



Rialtas na hÉireann  
Government of Ireland

# Renewable Electricity Support Scheme

## Good Practice Principles Handbook for Community Benefit Funds

**2021**

Prepared by the Department of  
the Environment, Climate & Communications  
[gov.ie](http://gov.ie)

# Table of Contents

Table of Contents.....	i
1 Introduction.....	3
2 Key stakeholders in Community Benefit Funds.....	5
2.1 The Community.....	6
2.2 The Fund Committee.....	6
2.3 The Developer.....	7
2.4 The Administrator.....	8
2.5 Support, Oversight and Compliance Functions.....	9
2.6 SEAI.....	9
2.7 RESS Communities Steering Board.....	10
2.8 Public Consultation Questions.....	10
3 Key Fund Parameters.....	11
3.1 The Monetary Value of the Funds.....	11
3.2 Time of First Payment Into the Fund.....	11
3.3 How the Fund is to be Divided: (Categories a-d).....	11
3.4 Costs of Administration (c).....	12
3.5 Near Neighbour Provisions (a) and (Part of d).....	13
3.6 UN Sustainable Development Goals (b).....	17
3.7 Supporting Clubs, Societies and Other Local Entities (Part of d).....	19
3.8 Public consultation questions.....	20
4 Operation of the Fund.....	20
4.1 Pre Set-Up: Engagement with the Local Community.....	20
4.2 Establishing a Fund Committee.....	21
4.3 Funding Strategy.....	23
4.4 Public Consultation Questions.....	25
5 Application Process.....	26

5.1	Who Can Apply for Funding?.....	26
5.2	Not-for-Profit Entities and State Aid .....	27
5.3	What is Ineligible for Support? .....	27
5.4	How the Applications Process Might be Operated .....	28
5.5	Evaluation of Applications by the Committee .....	29
5.6	Funding Decisions .....	29
5.7	Payments .....	30
5.8	Public Consultation Questions .....	30
6	Strategic Measures .....	31
6.1	Larger Fund Proposals – Multi-Annual Agreements.....	31
6.2	Surplus Monies in the Event of Insufficient Appropriate Funding Requests.....	31
6.3	Alternative Approaches for Smaller Funds.....	32
6.4	Leveraging the Fund.....	33
6.5	Public Consultation Questions .....	34
7	Reporting on the Funds.....	34
7.1	Annual Report on Fund Activities and Funding Outcomes, Including Impact Data	34
7.2	Near Neighbour Payments Reporting .....	35
7.3	Social and Economic Impact Assessments.....	35
7.4	Feedback and Consultation .....	36
7.5	Public Consultation Questions .....	36
8	Public Consultation Questions .....	36
9	Glossary of Terms.....	37

# 1 Introduction

The Renewable Electricity Support Scheme (RESS) is a key policy initiative to deliver on the Government's Climate Action Plan commitment to generate at least 70% renewable electricity by 2030. Support schemes like RESS, in place all over the world, are a way of ensuring that renewable energy technologies are incentivised to replace the use of fossil fuels in our economy. Governments contract to buy electricity at a guaranteed price for the long term, typically a period of about fifteen years. This gives developers the certainty they need to build the project. A cornerstone of the new scheme is the conviction that communities should benefit directly from it and there are different community requirements built in. One, in particular, is the focus of this guidance note – the mandatory Community Benefit Fund.

A key feature of RESS is that all renewable electricity generation projects must establish a Community Benefit Fund (hereafter Fund or Funds) to be used for the wider environmental, social and cultural well-being of the local community. Not alone that, but the amount payable by the projects into the Fund is mandated at €2 per Megawatt hour of generation of the project. This means there is real and quantifiable funds being made available annually for the benefit of the local community. The amount of funding is substantively more generous than that arising from community benefit funds attached to existing renewable projects today. For RESS-1 alone we envisage almost €4m in annual payments, over a period of approximately 15 years, into the communities that host RESS-1 projects. With several more RESS rounds (auctions) planned in the coming decade the total Funds involved are several hundred million euro in value over the lifetime of RESS. This guide aims to provide both members of the community and developers of the renewable electricity generation projects with a mutually shared roadmap of how they can maximise the overall value of the Fund. By doing so, there will be a very positive impact on the renewable electricity sector and the broader economy.

