eilean Siar	**The Comhairle was one of the Scottish Government's five pilot CWB sites.** A Major Development Oversight Board is pushing for a **short-term special island tariff** for the most vulnerable areas and long-term solutions to provide **discounted electricity supply** from wind turbine outputs **in the same postcode.** The Comhairle has endorsed a **minimum £5,000/MW per year** for onshore wind and is advocating for a single island authority (SIA) model to ensure better outcomes for communities.

[125] https://www.cne-siar.gov.uk/media/17452/S%2019B%20-%20Appendix%20-%20Community%20Wealth%20Building%20in%20the%20Outer%20Hebrides%20Action%20Plan.pdf
[126] https://www.cne-siar.gov.uk/news/2024/renewable-energy-community-ownership-joint-venture
[127] Under Section 36 of the Electricity Act 1989
[128] https://www.cne-siar.gov.uk/news/2024/comhairle-establishes-major-development-oversight-board
[129] https://www.cne-siar.gov.uk/sites/default/files/imce/Committees/Policy%20and%20Resources%20Committee/2024/September/G-7B-Single-Authority-Model-Statement-of-Benefits.pdf

Highland

Energy policies and governance

Highland Council has established the most advanced and comprehensive model in Scotland to guide voluntary contributions from developers and ensure renewable energy developments benefit local communities.[130] With this, the Council wishes to promote "developments to benefit the local community and contribute to the well-being of the Highlands, whilst recognising wider national interests".[131]

In 2024, the **Highland Social Value Charter for Renewables Investment** was also implemented by Highland Council in light of growing interest to invest in the Highland area. This followed the National Planning Framework 4 (NPF4)'s mission to support a development proposal that maximises economic impact and local and community benefits. The charter promotes an approach to Community Wealth Building to maximise economic benefits from natural resources and improve the impact in the region.

The Charter sets out a 9-step plan to embed an approach to Community Wealth Building for any renewable and green energy development in Highland. These involve (1) the creation of a collaborative mechanism to transfer residual community benefits across Highland communities; (2) the creation of a Strategic Fund and partnership; (3) legacy housing for local communities; (4) supporting the Highland Investment Plan; (5) developing shared ownership models of investment in renewables; (6) supporting skills development and training; (7) providing a Highland Project Bank; (8) fast track for grid connections; and (9) maximising socio-economic prosperity through the planning system.

In addition to the £5,000 per MW per annum payment, developers are additionally encouraged to pay £7,500 per MW installed per annum into a regional fund, with **a total contribution of £12,500 per MW** per development. The Charter proposes an integrated shared ownership model between the Council and other stakeholders to enhance community involvement and promote equitable benefit distribution.

In September 2024, the Highland Council also approved the **Community Wealth Building Strategy 2024-2027**, an alternative approach to economic development and action plan aiming to keep revenue within a local context.[132]

The **Highland Council Community Benefit Policy** is the primary policy seeking to maximise community benefit from renewable energy projects. This mandates the development of community plans to guide expenditure, on the basis that "a community that has gone through a rigorous and participatory planning process is more likely to understand the issues it faces and better able to prioritise projects that address those issues and promote community cohesion". [133]

Although community benefits are voluntary in Scotland, the Highland Council views these contributions on behalf of developers as made "in respect of development, such as large renewable energy schemes, which have a long term impact on the environment" and to ensure local communities "are compensated for the disruption

[130] https://journals.sagepub.com/doi/abs/10.1177/2399654417699206
[131] https://www.highland.gov.uk/downloads/file/4544/community_benefit_guidance_note
[132] https://www.highland.gov.uk/news/article/16240/councillors_agree_revised_community_wealth_building_strategy
[133] https://www.highland.gov.uk/downloads/file/4542/community_benefit_policy

and inconvenience associated with large scale development work." [134]

The policy encourages developers to contribute to a community fund, obliging them to negotiate and create a community benefit agreement (CBA) as part of the planning process. It also encourages developers to allow communities to invest in proposed developments, creating sustainable income streams, as well as taking a flexible approach to community-led asset ownership and service delivery and removing eligibility clauses from CBAs preventing this. The Council will negotiate with the Crown Estate Commissioners and Marine Scotland, as well as directly with developers, to achieve similar benefits from offshore developments (£5,000 per MW installed capacity per year).

