Original research article

# Partnership or placation? The role of trust and justice in the shared ownership of renewable energy projects

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## ABSTRACT

Governments in several European countries have developed policies that encourage companies to share ownership of renewable energy projects with local communities. Shared ownership presumes that company and community actors have common goals, can form effective partnerships and negotiate fair outcomes. But there is a lack of research on shared ownership, in particular, how it is constructed by different actors, and the role of trust in shaping practice. This study addressed this gap, drawing on qualitative data from in-depth interviews with 19 UK stakeholders from industry, community and advisory backgrounds. Thematic analysis revealed strong support for shared ownership in principle, but significant challenges in practice. Actors held different rationales and contrasting views on whether the policy should be discretionary or mandatory. A lack of trust was prevalent, with developers expressing skepticism regarding the capacities and representativeness of community actors; and community actors viewing developers as solely motivated by profit, instrumentally using communities to gain planning consent. We conclude that for shared ownership to become conventional practice, it will be necessary to provide mechanisms that facilitate partner identification at an early stage, which can help to build relations of trust between actors, within a more stable and supportive policy context.

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## 1. Introduction

In response to the threat of climate change, governments around the world are seeking to reduce greenhouse gas emissions. In the UK, government policy aims to generate 30% of electricity from renewable energy sources by 2020 [20] and increasing attention is being paid to the roles that different actors at different levels – individual, household, community and business organizations – can play in the achievement of these climate change policies. Community actors are increasingly leading on local energy projects, with over 5000 such initiatives reported in 2013 [21]. However, the evidence base for the role of community energy in the energy transition is fragmented [49]. Although there is some evidence that these initiatives typically receive high levels of public support [22,62], they are also small in scale and fragile due to their reliance upon unpaid volunteers [49], the complexity of funding (and access to it [49]), installation, legal and operational arrangements that need to be put in place [59], and their vulnerability to wider shocks

such as funding cuts and changing policy priorities [47]. By contrast, private companies are often better equipped to deliver large-scale energy projects (e.g. onshore wind farms) by being able to spread financial risk, but these projects sometimes generate significant negative local environmental impacts, often lead to local opposition, typically dubbed 'NIMBYism' (Not In My Back Yard [19]), and may not always receive planning consent [30,54].

In response to these problems, there is an international trend to encourage the shared ownership of renewable energy projects between company and community actors. Examples of specific projects include the Middlegrunden offshore wind farm in Denmark, where 50% of the project's value is owned by citizen shareholders, many of whom were local residents [53] and the Earlsburn wind farm in Scotland, where the Fintry community negotiated a 1/15 stake in a local wind farm proposed by the developer, Falck Renewables. In terms of energy policies, the Danish Renewable Energy Act (2009) obliges wind energy developers to share 20% of the value of their projects with local communities living within 4.5 km of the site [6], with similar legislation in one German federal state and in Belgium [41]. It is notable that these initiatives define a community in heterogeneous ways, with some emphasizing collective involvement (e.g. Fintry) and others

the involvement of individuals as share purchasers. Some emphasise the involvement of local residents (e.g. share purchase only eligible to those within 4.5 km of a project site in the Danish example), whereas others are open to the participation of citizens living elsewhere (e.g. Middlegrunden). These differences reflect the persistent ambiguity of 'community energy' as previously identified in the literature [57,59].

In the UK, the Government published its first Community Energy Strategy in 2014, which included proposals to encourage commercial developers to share ownership of renewable energy projects with communities. To develop the policy in further detail, a Shared Ownership Task Force of industry and community energy actors was set up. This Task Force [50] stated that the main rationale of the policy was to facilitate industry-community models of shared ownership for new commercial onshore renewable developments [50]. This innovation was introduced as a recommendation to developers, rather than a mandatory action. However, it was made clear that regulation would be introduced if progress on shared ownership was not apparent upon review. The Task Force [50] concluded that shared ownership should take place on projects valued at greater than £2.5 million and should involve communities (defined as a collective rather than an aggregate of individuals) taking ownership of between 5–25% of a project's overall value.[1] The mechanism of shared ownership was left flexible, for example split ownership (communities buying a proportion of the physical assets), shared revenue (buying the right to a future revenue stream) or joint venture (working together to a create a joint venture to develop the project) were all stated as possible options.