Ireland has a distinguished history of local community participation, endeavour and enterprise. From the GAA, to Tidy Towns, from farming co-ops to Group Water Schemes, Irish citizens have united in shared endeavours for decades. That collaboration is exactly what we seek to accentuate here. Already, in terms of renewable electricity, community benefit funds are well established in projects all over the country. [The 2019 Wind Energy Ireland \(WEI\) community benefit report](#) provides a wealth of good examples and there are some further examples available in Appendix 6 in the accompanying appendices document.

Most wind farms have engaged constructively and happily with sustained success within local communities for many years and the Funds in RESS aim to build on this success.

This is the first edition of the RESS Community Benefit Fund Good Practice Principles Handbook. It is specific to the first suite of projects supported in the scheme (i.e. those that were successful in the first auction, RESS -1). As the scheme evolves, there will likely be other editions as we collaboratively evolve the guidelines through shared learning and as we continually monitor the process. The purpose of the guidance is to facilitate an enduring relationship between communities and developers, where they will work together to maximise the benefits of the Funds to local communities living in proximity to the renewable projects. This guidance is intended to lay out a solid basis for the launch of a very productive relationship based on the “let’s start as we mean to go on” principle. We want that starting point to be established at an already high level, so that the bar moves ever higher as the relationship endures.

The guide is deliberately set out for the most part as guidance. We seek not to lay out too many layers of rules and regulations. However, some formal requirements have been set out in the RESS-1 Terms and Conditions (T&C) - see Appendix 1 - and in this document we provide some guidance and recommendations on how to comply with those requirements.

The key focus across all the guidance is simple: that the local community participates in all decisions in regard to how the funding should be used. High quality administration, local where possible, is also a key expectation and we lay out commentary in that regard.

Government is fully committed to ensuring successful delivery of RESS Funds and we point to the solid structure that underpins this initiative, with the Sustainable Energy Authority of Ireland (SEAI) playing critical support and oversight roles.

This guidance has been drafted for public consultation by the Department of the Environment, Climate and Communications (the Department) in collaboration with the SEAI. It is to be read in conjunction with the accompanying appendices.

The public consultation on the Good Practice Principles Handbook for Community Benefit Funds will remain open until **17.30 on Monday 24th May 2021**.

All responses should be submitted to [CommunityRESS@decc.gov.ie](mailto:CommunityRESS@decc.gov.ie) or in writing to:

CBF Consultation

Electricity Policy Division

Department of the Environment, Climate and Communications

29-31 Adelaide Road

Dublin

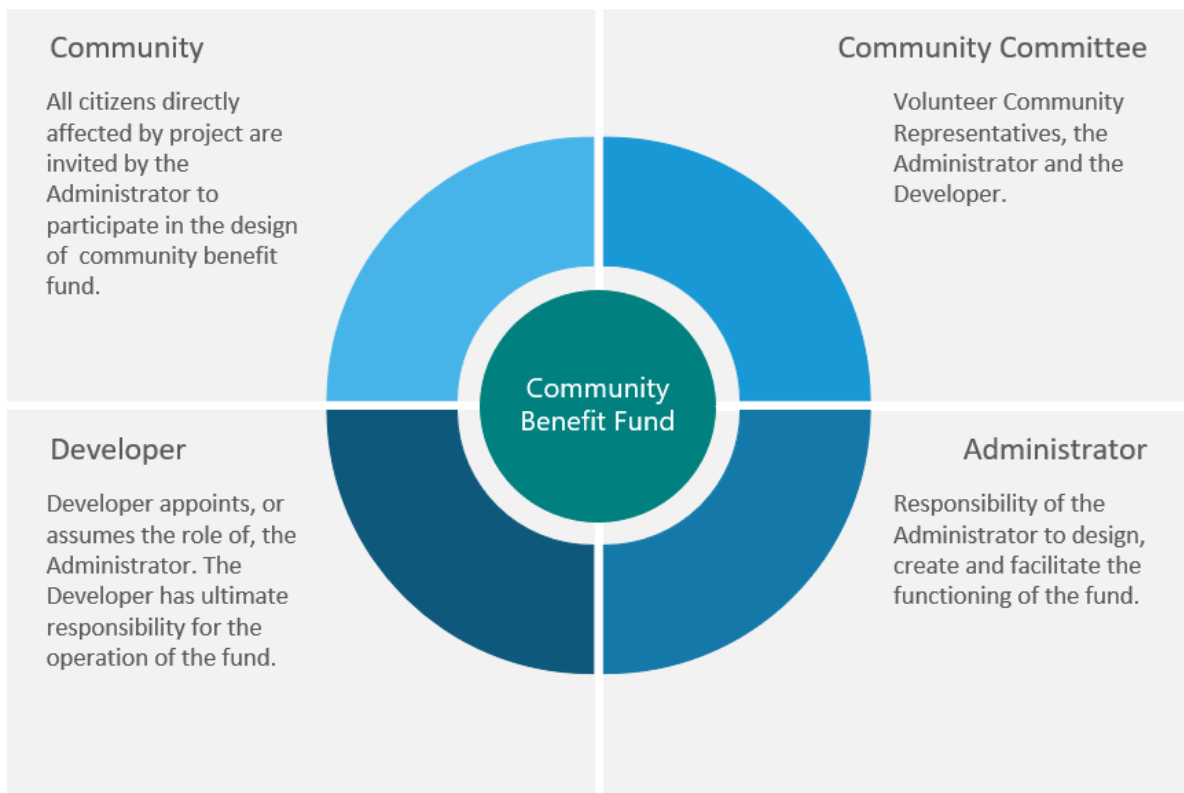
D02 X285

Ireland

Note: all submissions and comments submitted to DECC for this purpose may be subject to release under the Freedom of Information Act 1997-2003 and will be published on the Department's website. Any information which is commercially sensitive should be clearly indicated in the submission.

## 2 Key stakeholders in Community Benefit Funds

The key stakeholders in Funds are the Community, the Committee, the Developer and the Administrator. We will briefly explain their focus and interaction here but further detail on the roles and responsibilities of the Committee, the Developer and the Administrator are outlined throughout this guidance as we provide a commentary on how the Funds may operate.



## 2.1 The Community

The Community that lives close to the project is the beginning, middle and end of all of this! The Community hosts the RESS project and without its support there can be no project. We do not propose a strict definition of “community” in this guidance, neither do we propose to define “close to” a RESS project. No two projects and no two communities are the same, so the community concept has to be sufficiently flexible to accommodate all RESS projects.

It is self-evident that those living in closest proximity to the project should be the immediate beneficiaries and that is why some of those are designated for near neighbour payments. However, it is also critical that a much broader “community” benefits as well. County boundaries may be either helpful or unhelpful in this regard – some households may be located just a few kilometres from the project but in a different county and if a county boundary was prescribed, these households might be excluded from project benefits. That would of course not be fair, so we propose only that the community might be better considered, first, in terms of radius – e.g. those living within a certain radius of the project, typically up to 10 kilometres (but can be significantly broader). Perhaps then, a county boundary or boundaries may still be applied so that the project benefits may be dispersed as widely as possible, particularly for smaller counties or bigger projects and for benefits accruing later in the projects’ lifetimes.

To take an example, one of the key benefits we perceive for the Fund is the energy upgrade (retrofit) of homes, starting with those nearest the project, expanding year on year to homes further away. Or a community garden located in a village 3kms away might be awarded funding one year and another, in a different village as far as 20kms away, might be successful in another later year. It is intended that Developers and Administrators should widely publicise the emergence of the Fund and the opportunity to participate in its associated decision-making. Those citizens who participate can then define what they mean by the community involved and what distance from the project should be appropriate. This could evolve over time. Communities should then include all those who reside in the area agreed but this should not preclude any others from joining at a later stage.