In open waters, it recognises that these benefits should be spread as widely as possible across Highland, with 20% of benefit to coastal communities and 80% to the Highland Trust Fund for offshore developments. In inshore waters, benefits accrue to the most affected coastal communities reflecting proximity and disturbance to local activities.

Alternative forms of benefit are also promoted in principle, for example including in-kind developments agreed by communities and transparently communicated, such as the creation of local apprenticeship schemes or reduced electricity tariffs.

The **Highland Trust Fund** is intended to support communities across Highland with projects including community ownership, stakes or control of assets in renewable energy developments. The fund administration is managed externally to ensure impartiality and equitable distribution at all times, with community members and council representatives involved in oversight and allocation. Annual reports are conducted on the impact of these benefit funds to ensure transparency and accountability.

The Highland Council's governance of funds recognises the need to extend benefits beyond the immediate hosting communities to a regional scale. Transparency, accountability and feedback mechanisms are in place to support local decision-making.

Region	Key Points
 Highland	**HC's Social Value Charter is one of the more ambitious positions adopted by local authorities in Scotland and included a CBP target of £12,500/MW pa (£5k to local communities and £7.5k into a regional fund).** For **offshore** developments in open waters, the Highland Council proposes 20% of benefit to coastal communities and 80% to the Highland Trust Fund. In September 2024, HC approved **Community Wealth Building Strategy** with the following five objectives: Maximising local spending; Fair employment; Land and Property; Financial Power; Inclusive ownership.

[134] https://www.highland.gov.uk/downloads/file/4542/community_benefit_policy

Moray

Energy policies and governance

Moray's policy framework for community benefits is well-defined and shaped by a number of local-scale policies and approaches which are community-centred, inclusive and long-term sustainability-oriented.

In the **Development Plan Moray Guidance on Maximising Net Economic Impact**, following the NPF4 guidance, the Moray Council requires developers to submit a Net Economic Impact Maximisation Plan (NEIMP) within their applications. This should include details on measurable targets, community engagement efforts, and delivery and monitoring of socio-economic benefits. Moreover, developers are asked to plan to ensure ensure socio-economic legacy and demonstrate how the impact of their development has been maximised through measures including voluntary collaborations between developers and communities.[135]

The **Moray Renewable Energy Strategy** also privileges local economies, jobs and skills development, for example prioritising the use of local contractors and suppliers in the development of new renewable energy projects.

The **Moray Council Community Benefit Guidance** provides recommendations for onshore wind of 50 kW and over, with the ambition "to see community benefits promoted across all renewable technologies". Similarly to Highland Council, Moray Council also understands community benefits as tied to compensation, highlighting that these may be interpreted as "a desire from the developer to meet corporate social responsibility demands; a way of being seen to compensate affected communities for a range of factors; a positive way of engaging communities about renewable developments."[136] Only in a later report, these are recognised as a separate process from planning decisions.

In line with Scottish Government guidance, the Guidance suggests community benefit packages of **at least £5,000 per MW per year, index-linked** for the operational lifetime of the project, to be applied to other onshore technologies. Though composed of an annual cash sum, the community benefit packages are not limited to annual monetary payments.

In terms of **community ownership**, the Guidance highlights that "a range of models are developing and the advantages and disadvantages of each should be considered". This also emphasises the role of local co-operative societies as an opportunity for local communities to share benefits.

The Moray Council has a policy in place mandating public consultation for renewable energy projects.

