

Community Benefit

Recent research indicates community benefit is not always being paid and doesn't provide the full value to communities. There is no monitoring of these promises usually made at application stage. The Scottish Government does not enforce the payment of Community Benefits. It all drops below the radar once a scheme is consented.

There are some developers, who do not commit to paying the £5k/MW in the first place. When I last checked I found one saying they'll pay £1.1k/MW.

The other thing about community benefit that the value per MW has not kept up to date. It was set in 2014 by the UK Govt, following industry discussions. The Scottish Government adopted the same amount. It is based on capacity, rather than output. But in those days the 26% load factor was typical. Typically, nowadays, developers are talking of a load factor of 45%, so they will (if consented & built) produce more energy per MW installed capacity. The Community Benefit, based on capacity (315MW) doesn't reflect that. The equivalent today for taller towers and longer blades would be £8.65/MW ($£5k/0.26 \times 0.45$).

The developer's income is based on electricity wholesale price only. It doesn't take account of subsidies. Pre-2017 WFs are paid Renewable Obligations financial support (a k a subsidy), as well as wholesale prices. Last year RO were worth about £53/MWh. So in the days when the wholesale price was around £45/MWh (the price has been very stable for the last 8-10 years up until 2021), that would give the RO Windfarms around £98/MWh (53+45).

That is commensurate with the first Onshore Windfarm to receive CfDs at about £98/MWh in 2017/18. However, whilst the CfD Windfarms are only paid their 'strike price' of £98/MWh (they pay back when the wholesale price goes above £98 strike price) the older RO funded Windfarms get their subsidy on top of the wholesale price! So the older RO WF are currently getting around £150/MWh from the wholesale price plus the £53/MWh RO subsidy. Last year in Scotland ROs were worth about £740m to Scotland's pre-2017 WFs.