The policy innovation was premised on the view that shared ownership would help the deployment of renewable energy, increase understanding and engagement, be cost-neutral, inclusive, distinct from the conventional community benefit funds, and be mutually beneficial for companies and communities [50]. However, to be successful in practice, we propose that shared ownership requires a number of inter-dependent aspects to be present at both 'micro' and 'macro' levels. At the micro level, potential partners need to be aware of the policy, to identify one another, to coordinate negotiations at different stages of a project, and to have sufficient time available to engage in these practices. In addition, beliefs and values are important—the trust that may (or may not) reside or is built over time between different actors, the expectations that each party has of the other [61], the values that they hold [32] and the perceived justice (e.g. Ref. [9]) of specific arrangements that are available for negotiation. We acknowledge that these 'micro' factors reside within, are influenced by and in turn influence a 'macro' context of national policies, institutions and norms [61]. While each of these factors will influence the outcomes of a policy on shared ownership, our main focus in this research is upon the 'micro' level of how relationships develop between company and community actors, and the underlying issues of trust and justice that are perceived to influence these.

Despite the international trend towards shared ownership, there is a surprising dearth of research on this subject to date, leading to an absence of evidence to inform policy-making [52]. For example, we are unaware of any research, conducted either in the UK or elsewhere, that has investigated how shared ownership arrangements between communities and developers are formed in practice. This research aims to address this gap. We draw upon in-depth interviews with UK stakeholders from industry, community, and advisory backgrounds. Taking a social constructionist approach, our focus lies in the way that shared ownership

is interpreted by the different actors involved, including developers, community representatives and intermediaries (i.e. boundary organizations engaging in relational work to bridge between different actors, see Ref. [32]). Many studies have focused on the views and experiences of one type of actor (e.g. how developers 'imagine' publics, for example Ref. [13]) or the motivations of community energy actors (e.g. Ref. [49]), which makes it difficult to get a comprehensive picture of the field and how different views (might) come together. As Walker et al. [61] state, there is a need for a more holistic and symmetrical picture, giving equal attention to communities and the commercial actors that instigate technology projects. The paper progresses as follows; first a theoretical background is provided whereafter the method is presented, followed by our analytic findings, and conclusions and recommendations for future research.

## 2. Theoretical background

### 2.1. Identifying partners and building relationships

For shared ownership to come about, community groups have to be aware of the opportunities around have to identify the communities (and community leaders) to engage with. As Walker states, 'community is an ambiguous term used in various ways, for example to distinguish an actor, scale of activity, a spatial setting or a form of network. Communities can be "transient and dynamic, fracturing as events unfold and relationships evolve" [57,p. 778]. For these reasons, the 'community' involved in shared ownership projects cannot be taken as a given; instead the ways that the 'community' becomes constituted through the process of shared ownership needs to be carefully researched by paying attention to divergent framings held by the different actors involved. Furthermore, as stated by the Shared Ownership Task Force [50], there may not always be a previously formed community group or members who are willing or able to engage in the necessary negotiations with developers.

### 2.2. Rationales for engaging in shared ownership

Shared ownership will be fostered by expectations of positive outcomes both for communities and for developers. For a community, working with a commercial partner might enable participation in a larger scale project, as developers can spread the risk between different projects [43] compared to community-led approaches where the total risk is borne by the communities themselves. Communities typically benefit from a utility-led energy project through a community fund (where communities usually receive a fixed sum of money annually to spend within the local area [1]). However, research shows that these payments are often less than one percent of the total profit of many large-scale wind projects [52] and full ownership of the project, and therefore control over decision-making, remains largely with the developer. In shared ownership arrangements, control over part of the project lies with the community and returns might be considerably larger, depending on the outcome of negotiations between the community and the developer.

Additionally, for local residents, buying shares in a shared ownership project reflects a way of participating in renewable energy [58] that is considerably less expensive than buying, for example, solar panels on an individual basis. It should be noted though that community initiatives offer other potential benefits than merely financial ones [45,57]. These initiatives are often said to provide social incentives for people to join such as increased social cohesion [48], a sense of duty, experimenting with alternative ways of living, and demonstrating that alternatives to the existing energy

[1] In Scotland, separate guidance issued by the Scottish Executive supports shared ownership of smaller scale renewable energy projects that are over 50 kW in scale [38].