[135] https://moray.cmis.uk.com/moray/Document.ashx?czJKcaeAi5tUFL1DTL2UE4zNRBcoShgo=1hi7qBPYAC13oO%2bHvfqtKdFB0Avr2nfFpYNlGw8CRtrMbzcL9HaAUw%3d%3d&rUzwRPf%2bZ3zd4E7Ikn8Lyw%3d%3d=pwRE6AGJFLDNIh225F5QMaQWCtPHwdhUfCZ%2fLUQzgA2uL5jNRG4jdQ%3d%3d&mCTIbCubSFfXsDGW9IXnIg%3d%3d=hFflUdN3100%3d&kCx1AnS9%2fpWZQ40DXFvdEw%3d%3d=hFflUdN3100%3d&uJovDxwdjMPoYv%2bAJvYtyA%3d%3d=ctNJFf55vVA%3d&FgPIIEJYlotS%2bYGoBi5olA%3d%3d=NHdURQburHA%3d&d9Qjj0ag1Pd993jsyOJqFvmyB7X0CSQK=ctNJFf55vVA%3d&WGewmoAfeNR9xqBux0r1Q8Za60lavYmz=ctNJFf55vVA%3d&WGewmoAfeNQ16B2MHuCpMRKZMwaG1PaO=ctNJFf55vVA%3d

[136] http://www.moray.gov.uk/minutes/data/PR20120904/Item%2010%20Community%20Benefit%20funds%20from%20renewable%20energy%20developments.pdf

Developers are required to consult with local communities in the early phases of project developments, to "identify community needs, opportunities and aspirations".[137] Moray's policies also aim to ensure that impact is reviewed and assessed continuously, with feedback loops from the community to adjust the allocation of needed benefits. Flexible governance is also in place to ensure effectiveness.

A **Community Wealth Building** approach rests at the core of Moray's policy framework, with a focus on building a Social Value Charter, a Social Value Delivery framework, monitoring and measuring performance, supply chain engagement, reporting, and communication and engagement.[138]

The short, medium and long-term scenarios for hydrogen development are explored in the **Moray Hydrogen Strategy**, highlighting the desire to see smaller-scale and community-led hydrogen initiatives in Moray. This also outlines a spectrum of potential community benefits that could be achieved from developing a local hydrogen economy in Moray and suggests that stakeholders could explore **community ownership** of any potential hydrogen project.

The strategy recognises that achieving a fair share for communities is not an inevitable outcome from the development of a hydrogen, but "due planning, process and systems are needed to ensure that community benefits are considered and embraced throughout the lifecycle of any proposed scheme".[139]

Moray's local authority position adheres to the Scottish Government's Good Practice Principles, as it promotes flexibility and adaptive processes. With its public consultation measures, the Moray Council also promotes fairness and trust, integrating local decision-making into the planning structures in place.

Region	Key Points
 Moray	**Moray Council has developed a comprehensive Community Wealth Building strategy encompassing a Social Value Charter; Social Value Delivery framework; Monitoring and measuring performance; Supply chain engagement; Reporting; Communication and engagement.** The **Moray Hydrogen Strategy** outlines a spectrum of potential community benefits that could be achieved from developing a local hydrogen economy in Moray. As per Scottish Government recommendations, Moray Council adheres to the **minimum £5,000/MW per year** for onshore wind.

[137] http://www.moray.gov.uk/downloads/file99070.pdf
[138] http://www.moray.gov.uk/moray_standard/page_149231.html
[139] http://www.moray.gov.uk/downloads/file148757.pdf

Argyll and Bute

Energy policies and governance

Argyll and Bute Council adopted a **Community Benefit Policy** in 2005, to provide guidance to the community benefit agreements in relation to local development projects In May 2015, the target level for community benefits was revised upwards from £2,000/MW to **£5,000/MW installed capacity per year**. A position also considers different options for governance of funds: a locally administered fund open to applicants from across the area; provision of funds to an existing local Common Good Fund; or funding provided to Argyll-wide or sub-regional organisations aiming to deliver local economic benefits.[140]

Argyll and Bute also recommends providing the opportunity for community investment options to enable the purchase of a share in the project on behalf of community.

