

CARES CASE STUDY



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COIGACH

BACKGROUND

The wind turbine project was a community council legacy taken on by Coigach Community Development Company (CCDC) in 2010. The turbine is owned and managed by Coigach Community CiC, a subsidiary set up by CCDC.

Project: Coigach Wind Turbine

Location: Coigach, North West Highland

Technology:

Wind – 500kW refurbished Vestas V47

Date installed/operational: March 2017

CARES funding: Development loan £182,000 and post consent/ bridging loan £56,000.



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PROJECT AIMS AND OBJECTIVES

The aim of the project was to generate an income for the local community through its own renewable energy project; any income would be used to improve Coigach through key actions and projects identified in its Community Action Plan.

OUTCOMES AND ACHIEVEMENTS

Iain Muir, Chairperson of CCDC and Director of Coigach Community CiC, said: "It was a great triumph for us to take this project from idea through to fruition. Each stage had various achievements: a positive outcome of a challenge brought to the Land Court; securing construction funding; meeting our Feed-in Tariff deadline for the build; and refinancing the project post-commissioning at lower interest rates.

"In addition to a return for the investors, the project will create a long-term community fund that will be managed locally for the benefit of community projects: in its first two years, this has amounted to more than £250,000."



LESSONS LEARNED

The community recognised several learning points throughout the project, which they categorised into key themes.

Community Development:

Iain Muir said: "All community projects have their local detractors and while all voices should be heard, it is important that the make-up of the team responsible for driving the project forward reflects the true balance of local opinion.

"We also found it important to instil confidence in community members who allowed their feelings of uncertainty to be expressed as negativity."

Project Management:

A vast amount of the project was progressed using volunteer effort and CCDC appointed Locogen as its technical project managers.

However, Iain said that "there reached a point where we were finding it difficult to give enough time to the project, and there was a certain level of expertise required when speaking to lenders and reaching financial close.

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“We appointed a community project manager and it made a significant difference, although decision-making and responsibility remained with CC CiC.”

Turbine choice:

CCDC had originally planned to install an Enercon turbine but after working through transportation scenarios it became apparent that the crane required by Enercon wasn't suitable for the road to Coigach and there were delivery constraints.

After looking at several other turbines and in consultation with Locogen, Ofgem and funders, they decided to purchase a refurbished Vestas V47 through Renewable Energy Services Ltd who sourced, installed and commissioned the turbine.

Installed capacity:

Iain said that “although we were consented by planning and grid connection for a 900kW turbine we opted to install a de-rated 500kW turbine in order to maximise income available through higher Feed-in Tariff rates available for turbines of that size.”

Finances:

Iain reports that a key part of their financial plan was to secure a construction loan which could be repaid without penalty after commissioning. Accepting that the construction loan interest rate reflected the high risks inherent in the project they proposed to negotiate a more attractive loan once the project had been effectively de-risked upon commissioning. The

construction loan was negotiated with Assetz Capital, and Triodos Bank were approached to manage a bond issue on their behalf. This allowed them to reduce the interest rate from 10% to 5% with £1.75 million of 12-year bonds sold to a mix of investors including local residents and major institutions.



Community capacity, resilience and confidence:

Iain reports that the project's successful delivery of promised funds to the community “is already showing indirect benefits of creating more of a ‘can-do’ attitude in the community that will benefit us collectively and individually in very many ways.”

Website: coigachcommunity.com

To find out more about funding from the Community and Renewable Energy Scheme, visit localenergy.scot/funding

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