What does Community Shared Ownership (CSO) entail here in Kintyre?

After a windfarm has received consent, the developer offers a stake in the windfarm to the community to purchase. If the community buys in then it receives a share of the profits from the windfarm proportional to the size of its stake.

Whilst sounding simple, the realities are far more complex. Due to the size of the proposed windfarms in Kintyre, they usually go to the Scottish Government for a decision on consent. Typically, the developer will initiate the offer process prior to receiving consent, offering CSO to the community councils it feels have been most impacted. This means the Community Councils may find themselves in an odd position – objecting to the windfarm (1), but being offered ownership in it if it is consented (2).

In Kintyre, EKREG has agreements with all the communities to act on their behalf in CSO negotiations with developers. The unpaid volunteers in EKREG are supported by Local Energy Scotland and the Scottish Government's CARES grant system to contract legal and financial advisors to help support these negotiations. The developer requires EKREG to sign a non-disclosure agreement, enabling the developer to discuss matters it views as commercially confidential so as to be able to advance discussions. The CSO offer made by the developer is usually for a minority stake, often between 5-15% of the windfarm, which comes with no operational control of the windfarm, only a share in the profits.

The price for such a stake in a windfarm is in the millions of pounds – if the offer looks favourable, this money is raised from lenders (3), by Lussa Community Wind Ltd via a subsidiary company set-up specifically for investing in that windfarm. There is no cost or come-back on the community if the windfarm or investment should fail (4), or if the windfarm development is sued (5).

Over the span of the lending period, the majority of funds that flow from the communities' stake would be used to pay off the loans. After this, the funds would flow on an equal share basis to the communities, via Lussa Community Wind Ltd – each community council invited to the CSO nominating a single charity whose trustees then decide how to distribute the funds via grants.

The whole process is lop-sided, with unpaid volunteers & the communities' advisers putting in thousands of hours of work to deal with highly paid (usually) multi-national company employees. Furthermore, it often seems that the developer does everything possible in order that the CSO offer fails, thus preserving all the profits of the windfarm for the windfarm developer.

CSO is different to Community Benefit Funds (CBF). When offered, CBF are paid on the basis of the installed power of the windfarm, but come with many restrictions on disbursement.

(1) NFP-4, Policy 11 section e) ii) removes one of the main criteria within the planning system for objections by rural communities - the loss of their visual landscape and the knock-on impact. Only the Statutory bodies such as NatureScot or HES retain any teeth (https://www.gov.scot/publications/national-planning-framework-4/documents/).
(2) This is expected and doesn't harm the community council's objection. (https://www.gov.scot/publications/scottish-government-good-practice-principles-shared-ownership-onshore-renewable-energy-developments/).
(3) Like getting a mortgage on a house or a loan on a car.
(4) The lenders take the communities's share in the windfarm company if this occurs and nothing else. Only if the communities put some of their own money in would this be at risk.
(5) In this unlikely event, company law holds the windfarm development company as the liable party and it is the windfarm development company that is sued, not its shareholders.