A report focusing on Argyll and Bute highlights the local authority's approaches to procurement and employment (see InspirAlba, Third Sector Interface), as well as opportunities to instantiate better approaches to maximise social value from renewable energy, recognising the "disillusionment with the current community benefits model that exists with most of the wind farms in the region" as locals believe these are "tokenistic, outdated and don't tackle the issues communities are facing."[141]

The **Community Planning Partnership** (CPP) is a coalition of public, private and community organisations which brings together diverse actors such as the NHS, Highland and Island Enterprise, Third Sector Interface and Skills Development Scotland to deliver the Argyll and Bute Outcome Improvement Plan for the next ten years. At the core of this, Community Wealth Building considerations contribute to this plan.

Several key policies and documents around CWB have been developed in Argyll and Bute. The **Argyll and Bute Economic Strategy (2024-2029)** was created to reflect the National Strategy for Economic Transformation at a local scale. The link between CWB approaches and community ownership is made explicit.

Region	Key Points
 Argyll and Bute	**Progressive approaches to Community Wealth Building in procurement and employment are also pursued.** The A&B Council aims to embed a Community Wealth Building Approach to increase wealth and opportunity by improving local access to economic opportunity, including community ownership. **Community ownership** is recognised as a tool for CWB. A&B Council has endorsed **£5,000/MW per year** for onshore wind.

Local authority positions (overview)

[140] https://www.argyll-bute.gov.uk/sites/default/files/2024-10/Community_Benefit_Framework%20v1.0.pdf
[141] https://www.argyll-bute.gov.uk/moderngov/documents/s206441/Appendix%201%20Argyll%20and%20Bute%20Report%20Final.pdf

Region	Key Points
 Shetland	**Historical success** in building community wealth from oil and gas. Examples of **successful community ownership**. Recent commitment to **community wealth building principles.** In 2025 the SIC voted to endorse a report recommending the following CBP positions: **Onshore wind: 5% gross project revenue (GPR) with min. £7.3k/MW pa; Offshore wind: 2.5% GPR with min. £5.0k/MW pa; H2: 2.5% GPR with project-specific min. income**
 Orkney	**OIC has a focus on public ownership and present the only example of major municipally-owned energy in the H&I region,** planning to allocate location-specific community benefit funds. Efforts made to ensure that more wealth generated in Orkney is retained locally and shared more equitably to reduce poverty and hardship in the islands. Reviews of existing action plans will be made to further incorporate CWB principles. The OIC has endorsed a **minimum of £5,000/MW per year** from offshore projects.
 Comhairle nan Eilean Siar	**The Comhairle was one of the Scottish Government's five pilot CWB sites.** A Major Development Oversight Board is pushing for a **short-term special island tariff** for the most vulnerable areas and long-term solutions to provide **discounted electricity supply** from wind turbine outputs **in the same postcode.** The Comhairle has endorsed a **minimum £5,000/MW per year** for onshore wind. The Comhairle is also advocating for a single island authority (SIA) model to ensure better outcomes for communities through whole-system decision-making.
 Highland	**HC's Social Value Charter is one of the more ambitious positions adopted by local authorities in Scotland and included a CBP target of £12,500/MW pa (£5k to local communities and £7.5k into a regional fund).** For **offshore** developments in open waters, the Highland Council proposes 20% of benefit to coastal communities and 80% to the Highland Trust Fund. In September 2024, HC approved **Community Wealth Building Strategy** with the following five objectives: Maximising local spending; Fair employment; Land and Property; Financial Power; Inclusive ownership.
 Moray	**Moray Council has developed a comprehensive Community Wealth Building strategy encompassing a Social Value Charter; Social Value Delivery framework; Monitoring and measuring performance; Supply chain engagement; Reporting; Communication and engagement.** The **Moray Hydrogen Strategy** outlines a spectrum of potential community benefits that could be achieved from developing a local hydrogen economy in Moray. As per Scottish Government recommendations, Moray Council adheres to the **minimum £5,000/MW per year** for onshore wind.
 Argyll and Bute	**Progressive approaches to Community Wealth Building in procurement and employment are also pursued.** The A&B Council aims to embed a Community Wealth Building Approach to increase wealth and opportunity by improving local access to economic opportunity, including community ownership. **Community ownership** is recognised as a tool for CWB. A&B Council has endorsed **£5,000/MW per year** for onshore wind.

