



Community Shared Ownership





Crossdykes Wind Farm Shared Ownership - Timeline

- 2015 – Muirhall Energy instructs Johnston Carmichael to present a paper on community shared ownership to the community councils benefiting from Crossdykes Wind Farm “Community Benefit” (annual community investment funds paid by the windfarm).
- Between 2015 and 2020 – engagement with community councils and Local Energy Scotland on the shared ownership opportunity. To minimise risk to the community, the opportunity would not crystallise until the Wind Farm was operational and generating.
- May 2021 – Crossdykes Wind Farm construction completed, and commissioned.
- May 2022 – Crossdykes Community Services Limited (subsidiary of Crossdykes Community Benefits Limited, the company in receipt of annual community investment funds from Crossdykes Wind Farm) successfully acquired 5% shareholding in Crossdykes Wind Farm with funding from Muirhall Energy Limited.
- August 2022 – Crossdykes Community Services Limited sold its 5% shareholding in Crossdykes Wind Farm alongside the other shareholders resulting in circa 30% return on its investment.



Shared Ownership

Why be involved?

- Directly support the transition to Net Zero.
- Be part of the national drive for Energy Security and reduce our reliance on fossil fuels.
- Take an active interest in a local windfarm.
- Maximise the potential financial returns directly from the windfarm to the local community.

How is it different?

- Most windfarms pay only a fixed amount per annum to local communities as Community Benefit.
- Shared ownership allows the community to receive Community Benefit funds, **plus** a percentage of windfarm profits.
- If the windfarm is more profitable in the future e.g higher than expected electricity prices are obtained, the community will share in any windfall profits via distributions from the windfarm.

How it works

- The windfarm is constructed, connected and generates electricity.
- The community company buys shares in the company that owns the windfarm.
- The windfarm annual profits (income from sale of electricity minus costs of operating the windfarm) for the lifetime of the windfarm are passed on to all the shareholders, including the community company.
- The community company that owns the shares allocates their net share of the windfarm annual profits to various local projects. The community company has full autonomy to use the funds from their share in the windfarm and Community Benefit by the community, for the community, in the community.



Structure

Crossdykes community investment funds from Crossdykes Wind Farm per annum

Loan funding to assist with purchase of shares in Crossdykes Wind Farm

Community councils elect 2 x representatives from each council to be members in the Company Limited by Guarantee

Crossdykes Community Benefit Limited (a company limited by guarantee – there is no shares but members)

100% share ownership

Crossdykes Community Services Limited (a company limited by shares)

5% share ownership

Crossdykes Wind Farm Limited



Lessons Learned

- Muirhall Energy began engagement with the local communities in 2015. The opportunity was the first in a subsidy free windfarm in Scotland. This presented a challenge as there was no subsidy to rely upon which can be a difficult hurdle for risk averse communities to overcome.
- Muirhall Energy engaged their advisors to prepare robust financial models to provide evidence that the windfarm would provide sufficient returns on a subsidy-free project that would comfortably repay debt (the windfarm's project finance and the community debt relative to its acquisition) and provide returns throughout the lifetime of the windfarm (subject to general risk caveats). A take away for Muirhall Energy is to engage their advisors earlier in the process.
- To try and achieve the successful completion of a shared ownership opportunity, it is recommended that the developer and the local communities commence dialogue in three fundamental areas as early as possible in the process:
 - Corporate structure – the earlier the structure is agreed and implemented, the easier it becomes to enter contracts with the windfarm for Community Benefit and understand the shared ownership structure;
 - Funding – Muirhall Energy assisted with the funding for the Crossdykes shared ownership opportunity as other funding did not progress. New funding packages must be made available if shared ownership is to become standard within the industry; and
 - Advisors – it would be helpful to engage with advisors who have significant experience in renewables to understand revenue streams etc. Advisors who do not have such experience can delay the process.