## 2.2 The Fund Committee

The Fund Committee is the decision-making body of the Fund. We wish to place communities at the heart of the decision-making process. That comes with responsibility and some complexity as this Guidance will demonstrate, but we believe local decision-making is the key to the success of the Funds.

The Fund Committee consists of a number of volunteer community representatives, the project Developer and the Fund Administrator. All involved must work together to ensure the best outcomes for the community.

Generally speaking, the Committee should aim to represent the widest cross-section of the community possible. It would be advisable to try and build a Committee that has a good balance of age, gender, profession and geographic location to broaden representation.

The Committee has a key role within the community it will represent – that of Climate Leadership. These Funds come complete with requirements that demand the facilitation of sustainable development and climate action. Decisions the Committee will take will have a profound impact on the lives and livelihood of its community but will also contribute to the national effort to combat climate change.

## **2.3 The Developer**

The Developer is the owner/operator of the renewable electricity generation project. Without the Developer there is no project and no Community Benefit Fund. Developers of renewable electricity generation projects, like all these projects in RESS, play a critical role in delivering on Ireland's objective of fully supporting our economy with clean, green energy.

Achievement of our national energy and climate objectives are firmly rooted in the delivery of these projects. The State supports their development because it is in the country's best interests to do so.

Developers in RESS will come in all shapes and sizes but fall into two simple categories – community or commercial developers, with the vast majority comprising the latter category. In either case the Developer has ultimate responsibility for all administrative and governance matters relating to the Fund – its set-up, advertisement, administration, reporting and compliance.

It is expected that the Developer will already have built up strong relationships with the local community during the planning process. That the project is operational by the time the Fund kicks off formally indicates that all planning matters have been appropriately resolved and most locals will already be aware of the project.

It is in Developers' best interests to work in collaboration with the communities that house their projects. They want their projects to be successful and their business sustainable.

Developing additional projects elsewhere is dependent on public acceptance, that in Ireland of all places, is often driven by word-of-mouth recommendation.



These Funds provide a glorious opportunity for Developers – and by extension the wider renewables industry – to solidify the roots of their industry deep in our nation’s consciousness. The projects are mostly located in rural Ireland where there can often be economic and resourcing challenges. The Funds can bolster local economies, rural heartlands and community wellbeing and activism.

The Developer has ultimate responsibility that the Fund is fully compliant with the RESS-1 T&Cs. Sanction measures may involve up to and including loss of RESS contract if the terms and conditions of the Fund are not fully complied with.

## **2.4 The Administrator**

It is anticipated, but not mandatory, that the Developer of the project will appoint a third party to administer the Fund. Some developers may choose to handle the administration in-house, and that is perfectly acceptable. We stress however that there is a significant workload attached to the Fund administration. It is likely that if a Developer does manage the process internally, at least one employee will be handed considerable workload and responsibility.

It is likely that the Developer will delegate to the Administrator – be it employee or third-party appointee - the central responsibility to set up the Committee and facilitate its functioning. The Administrator should then guide the Committee in best practice of managing the Fund, should oversee all of its operation including its advertisement and assist in the decision-making process in respect of applications for funding.

The Administrator should be fully equipped and qualified to ensure the Fund adheres to the highest standards of governance in a manner that is fair, accountable and fully transparent. However, it is important to reiterate the Developer ultimately controls the Fund and, therefore, is ultimately responsible for ensuring the operation of the Fund is wholly compliant with those highest standards.

We have seriously considered whether or not to formalise this role into a Framework-type process – i.e. to set up a formal framework where approval must be granted by SEAI only to specialised Fund Management Service providers. At this point it is not proposed to do so as we feel this would unnecessarily preclude all sorts of localised solutions. A specialist framework, whilst having some clear attractions, would limit the number of local entities that may be well suited to carrying out this administrative role, if afforded the opportunity. Local Development Companies, SMEs and a myriad of locally based entities and individuals may make a compelling case in a procurement process for their selection to the role, based on their own unique business track record.

As is the whole basis for this document, we simply propose guidance for this role both throughout the text and in more detail in Appendix 5.