Conclusions

Conclusions and recommendations

Evidence from across the Highlands and Islands reveals a wide disparity in how much social value different renewable energy projects deliver to their host communities. Some initiatives have demonstrably transformed local fortunes (such as the community-owned Garth wind farm in Yell, Shetland), but others have left only modest benefits within host communities, with most of the value leaving the host community. Key to these differences is the question of who owns and controls the project.

Community and local authority-led renewable developments consistently return substantially more value to local people than entirely commercial ventures. In each local authority area studied, projects owned by community organisations or local authorities generated significant income for local needs, while fostering greater public support and maximising social value outcomes. By contrast, some developer-led projects have amounted to missed opportunities, with many developer-led schemes providing minimal socio-economic benefits and voluntary donations, rather than a fair community share of the value created. As a result, the success of retaining social value from renewables varies significantly across the regions, highlighting that not all projects are equally "just" in their impact. This fuels increasing resistance to decarbonisation efforts – at precisely the time when we need to accelerate those efforts.

This report outlines a spectrum of social value, from basic "business-as-usual" approaches to those featuring partial or full community ownership. The overarching conclusion is that the greater the local stake in a project, the greater the local benefit tends to be. Locally-owned projects not only yield higher financial returns for the area, but also align more closely with community priorities (for example, investing in local infrastructure or addressing fuel poverty) and often face less local opposition due to the sense of shared benefit. Community enterprises tell a similar story: a wholly community-run wind farm such as the 9 MW Beinn Ghrideag project in the Western Isles now produces nearly £900,000 per year in net income for local initiatives; money that stays within the islands to fund community development. Such outcomes represent the upper end of the social value spectrum and highlight what is possible when residents have a direct stake. There is no one-size-fits-all solution and ownership is not without risk: different communities can pursue models best suited to their needs and capacity.

Most large renewable developments in the Highlands and Islands remain privately-owned, with communities only benefitting via Community Benefit Payments (CBPs) or other limited agreements. While CBPs are certainly better than nothing, current approaches to community benefit have significant shortcomings. The prevailing norm - an ex-gratia payment of around £5,000 per MW per year - has not changed since 2010 and is now widely regarded as outdated and inadequate as a fair share of project value. Such payments are voluntary and often modest relative to the profits generated. In short, CBPs have been a useful stop-gap mechanism to share some benefits, but they are no substitute for genuine stakes or profit-sharing. Indeed, the report makes clear that CBPs would themselves need to be reimagined to better serve communities – for example by linking payments to a percentage of gross project revenue (with a guaranteed minimum floor) – so that communities automatically gain more when projects prosper.

There is also a strong case to mandate such payments by law, ending the reliance on developer goodwill and ensuring that all projects contribute a baseline fair share to their host areas. Notably, making CBPs a requirement across the UK (rather than only in Scotland) would prevent Scottish projects from being placed at

a competitive disadvantage in auctions for subsidies like Contracts for Difference. In tandem, **community benefit funds work best when managed by local, democratically accountable bodies** (such as community trusts or councils) to ensure the money is invested wisely and transparently for maximum social value.

Despite the clear advantages of community and council ownership, significant barriers continue to hinder communities seeking a larger stake or greater benefits. The past few years have, in some respects, made community renewables more difficult to realise. The closure of supportive schemes (such as the Feed-in Tariff) and the escalating scale of projects mean that communities today face high entry barriers, from the daunting upfront capital required, to the technical and legal complexities of developing or co-owning a wind farm. Local groups often struggle to access affordable finance, and may lack the capacity to navigate planning and grid connection hurdles without support.

