

April 11th 2025

Scottish Government Consultation on Community Benefits from Net Zero Energy Developments: Consumer Scotland Response

Who We Are

Consumer Scotland is the statutory body for consumers in Scotland. Established by the Consumer Scotland Act 2020, we are accountable to the Scottish Parliament. The Act defines consumers as individuals and small businesses.

Our purpose is to improve outcomes for current and future consumers, and our strategic objectives are:

- To enhance understanding and awareness of consumer issues by strengthening the evidence base
- To serve the needs and aspirations of current and future consumers by inspiring and influencing the public, private and third sectors
- To enable the active participation of consumers in a fairer economy by improving access to information and support

Consumer Scotland uses data, research and analysis to inform our work on the key issues facing consumers in Scotland. In conjunction with that evidence base we seek a consumer perspective through the application of the consumer principles of access, choice, safety, information, fairness, representation, redress and sustainability.

We have a particular focus on three consumer challenges: affordability, climate change mitigation and adaptation, and consumers in vulnerable circumstances.

Response to this Consultation

Consumer Scotland welcomes the publication of the consultation. The issues explored are relevant to all three of our consumer challenges:

Energy **affordability** is a critical issue for consumers. Given funds for community benefits are ultimately paid through consumers' electricity bills, it is equally important that funds are both proportionate to the overall benefits delivered through associated infrastructure and are delivered in ways which are seen as fair and transparent. That the infrastructure itself

delivers value for money for consumers is also essential, although we appreciate outwith the scope of this discussion.

Community benefit funds are primarily associated with infrastructure needed to deliver the energy transition to **net zero**. We consider that, especially given the larger scale and duration of both current and forthcoming funds, there are opportunities to enhance and extend energy advice and support for consumers, to help households reduce both energy bills and climate change emissions.

For consumers – and communities - in **vulnerable circumstances**, overcoming these challenges is likely to require more bespoke support. Again reflecting the scale and duration of funds, consideration should be given to ways in which funds could help provide services which support and build the capacity of services needed by both consumers and communities.

In line with the transparency point above, Consumer Scotland would welcome a comprehensive evidence review of the use of community benefit funds to date to inform future decisions. We appreciate that many case studies and discussion documents already exist on this topic; we would also suggest that the perspective of energy consumers more widely would be helpful in contributing to such a discussion, and we would be happy to discuss how that might best be included.

Yours sincerely

Douglas White

Director of Policy and Advocacy

Consultation Questions and Responses

Offshore wind communities

Question 1: In the context of offshore wind development, what or who or where do you consider the relevant communities to be?

Question 2: When defining the relevant communities to receive benefits from offshore wind development, which factors should be considered, and by whom? Are there any factors which are most important, and why?

We are not in a position to respond to these questions directly. However, we would suggest that:

- A meta review of existing material on the use of community benefits would be helpful in informing future policy; and
- The views of consumers – including those in communities not geographically close to developments – should be considered alongside such a review, given community benefit funds are paid for through all consumers' electricity bills.

Maximising the impact of community benefits from offshore wind developments

Question 3: Who should decide how offshore wind community benefits are used (decision-makers)? Are there any groups, organisations or bodies you feel should have a formal role in this?

Our response to this question is not specific to offshore wind, but rather could apply to any energy development which creates community benefits.

Funds for community benefits come ultimately from bills paid by all energy consumers. Where an individual development is in the a consumer interest, we consider that it is in the consumer interest for community benefits to be paid, where such payment helps ensure development is delivered in ways which deliver value for consumers.

Such a value assessment should, in our view, extend to responsible and transparent use of funds on an ongoing basis.

Following from this, we would suggest that the range and types of bodies involved in decisions regarding funding distribution should depend on the scale of funding. Where funding is at small scale, it seems appropriate for affected communities to decide, and for the public sector to facilitate appropriate support to them.

Decisions on progressively larger sums imply a need for more planning and scrutiny reporting to ensure effective use of funds. This might in turn involve public bodies as well as energy industry developers themselves.

Question 4: What are the best ways to ensure that decision-makers truly reflect and take into account the needs and wishes of communities when determining how community benefits are used?

Question 5: What could be done to help maximise the impact of community benefits from offshore wind? What does good look like?

Question 6: How do you think directing community benefits towards larger scale, longer term, or more complex projects would affect the potential impact of community benefits from offshore wind?

We consider questions 4, 5 and 6 together, and as above, our response is not specific to offshore wind.

The duration and ongoing certainty of community benefit payments over decades presents a unique opportunity for communities. Planning discussions should therefore consider the long term, stable nature of community benefit funding, and hence the need to balance both short-term improvements with longer-term, durable investments which will sustain without community benefit fund support.

Given the timescale, it is also likely that individual community views and priorities will change over time as early, perhaps smaller scale projects are delivered and capacity within each community rises with experience. Hence, it is important that there is the opportunity for flexibility in the focus of individual funds, for example with 4-6 year review points.

