

Introduction

UNISON is Scotland's largest trade union and the largest trade union in the electricity and gas industry in Scotland. We represent staff in the generation, distribution and supply sectors of the industry as well as local authority staff involved in planning and fuel poverty.

UNISON Scotland welcomes the opportunity to respond to the Scottish Government's draft statement on community energy.

Background

Community energy provides an opportunity to diversify Scotland's energy ownership from the dominance of big energy companies. The draft Community Energy Statement usefully sets out the measures the Scottish Government is taking to encourage the development of community energy.

The Scottish Government's ambition for community energy is that it provides an opportunity to spread the benefits of the rich energy resource with which Scotland is blessed. Support for community projects reflects their importance in empowering communities to take control of their own destiny and make the most of their own local resources.

Community energy covers a spectrum of activity – from direct ownership of energy assets, through joint ventures to community benefits payments. These enable communities to take a stake in the full range of heat and electricity generating technologies, from onshore wind, to solar PV and solar thermal, hydro, biomass and heat pumps.

The different forms of community energy



The ambition is to see a fairly modest 500 MW of renewables in community and local ownership by 2020. This has been independently estimated to create some £2.2 billion over the operational lifetime of those projects. There is already 285 MW operating in 2013, including 43 MW of community energy. Most benefit comes from community benefit payments made by commercial developers. In the past 12 months this amounts to about £6 million from over 3 GW of (mainly) onshore wind

schemes. While the cash is no doubt welcome to the communities concerned, this is not community ownership.

Support for community energy is currently delivered through the Community and Renewable Energy Scheme (CARES) delivered by Local Energy Scotland, and the Renewable Energy Investment Fund (REIF) delivered by Scottish Investment Bank. These schemes provide funding and technical support.

Response

While UNISON welcomes the initiatives taken by the Scottish Government to encourage community ownership, we believe that they do not go far enough. While these initiatives are welcome, fully functioning direct ownership is limited to small scale, mostly rural hydro and wind farms. Modest expenditure in the form of loans is miniscule when compared to the massive support the big energy companies receive.

Continuing down this path is unlikely to deliver a radical change in energy ownership in Scotland. There are substantial barriers to this form of community ownership as the Statement recognises. Not the least of which is the UK government's volatile energy policy. Long term investment in energy needs a stable pricing regime. Another is the speed of connection to the grid, something that other European countries accelerate through public ownership of the grid.

Experience from Europe indicates that to make serious steps in diversifying ownership requires new public sector entrants to the market, primarily local authorities, although Scottish Water could also be a bigger player. The Statement recognises that the formation of Local Authority Energy Supply Companies (ESCOs) may be an opportunity to improve competition and offer a wider range of tariffs. CARES support has recently been awarded to Comhairle nan Eilean Siar to explore the potential to establish an Outer Hebrides Energy Supply Company (ESCO), which could enter the UK electricity market in 2016-2017 retailing green Hebridean electricity to local and export markets.

The next big step requires new municipal entrants to the energy market in urban areas. Cities should be engaging in the energy supply market where this can support efforts to tackle energy affordability and promote local generation. The Institute for Public Policy Research paper 'City Energy, A new Powerhouse for Britain', July 2014 showed one way forward.

Professor Andrew Cumber from Glasgow University in his book, *'Reclaiming Public Ownership: Making Space for Economic Democracy'*, highlights what he calls the 'globalised privatisation regime' that has concentrated economic assets and decision-making in fewer and fewer hands. Questioning the rationale of private ownership does not mean replacing it with monolithic state enterprises. There is a role for such models, as in the Danish and Norwegian grid companies, and also the Norwegian state oil company has been an undoubted success. However, where this model makes sense it must be balanced by strong democratic accountability.

Cumber uses the Danish example to illustrate how new forms of ownership might develop. He says,

“Denmark is interesting for the way in which a diverse range of collectively owned institutions from state owned energy producers, local wind co-operatives which account for 80 per cent of the sector and municipally owned electricity distribution companies ensure a degree and diversity of public participation and engagement in economic decision-making unparalleled elsewhere. The Danish success story, in

producing one of the world's leading renewable energy sectors, is compelling in illustrating the potential for harnessing older rural traditions of mutualism, associationalism and collective practice with contemporary progressive concerns in combating climate change. There are examples of considerable public sector innovation at the local scale, notably the municipal-cooperative model of ownership piloted in the Copenhagen Mittelgrunden offshore wind development.”

In Germany, municipal energy companies have become the driver for local innovation. Just one example is Stadtwerke Schwäbisch Hall (SSH), a municipal utility near Stuttgart in southern Germany. Today it has a staff of 500 and boasts an annual turnover of €237 million, the lion's share of it from renewable energy production. SSH invested in a range of renewables – including photovoltaic, onshore wind, hydro, biogas – and other cutting-edge technology, above all in combined heat and power (CHP) plants. Today, sixty percent of Schwäbisch Hall's electricity is produced in the city's 30 CHP facilities – one of the highest shares of any similar-sized city in the country.

Scotland could learn much from these initiatives.

Conclusion

This Scottish Government draft Statement is a reasonable description of the relatively small scale efforts made to date to encourage community energy ownership. However, the ambition is modest, lacking proposals to seriously diversify ownership in Scotland. The next big step requires support for local authorities to return to their 19th century role as an energy provider. They can do this on their own or in partnership with cooperatives. This model brings significant benefits to communities across Europe with lower energy prices and income generation for public services. Scotland should move in the same direction.

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