



CARES CASE STUDY

RIVER AVICH COMMUNITY HYDRO SCHEME



BACKGROUND

Nestled on the western shores of Loch Awe, Argyll, the village of Dalavich has a population of around 70. The nearest main town is Oban, some 30 miles away and the village is connected by single track road to the villages of Tayniult and Kilcrennan. Poor access to services and outward migration of young people are key challenges facing the community.

- Fund Name: An Suidhe Wind Farm Community Fund
- Fund Donor: Innogy Renewables UK and Green Gecco
- Technology: Onshore wind
- Annual Fund Value: £28,500 (index linked)
- Year of Fund commencement: 2011
- Fund Area of Benefit: Dalavich, Furnace, Glenorchy & Innishail (Eredine only), and Inveraray, all of which are in Argyll & Bute
- Purpose of awards: Equity investment to support the development of the River Avich Community Hydro Scheme
- Value of awards: £8,800
- Dates of awards: April 2017

LOCALENERGY.SCOT
0808 808 2288
FUNDED BY THE SCOTTISH GOVERNMENT



Greener
Scotland
Scottish
Government

CARES CASE STUDY



LOCAL
ENERGY
SCOTLAND

In response to these challenges, Dalavich Improvement Group (DIG) was set up in 2002 and registered as a charity. DIG exists to manage community land and buildings and carry out activities to contribute to the sustainability of the area, which includes the villages of Dalavich and Inverinan and the hamlets of Kilmaha and Lochavich. DIG owns and manages the local community centre, village green, children's playground and land along the foreshore.

Awesome Energy (Dalriada) Ltd (AED) is a community benefit society set up by DIG to install and manage a community hydro scheme on the River Avich, next to Dalavich. AED will donate all profits for this scheme to support local projects, including those identified in DIG's Community Action Plan.

Produced in 2016, the Community Action Plan set out a clear mandate for allocating funds generated by the hydro scheme. Funded by a CARES start-up grant, the plan was put together through an extensive survey of local residents, visitors and holiday home-owners (past and present) to gather the views of a wide range of people with an interest in the area. Interviews were also held with local business owners, children and elderly people to help understand of the needs of different groups. A community meeting was then held to determine the overall priorities of the area. The Plan outlines projects to enhance life in the community. Members of the community have got involved in planning and delivering these projects alongside the Community Council, Dalavich Social Club, DIG, Argyll & Bute Council and other groups.

PROJECT ACHIEVEMENTS

The 350kw Avich Hydro Scheme is located on the River Avich and is a run of river system which does not require a dam. The design involved constructing a new intake channel beside the existing intake weir on the river. The new turbine house is located alongside the ruins of an earlier turbine house and uses a similar pipeline route as the earlier scheme, with due consideration for the area's heritage.

The project is the first Scottish community scheme to use an innovative Active Network Management (ANM) solution to overcome a severely constrained grid connection. The solution was the result of partnership working, with a number of organisations and groups working together to deliver a long term, reliable revenue stream for the community. The ANM project involved Innogy Renewables, Local Energy Scotland, Ricardo Energy & Environment, Smarter Grid Solutions, Scottish & Southern Energy Networks and AED.

The project reached financial close in July 2017 and the hydro scheme became operational in January 2018. The full financial package for the £1.55m cost was made up of a £250k loan from CARES, a £200k community share offer and £1.1m from Social Investment Scotland's Social Growth Fund. AED are launching a second share offer later this year in order to reduce its debt burden.

In October 2016, DIG applied for a grant from the local An Suidhe Wind Farm Community Fund, administered by Foundation Scotland, to support the development of the Hydro Scheme. Decisions on Fund distribution are made by a Panel of representatives of each of the

LOCALENERGY.SCOT
0808 808 2288
FUNDED BY THE SCOTTISH GOVERNMENT



Greener
Scotland
Scottish
Government

CARES CASE STUDY



LOCAL
ENERGY
SCOTLAND

four communities that benefit from the An Suidhe Fund. The Panel suggested that an investment in equity (share ownership) in the project was better than a grant as this provided financial support to the project while enabling a return to the An Suidhe Wind Farm Community Fund, anticipated at around 4%. The shares are held on behalf of the four communities by Foundation Scotland and any returns from the shares will go back into the Fund. This is a long term investment of community funds as it is unlikely that the shares can be withdrawn in the short term – a decision that rests with the Board of AED.

Meanwhile, profits from the Hydro Scheme itself are expected to start flowing to AED from April 2019. The Boards of AED and DIG are working with Foundation Scotland to establish a community fund arrangement that brings the impartiality, skills and capacity needed to administer these funds, while making sure the local community is in control of decisions about how and to where funds are paid out.

LESSONS LEARNED

This is the first investment in a community-owned renewables from a community benefit fund in Scotland and an exciting example of a very clear 'win-win' for the community. Not only has the project been able to secure investment from its local community benefit fund, but it also means an additional community benefit fund is being set up for Dalavich. The An Suidhe Wind Farm Community Fund will also be enhanced by the additional income from its shares in the hydro.

There are some restrictions in Community Benefit Agreements around not using the Fund to further the interests of other competitor Renewables bodies. In



this case, Innogy Renewables and Green Gecco (the owners of the An Suidhe Wind Farm) were delighted to see this opportunity progress. Innogy also happen to be the primary users of the grid connection that the hydro scheme will share, and have helped enable the Active Network Management arrangement.

Peter Thomas, AED's Company Secretary & DIG Board Member, said:

"This has been an exciting, inspiring, and sometimes challenging project. We are delighted that a significant proportion of the work went to local companies, which is in keeping with DIG's and AED's desire to improve local sustainability, including those based in Oban, Lochgilphead, Fort William and Doune. It was really gratifying to receive share investment from An Suidhe Wind Farm Community Fund as it reinforced our belief in the hydro scheme. The scheme is now generating power and we are excited by the potential it offers the local communities. Initial generation figures are very promising and we are confident that our community income projections will be met and probably exceeded."

Website: <http://www.awesome-energy.com/index.html>

To find out more about community benefits from renewable energy projects, visit www.localenergy.scot/community-benefits

LOCALENERGY.SCOT
0808 808 2288
FUNDED BY THE SCOTTISH GOVERNMENT



Greener
Scotland
Scottish
Government