

## **FILE 9: FACTORS AFFECTING COMMUNITY INVOLVEMENT IN WIND FARMS**

European countries are to the fore in community ownership of wind farms. There are many variables from policy, legislative and fiscal regimes, to differing levels of active central and local government, which have enabled them to achieve this position. In each of the European countries surveyed in the Community Ownership study, governments used the tax system to encourage individual and community involvement in wind power over a period of at least ten years, until the concept of wind power became mainstreamed. In contrast, Ireland's most recent Finance Act, actually reduced the incentives for companies who might have invested in renewable energy projects.

Denmark, Germany and Spain have all demonstrated that fully resourced and pro-active local and regional governments can act as a major driving force for renewable energy (RE) partnerships with local communities. However due to Ireland's local government structures and centralised funding allocations we are unlikely to see urban or county councils becoming active as co-developers with communities here.

The major constraints to community involvement in wind energy internationally can be summed up under four categories:<sup>1</sup>

1. **Access to information:** Communities are often unaware that they can become involved in renewable energy projects, and of the ways of doing so. Although in Ireland, Sustainable Energy Ireland (SEI) and the Renewable Energy Information Office (REIO) are doing much to provide public access to valid information on renewable energies, such as efficient home design etc., much of the debate concerning wind energy in the public domain can be misleading or even actually incorrect.
2. **Access to knowledge:** This refers to the 'how' of the project. The community may not have the necessary specialist skills to develop a project and these costs may be beyond the reaches of the community particularly in the early stages of a project. A certain amount of assistance to communities is required at the early stages to build confidence and capacity.
3. **Access to finance:** Securing equity finance from members of the community can be very difficult and the trading of shares is closely regulated, while the open advertising of shares is strictly controlled.

In Ireland, there are additional local constraints to community ownership:<sup>2</sup>

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<sup>1</sup> Leaney V., Jenkins D., Rowlands A., Gwillim R., and Smith D., Empowering the Community, presented at the British Wind Energy Association Conference, 2001.

<sup>2</sup> Meitheal na Gaoithe: *Winds of Change* Vol.1, Issue 5.  
REDCOP Report, April 2000, *Renewable Energy Development through Community Ownership & Partnership*.  
submitted by Tipperary Energy Agency, EU Project XVII/4.3010/98-515

1. **Local authority structures** are significantly different in Ireland to other European countries and do not actively promote community entry to wind farming. New ways for local government to encourage community involvement must be found. Some county councils appear to be more pro-active than others in developing these mechanisms e.g. Tipperary N.R. and Tipperary S.R. County Councils are actively working with the Tipperary Energy Agency and the Tipperary Institute to develop community renewable energy projects, while similarly, Donegal County Council and the Letterkenny Institute of Technology are working with the Donegal Energy Agency. A scheme for wind farms similar to group water schemes could be investigated.
2. **Planning permission** can be a major obstacle to wind farm development (50-60% risk of failure). This is in part due to a lack of clearly-defined, zoned lands for wind power in County Development Plans. Additionally, expensive environmental studies are requisite at the pre-planning stage, whereas they are not required in many European countries.
3. **Low price offered** for renewable energy is a major inhibitor, as the competitive AER bidding system means that the lowest price wins. This has led to low rates of return on investments.
4. **Lack of financial supports or incentives.** Investment schemes with tax allowances under the Finance Act were abolished in the 2003 Budget, while replacement proposals made by lobby groups to the Department of Finance have been disregarded to date.
5. **Uncertainty in future renewables policy** has generated a lack of confidence among developers, particularly in relation to the stop-go nature of the AER rounds. The public consultation process undertaken by the Department of Communications, Marine and Natural Resources, as well as the establishment of the Renewable Energy Development Group, presents an opportunity to develop the necessary supportive policy framework.
6. **Lack of defined community ownership structures.** There is a range of structures current in Europe and the UK, but which have not been tried and tested here to date. There is a lack of 'green' community co-operatives in Ireland, such as exists throughout Denmark. However, the co-operative model has worked well for farmers and fishermen in this country and may be a vehicle for communities to emulate.
7. **Grid constraints** continue to pose enormous problems for small community wind farms in the west of Ireland. Although the Government has committed to major infrastructural improvements, the grid operator is reluctant to accept small community energy feeds to the system due to fears about regulation and security of supply.

Opportunities for community participation in Ireland are limited to date, because the current fiscal, regulatory and infrastructural framework favours larger-scale developers. Large national and international players continue to dominate the Irish scene, and are taking up available small-scale capacity due to the structure of the AER

competitive bidding system. Therefore, valuable new enterprise opportunities may be being lost to local communities.

There are constraints to development of wind farms that are community related and therefore have a direct negative impact on the potential for community shared ownership. These include the perceived antagonism of community groups to any development that impacts on their existing living environment, commonage and land ownership issues, together with planning objections by environmental activists in the community. A recently published SEI survey of public attitudes to wind farming demonstrates that over 80% of people in Ireland are favourable to the construction of more wind farms in Ireland.<sup>3</sup> However, the October 2003 Derrybrien bog slide in Co. Galway, which may have in part been caused by a wind farm development on the mountain, may change the positive attitudes of some, while posing further planning challenges for wind farm developments in upland areas.

Other issues specific to community that act as constraints to community ownership and investment include:

- lack of financial resources;
- lack of information on appropriate legal structures;
- poor financial returns for small investors in the current climate;
- reluctance by individuals to take financial risk;
- perceived lack of political influence, and

Constraints to community shared ownership and investment in wind energy which result from the policy framework include:

- inconsistencies in the award of planning permissions;
- delays in incorporating wind energy guidelines in County Development Plans;
- lack of fully devolved political structure in Ireland that prevents direct investment by local authorities in wind farms in co-ownership with community groups;
- lack of integrated financial and renewable energy policy implementation in relation to tax relief and financial incentives;
- the problem of electricity grid infrastructure constraints;
- the perceived dominance of the ESB in renewable energy and the structure and award process of the AER system.

In summary, constraints to community investment and shared ownership in wind energy in Ireland include: access to finance; financial and economic incentives such as tax incentives, VAT exemptions and investment schemes; difficulty of access to the energy market through the AER process; lack of economically affordable access to the electricity grid; restricted choice of legal structures to facilitate community investment; lack of clarity in the planning process; and the restricted powers of local authorities to invest directly in wind energy projects.

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<sup>3</sup> Attitudes towards the Development of Wind Farms in Ireland published by SEI, November 2003.