Grid access in particular has emerged as a critical bottleneck in the Highlands and Islands. The electricity grid in many areas is at capacity, and securing a new connection can be prohibitively slow, expensive, and uncertain. Under the current system, community-scale projects find themselves competing for the same capacity as large commercial developments, which can effectively shut out smaller players. **If the Highlands and Islands are to benefit fully from renewable energy, these structural challenges must be addressed.**

Policymakers should consider ring-fencing a portion of grid capacity or creating a fast-track connection process for community-led schemes. Prioritising grid connections in this way would prevent smaller local projects from being squeezed out by large corporate developments, ensuring that community energy has a fair opportunity to thrive even in areas with grid constraints.

Communities need better access to funding and expertise to get projects off the ground, and a more level playing field when dealing with industry counterparts. Early engagement is crucial: when communities are involved at the development stage of a project, they can negotiate greater ownership shares or long-term benefits, whereas at later stages options are far more limited. Improving transparency around project economics is also important. Claims that sharing more value would threaten a project's viability need to be backed by evidence, to build trust and arrive at fair compromises. Empowering communities requires both removing barriers and proactively providing support, so that local people can participate in renewable developments on a more equal footing with commercial developers.

Community benefit payments are best based on a percentage of gross project revenue with a minimum income guaranteee: this is a typical arrangement between landowners and developers, and provides some security of income for the community while derisking additional value share for the developer.

Crucially, community benefit obligations should be made mandatory – this step would guarantee a minimum community share from every large development and embed the principle of local benefit into the industry's operating norms. This requires a UK-wide shift in policy – otherwise Scottish projects could be at a disadvantage when bidding in UK-wide subsidy auctions.

Community and local authority ownership should be prioritised in energy policy. This could mean promoting shared ownership models, requiring developers to offer stakes to communities, or even expanding public investment in renewable projects. Scotland's earlier ambition for widespread shared ownership is a long way from being realised. As of April 2024, only 0.2% of Scotland's onshore wind capacity was owned locally via

shared arrangements – so a renewed push is needed to achieve meaningful change at scale.

With the right support, the Highlands and Islands can substantially increase the retention of value from its abundant renewable resources, ensuring that projects truly serve the people who live among them. This means more money staying in local economies, more local jobs and enterprise, and more of the decisions about energy being made by and for the community. It also means tangible improvements in day-to-day life, from tackling fuel poverty with locally-funded schemes, to upgrading community facilities and transport with renewable revenues.

Across the Highlands and Islands, there is scope to build on past successes and current shortfalls: doubling down on community and local authority ownership, overhauling and mandating benefit-sharing mechanisms, and removing obstacles that hold locally-led initiatives back. Much of this is already standard practice in neighbouring European countries such as Denmark.

If the appropriate steps are taken, the Highlands and Islands could become a model for how to unlock social value from renewables, capturing the benefits of the energy transition – and addressing the stark injustice of rampant fuel poverty in a region hosting more and more projects which generate cheap electricity.