Communities, unless they already have comparatively high capacity, are unlikely to be able to deliver larger or more complex projects, and so would rely on others. There is a risk in that circumstance that projects might be dominated by larger organisations and the communities themselves lose ownership. This again implies a need to build capacity within communities as a specific aim.

Question 7: The development of offshore wind is often geographically dispersed with multiple communities who could potentially benefit. To what extent do you agree or disagree that a regional and/or national approach to delivering community benefits would be an appropriate way to address geographical dispersal of development and multiple communities? Please explain your answer.

Consumer Scotland welcomes the inclusion of this question, which raises important issues for energy consumers. As community benefit funds come, ultimately, from electricity consumers' bills, it is essential for consumers that those funds are used effectively and transparently, and that the benefits are spread widely and fairly.

Regional and national approaches to delivery can help deliver against these criteria. Regional funds would also have the advantage of mitigating cliff edges, which can occur when neighbouring communities have access to very different levels of funding. Delivery of

regional funds also provides a means through which assistance can be provided to individual communities in the area, for example through access to shared development staff, and a means through which reporting of the use of funds can be co-ordinated.

Given community benefit funds are associated with (primarily) renewable electricity infrastructure driven by the transition to a lower carbon energy system, regional funds could also helpfully link with existing Scottish Government delivery mechanisms which support improvements in household energy efficiency, installation of low carbon technologies including smart meters, solar PV, low carbon heating and EVs.

There are two ways in which the long term nature of community benefit funds could help consumers in this regard.

- Firstly, the current annualised funding for both these programmes and the organisations delivering them – as for many other third sector organisations - has repeatedly been raised as a barrier to long term success¹. Regional funds could help provide greater stability for services over time
- Secondly, low carbon technologies typically have lower running costs but significantly higher capital costs than current fossil fuel systems. Community benefit funds could, as resources increase, help address this capital barrier

For all of these reasons, we support more discussion around regional funds.

The role of a national fund raises different questions, particularly around the distinction between such a fund and existing Scottish Government activities. We would support such a fund in principle, provided the added value it would bring to energy consumers in Scotland as well as to communities would be proportionate to any increased delivery costs.

Question 8: Are you aware of any likely positive or negative impacts of the Good Practice Principles on any protected characteristics or on any other specific groups in Scotland, particularly: businesses; rural and island communities; or people on low incomes or living in deprived areas? The Scottish Government is required to consider the impacts of proposed policies and strategic decisions in relation to equalities and particular societal groups and sectors. Please explain your answer and provide supporting evidence if available.

Not surprisingly, the majority of renewable energy infrastructure developments, and therefore community benefit funds, are currently in rural and less densely populated parts of Scotland. While the Scottish House Condition Survey² shows clearly that fuel poverty rates are proportionately higher in rural areas compared to urban areas, there remain nonetheless greater absolute numbers of households in Scotland in fuel poverty.

¹ This issue was raised, for example, by a grouping of front line energy advice bodies as a critical part of wider consideration of the impacts on consumers of the energy crisis following the Ukraine invasion [Scottish Energy Insights Coordination Group Report \(HTML\) | Consumer Scotland](#)

² [Scottish House Condition Survey: 2023 Key Findings - gov.scot](#)

Given community benefit funds come ultimately from consumers' electricity bills, those funds represent a transfer from urban to rural households. While there is an argument that all consumers, including those in urban areas, will ultimately benefit from more streamlined delivery of infrastructure through lower bills than would otherwise be the case, the current position also emphasises the need for continued Scottish Government support through programmes to address fuel poverty.

Determining appropriate levels of community benefits from offshore wind

Question 9: In your view, what would just and proportionate community benefits from offshore wind developments look like in practice?

As this is ultimately energy consumers' money, deliberative discussions with those paying – including those in urban areas who will not benefit directly from funds – should be an essential part of the 'just and proportionate' discussion

Question 10: What processes and guidance would assist communities and offshore wind developers in agreeing appropriate community benefits packages?

While we are not able to comment directly on this question, we would suggest that a review of all existing practice across different communities would be helpful to identify both good practice and pitfalls to be avoided. As above, the views of consumers who do not directly benefit should also be included.

Shared ownership of offshore wind developments

Question 11: What do you see as the potential of shared ownership opportunities for communities from offshore wind developments? Please explain your answer.

Shared ownership could in theory provide opportunities for greater connection between generation and use regardless of geography – for example, allowing urban-based communities to participate. However, there is a clear risk that only higher capacity communities would be able to participate through such an approach.

Question 12: Thinking about the potential barriers to shared ownership of offshore wind projects, what support could be offered to communities and developers to create opportunities and potential models, and for communities to take up those opportunities? Potential barriers include high costs of offshore wind development, community access to finance and community capacity

While we are not able to respond directly to this question, we would highlight that, as above, a review of current shared ownership successes could be useful in both energy and any other relevant sectors.

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