

Renewables Income Fund – Initial Scope

Background

In May 2019, The Highland Council declared a climate and ecological emergency, and recommitted to achieving a carbon neutral region by 2025. The achievement of this target is fundamentally linked to the renewable energy capacity and opportunity offered by the Highland region.

Subsequently, in May 2021, The Highland Council agreed the terms of a Notice of Motion calling for a fairer share of the income derived for the development of the Highland's natural resources.

At the meeting, the contrast was highlighted between the massive profits being made by private energy companies from renewables/green energy schemes in the Highlands and the relatively limited benefits received by The Highland Council, with its sub optimal infrastructure. This statement could equally apply to local community groups.

The Highland Council covers the largest area of any local authority in the UK and a third of the land mass of Scotland. It has an abundance of natural resources with existing and potential opportunities for green energy schemes, low carbon initiatives including carbon sequestration, and renewables.

Much of the profit from energy companies operating within Highland flow out from the region and community benefits, which are not underpinned by legislation, are voluntary and can be stopped or reduced at any given time.

It is also expected by Elected Members that developments within the renewables sector should see more job creation, skills development and long-term career progression situated within the Highland Region as opposed to the limited employment benefits that currently exist.

These benefits, extracted from Highland's natural resources, should be re-invested into Highland communities and infrastructure for the benefit of all within the region. There was a strong view expressed that wealth generated in the area should, wherever possible, stay in the area. Income generated through green schemes would, in turn, be re-invested to benefit the communities and the overall environment of the Highlands.

Shetland's approach towards the oil industry and new windfarm developments as well as the benefits accrued from Community owned windfarms and Council owned renewable energy projects such as a solar farm in North Ayrshire were discussed. These examples served to highlight the contrasts between local and multinational/private interests on a particular area with the former bringing in a higher income stream to the Council and wider communities.

Other examples exist beyond Scotland's shores, with the local government of the Island archipelago of Aland (Finland) setting up their own company in conjunction with a private sector energy company (50% private 50% public ownership with a 30,000 population). This transition is locally led and owned, placing citizen engagement and a long-term vision at its core.

These examples could go some way to informing a new model around which Highland Council could agree on that would see renewables as a sustainable income source for the area.

The inequity of the current system is evident as Highland has some of the highest levels of fuel poverty in the UK with higher than average domestic and commercial rates for electricity, despite being a net exporter. Therefore, not only does Highland create significantly more energy than it uses, it also pays more for the privilege through some of the highest electricity unit costs in the country.

It was also recognised by Members that there were some challenges in the existing planning system around renewable developments, and it was expected that these issues would be brought to the fore for the purposes of lobbying and engagement with Ofgem and both the UK and Scottish Governments.

In terms of a wider water agenda, it is worth highlighting that Highland region is home to many of Scotland's freshwater lochs with Loch Morar, the deepest at 310 metres and Loch Ness, which holds the most water with 7.4 million cubic metres. Loch Ness holds nearly twice as much water as all the lakes of England and Wales combined. With the increasing issues arising around water shortages, and given Highland's advantageous position, it would be prudent to plan ahead for the inevitable demands the region will be faced with and any future Highland Renewables investment plan should be mindful of this and consider options available.

There is also an increasing issue around the sale of land to take advantage of subsidies and the market in carbon credits. These so called "Green Lairds" do not necessarily benefit the wider community and on a basic level, use the ownership of land to offset carbon from elsewhere in their portfolio.

The Council agreed the terms of the Notice of Motion as detailed.

Objectives

The aim of this tender is to develop an action plan detailing what The Highland Council needs to do to fully benefit from the green energy/renewables schemes that benefit from the significant natural resources that exist within the Highland region. This benefit would include long term employment, skills development and career structures that remain within the region whilst at the same time allowing The Highland Council to establish a "Highland Renewables Fund" from green income generation that will benefit the wider region.

The objectives, in terms of renewables and green energy schemes (onshore & offshore) across Highland, are.

- To understand the scale of currently operational renewables generation, what is in the pipeline and what future projects are planned or can be expected. This information will provide the context and lay the groundworks for Highland being Scotland's green energy hub as well as highlighting Highland's contribution and importance in respect of national climate change targets and the low carbon agenda. Horizon scanning will also provide a sense of what is possible.
- To highlight the benefits (income generation, company profits, job creation, skills, careers, infrastructure build, improved utilities, other advantages) the region gains from green energy schemes including those from direct planning conditions.
- To consider and advise on how we can best utilise planning conditions to maximise benefit
- To consider best practice, agreements, and other models in play elsewhere that could be utilised to benefit Highland Council
- To consider community benefits and how much control Highland Council has over that, bearing in mind the voluntary nature of these schemes.
- To look at how Highland Council can be involved in control, investment, community shares, management, maintenance, design and supply chains in green energy and renewables.

- To identify local energy opportunities that will directly reduce levels of fuel poverty across the region
- To identify the practical steps required and benefits of setting up a Highland Renewables Fund drawn directly from the green energy/renewables' schemes in the Highland Region.
- To provide template for future demand and pressures on natural resources such as water
- To identify gaps in legislation that currently facilitate the exploitation of a Local Authority's natural resources to the benefit of others outwith the region. This will present opportunities for Councilors to make the case for change to respective national bodies and both the Scottish and UK Governments.
- To clearly articulate what Highland Council needs to do to deliver a strategic benefit in the next ten years as part of an ongoing legacy for the people of Highland Region.

Approach

It is envisaged that this will primarily be a desk-based exercise, with bidders expected to draw on existing materials from a range of different sources. However, it is understood that face-to-face meetings will be required with key internal stakeholders and Elected Members to help the bidder fully understand the current policy position and appetite for change within The Highland Council.

Outputs

The outputs required will be:

- A report and action plan detailing what The Highland Council needs to do to fully benefit from the green energy/renewables schemes that take advantage of the enormous natural resources that exist within the Highland region.
- This action plan will include:
 - The current context of renewable schemes in Highland and how we benefit regionally and organisationally.
 - A future concept on what we can expect in terms of renewable schemes and how we can benefit. This would cover long term employment, skills development, and career structures in respect of this agenda across the Highland region.
 - Options around The Highland Council setting up a Highland Renewables Fund from green income generation that will benefit the wider region.
 - The challenges and opportunities in respect of planning conditions to include options around land ownership. What we can do within current structures and what should we be seeking to change to maximise benefit.
 - Innovative solutions that can be drawn from other areas that will see Highland Council involved in control, investment, community shares, management, maintenance, design, and supply chains.
 - Local energy opportunities that will directly address fuel poverty.

- How this work ties in with and supports national climate change targets, the low carbon agenda and helps meet The Highland Council's climate and ecological emergency commitments.
- Present this as a legacy issue for The Highland Council.
- Provide a template for future demands and pressures on Highland's natural resources such as water.