Glossary of Terms

Abbreviation	Meaning	Context in this report
CB	Community Benefit(s)	*Benefits received by communities for hosting renewable energy projects: may include infrastructure upgrades, housing or other in-kind benefits.*
CBP	Community Benefit Payment	*Direct benefit payments, usually as cash into a community benefit fund.*
CnES	Comhairle nan Eilean Siar	*The local authority for Western Isles*
CES	Community Energy Scotland	*Members body for community energy projects*
CfD	Contract for Difference	*UK renewable subsidy mechanism*
COSLA	Convention of Scottish Local Authorities	
CWB	Community Wealth Building	*Strategic approach to making long-term investments in the well-being of the community*
GW	Gigawatts	*1 GW = 1,000 MW*
HC	Highland Council	
HIE	Highland and Islands Enterprise	
HVDC	High Voltage Direct Current	*The power transmission system used to carry energy generated in Shetland to the UK National Grid*
kW	Kilowatts	*1 kW = 1,000 Watts of instantaneous power*
kWh	Kilowatt Hours	*1 kWh is a unit quantity of energy*
MW	Megawatts	*1 MW = 1,000 kW*
NPF4	National Planning Framework 4	*National special planning strategy for Scotland*
OIC	Orkney Islands Council	*The local authority for Orkney*
Pa	Per annum	
PtX	Power-to-X	*Projects which convert electrical power to hydrogen and derivatives*
SHETLAND 2	Shetland 2 HVDC Interconnector	*A second larger interconnector between Shetland and Mainland Scotland*
SCT	Shetland Charitable Trust	
SIC	Shetland Islands Council	*The local authority for Shetland*
SPV	Special Purpose Vehicle	*Ownership model which separates liability for a large project from a parent company*
SSEN	Scottish & Southern Energy Networks	*Energy company that is responsible for both transmission and distribution networks*

Appendix A – Definitions

There is a live academic debate around the philosophy and ethics of the energy transition. This section provides some references and terminology definitions that may be useful for communities and local authorities navigating the sector.

Jargon explainer - What is energy justice?

Term	Meaning / use
Distributive Justice	This focuses on **outcomes**, considering whether all stakeholders involved (communities, developers, providers etc.) equitably share the benefits and burdens of the renewable energy transition. **For example, distributive justice considers how revenue from a wind farm is distributed between actors, and what share communities should receive from this.**
Procedural Justice	This considers who sits at the **decision-making** table and if everyone's voice is heard when making decisions about energy. **Questions around community engagement, participation and knowledge-sharing are fundamental to procedural justice, aiming to ensure democratic, inclusive, participative outcomes.**
Recognitional Justice	This addresses questions on the recognition of specific groups who may be particularly affected by the energy transition. For example, this could refer to indigenous groups, elderly or young people, women, or low-income groups. **In practice, recognitional justice may consider if large-scale energy projects recognise the particular impact they have on host communities in rural or island contexts, and what measures are taken to address these vulnerabilities or opportunities for empowerment.**

What are community benefits?

Term	Meaning / use
Sharing the benefits with communities	As the Scottish Government understands them, CBPs are measures allowing "communities across the country to share in benefits from its rich natural resources." As political economist Elinor Ostrom defines them, **natural resources such as the wind and oceans are commons that we own collectively**, they are neither privately nor government-owned. For this reason, the benefits of harnessing these common resources should be shared across all involved stakeholders.
Compensation	Many view CBPs as payments received for **a clearly identified and agreed upon loss**. These are not legally enforced compensatory payments, but it is argued they should be considered similarly. The Highland Council, for example, views CBPs as a contribution made "in respect of development, such as large renewable energy schemes, which have a long-term impact on the environment" and "the disruption and inconvenience associated with large scale development work."
Financial support for impact	To compensate for the impact caused at a local scale, CBPs are sometimes understood as **a way to 'give back' to communities who bear the burden of hosting renewable energy projects**. These may come in the form of in-kind contributions such as bill reductions or local infrastructure upgrades. This is often seen as an opportunity to promote social acceptance of projects and positive business-community relationships.[142]
Recognising hosts	CBPs can be seen as contributions to communities on behalf of developers as a way of recognising that they are hosting a nationally important development in their locality and **a commitment to a community through corporate social responsibility**. In their first definition, Moray Council recognised CBPs as "a desire from the developer to meet corporate social responsibility demands; a way of being seen to compensate affected communities for a range of factors; a positive way of engaging communities about renewable developments."
Another tool for empowerment	CBPs can often be seen as **a tool to empower local communities hosting renewable projects**. As in the case of Denmark, these benefits are often centred on maximising the profits of a community, with a focus on community ownership.

[142] https://commdev.org/wp-content/uploads/pdf/publications/Community-Benefits-in-Offshore-Wind-Development-Report-v5.pdf