

Bob Yuill – presentation to the Open Meeting, 18 November 2004 at Glass Village Hall.

Working together as a community and the advantages to be gained.

Within the community some people are going to be affected much more than others, particularly those on the South side of the river – (Ruth, Stewart, Sue, Steve, Doug, Francis, Fiona, Hughie, Jenna, Clive, Mike, Debbie, Lillian, Vince – and others only a little further off the road) who are going to have their immediate environment altered to take heavy traffic with the effects of this traffic for a couple of years.

Others in the community are affected in other ways, obviously the Clash being utilised other than forestry, with the downsides to that much discussed. More importantly in many ways I feel, and I think others who do not live in such a close community as ours don't understand well, is dealing with the differing opinions – the polarisation if you will. In other words I have friends of 20 years who have differing opinions to me on this, and these have to be reconciled.

So the community has been forced to a situation not of its own making, with many affected directly and many more in-directly; a community that has to reconcile itself to this change and the differing opinions. Also, our community has to deal with the developers – a global corporation and all of its resources – and then the windfarm installers whoever they will be - and so on.

It is ridiculous that our community has to deal with these issues on its own. There is no support or any guidance from the Scottish Executive, the Enterprise Agency, and the Council – in fact I believe they are all culpable for their lack of understanding and ignorance of the issues at hand. The Executive recently said that it would be good or better idea to have community wind farms, without the foggiest idea of what this means. At least the Highlands and Islands area is providing some sort of basic guidance 'pack' to their communities. So there is a slow awakening to the reality.

I want to turn to a few facts and figures at this point to help understand the economics of the windfarm. I think they may help us understand why we as a community need to work together (as we are all well used to doing) to make sure the impact on those who are going to be most affected is minimised - and do not need to deal with issues on their own, and how the community itself may glean long term benefits and not have the slightest twinge of conscious by doing so.

The plan is for:

47 turbines each with a 1.75 MW capacity – totalling 82.25MW.

The total investment is about £750k per MW capacity – circa £62 million investment for a large wind farm. (Investment can be up to £900 per MW installed, and depends on items such as the cost of the grid connection and the size of the development)

The predicted energy out put is 216,000 MWh generating at 30% rated capacity.

The annual average minimum profit before interest and tax on these figures will be £6.95 million per annum on a 20 year life.¹ (In today's money – inflation adjusted)

However, no company will build a windfarm in Scotland based on the standard 30% rated capacity – AMEC say themselves that the Clash is an 'excellent wind resource' which will mean that its capacity is more likely to be 35% or better. The operational design is also for 25 years, and there is an easy connection to the grid, which keeps the capital cost from spiralling. So the annual profit to AMEC will easily exceed £7m per annum – more likely to be nearer £10m.

The other main gain will be to the Forestry Commission who own the land and who will receive between 3 and 4% of the gross income (not the profit) for use of their site. Now I can't be sure of this calculation but £175,000 gross income per installed MW is a ball park figure times 82.25 MW times 3.5% is £503,781 annual rental

¹ Extract from IPA Energy Consulting report to the Highland Council 30th December 2003.

value for the site – no point growing trees then – and the commission can tick a few more boxes on their ‘balanced scorecard’ for environmental impact etc.

The Council will earn a rateable value, and I have no idea what this will be.

So, AMEC make good profits and the Chancellor will get his cut from this, the Forestry Commission make a very nice income and so do the Council on behalf of Aberdeenshire rate payers, and of course the Executive will meet a big chunk of their renewable target.

My conclusion from this is that it is a fair bet that the development will go ahead – its just too lucrative for those concerned. What really concerns me is that if we don’t work together as a community, firstly to make sure that those most directly affected are not lone voices, and secondly ensure AMEC deliver on their promises, we will lose maximising the benefit to the community from the development. Remember, everyone else is getting a whack – so we don’t need to feel any guilt complex and there are a few wounds to heal.

What are the figures we should be looking for? If we just cut to the chase for what we should get, it is £1,200 per installed MW per annum. That is £98,700 p.a income to the community. You can shade a figure over this or below this but that’s about it. If you think this is alot of money, I know that in the Dervaig community on Mull, who are developing their own wind farm – a genuine community wind farm, which being fully financed by bank and other debt will provide themselves with circa £116k over the first years rising to over £200k per annum from an 8MW scheme. The community there has many things they wish to fund and was the main reason for the windfarm – to provide an independent income source.

How do we handle these funds? The standard response is to set up a trust fund under a ‘Company Ltd by Guarantee’ and apply for charitable status. Personally I think this is the wrong mechanism because you can’t guarantee the democracy – that is to

ensure the will of the community prevails long term. It is very easy to install a nice board of trustees who by dint of self-appointment become remote from the community itself.

My preference is for a 'Co-operative for the Benefit of the Community' which is registered as an Industrial and Provident Society with the Financial Services Authority, and it can apply for what is called 'Exempt Charity' status with the Inland Revenue if this is what is desired. Every person in the communities affected (I take this to be wider than just Glass parish) can be a member of the Co-operative and subscribe to a one-pound voting share that guarantees a vote at meetings. The committee is elected by the membership each year, and the use of funds, if not agreed by the committee, will be agreed at members' meetings by majority vote. The main point of using a co-op model is that any co-op is guided by an accepted set of principles. (There is a copy attached), with concern for the community, democracy, education and autonomy at the core of these principles.

How would the community use the funding? I can give you a few examples from Glass. Of course our own Hall here will not last forever, so it would be good to put some money aside to assist its eventual replacement. There are our existing community groups (our superb community association, youth club, bowlers, rural, badminton) who will wish to apply for funds. There are also other things for example – we have some of the finest stained glass in the world in our Kirk that badly needs restored, footbridges over the Deveron, no immediate plans for Broadband and no public transport. Funding can be provided to help improve heating and energy conservation, and for other environmental improvement. The community itself will have many great ideas, and we can put a mechanism in place (Co-op for the benefit of the community) to ensure that monies will be wisely spent and to provide a long-term legacy for the future.

What I think we must do tonight is give a mandate: To put the mechanism in place to negotiate as a community to ensure those most affected are not alone, that we have a

coherent negotiating position with the developers and the installers, and that we provide our own community with a legacy for the future.

Madam chair can I move this for adoption by the meeting tonight?

(Note: Bob, Lorna and three children live at Roselea, Markethill, Glass. Bob is Senior Project Manager for SAOS Ltd, the co-op development organisation owned by all of the agricultural / rural co-ops in Scotland, providing business development services - www.saos.co.uk)