## **2.5 Support, Oversight and Compliance Functions**

Supporting the delivery of the Funds is a significant guidance, oversight and compliance apparatus. As mentioned in the introduction, RESS Funds will consist of large sums of money. It is incumbent on all involved – but in particular on the Department as the policy-maker – that significant guidance, support, governance and oversight is in-built.

## **2.6 SEAI**

SEAI have been appointed the Funds support, oversight and compliance body and as such have a key role in supporting the successful delivery of Funds. Within RESS, there are a variety of community provisions as the Department has sought to integrate community participation in the scheme. SEAI have a broad and critical role in enabling communities to develop their own projects and reap all the benefits arising. Here, we focus only on their role in relation to Funds.

The SEAI are well equipped for these supporting and oversight roles. They have vast experience in developing and supporting the existing Sustainable Energy Communities (SEC) network which they will utilise to good effect here. They will be available to assist and guide all Fund stakeholders throughout the various stages of the Funds' life-cycle.

In their supporting role, their guidance will be useful in all manner of ways – from advising on how best to engage citizens and communities, to providing guidance on setting up and implementing funding strategies, to supporting the resolution of any disputes that might emerge in the Committees. A key part of their support function will be to facilitate education and capacity-building in the community sector. The SEAI will assess what supports may be required to build necessary skills to maximise the impact of the Funds. These supports may include more targeted information than this guidance can provide, training modules or mentoring through the RESS trusted intermediary service. Ultimately, SEAI will be developing a Community Energy Resource Toolkit which will include a suite of guidance modules across a number of different technology and project development areas, and will include guidance on Community Benefit Funds, that will assist and guide all stakeholders in their successful set-up and delivery.

The SEAI are also the oversight and compliance body for Funds. This role requires that all projects adhere to strict reporting and compliance requirements. Central to this will be the establishment of a Community Benefit Fund National Register for all successful projects.

This Register will ensure open and transparent reporting of Fund outputs and will undoubtedly serve as a useful reference point and innovation source for communities nationwide. As communities see innovative use of the Funds elsewhere, they will quickly embrace that innovation for its added value in their own communities. We would expect to see this Register becoming a progressive conversation starter among and between communities immediately from its first reporting year.

SEAI retain the powers to assess or audit any Fund or seek any further information from the Developer as may be deemed necessary to carry out their compliance role effectively.

## **2.7 RESS Communities Steering Board**

The commercial production of electricity is a complex business and most communities have no experience of it whatsoever. We know this is true because there is only one community electricity generation project operating in the country today. Enabling communities to access a support scheme like RESS is tantamount to committing to the development of a new sector in our economy. This is a learning process. The Department has taken the decision to establish a RESS Communities Steering Board for the purpose of providing strategic direction for the ongoing development of this new sector.

The RESS Communities Steering Board will oversee all elements of community participation in RESS, including benefit funds, capacity-building and community-owned generation projects. The Steering Board will continually review the Funds' outputs with a view to ensuring best possible outcomes and that the Funds remain relevant and fit for purpose over the lifetime of the projects, creating a lasting legacy within communities. In addition, the Steering Board will consider any disputes that cannot be resolved through consultation with the SEAI. Whilst the final arbiter in any such dispute is the Minister as referenced in the RESS-1 T&C, it is not expected that his intervention will be needed. The RESS Communities Steering Board is to be chaired by the Department, and its members will include representatives from the community sector, the local development sector, academia, industry and relevant state bodies.

## **2.8 Public Consultation Questions**

- Q1. Should the community be more formally defined? If so, how?
- Q2. Should a specialist framework be set up for the role of the Administrator? If so, what type of qualifications, skills, expertise and experience should be required of applicants?

## 3 Key Fund Parameters

### 3.1 The Monetary Value of the Funds

It is useful at this point to consider the monetary value of the Fund for a few sample projects. Under the RESS-1 Fund, the direct annual monetary contribution (by the Developer into the Fund) is fixed at €2/MWh of Loss-Adjusted Metered Quantity.

For example, and in very rounded terms, this approximately works out as:

- For a 10MW wind farm, the Fund is expected to receive approximately €60,000 annually.
- For a 50MW wind farm, the Fund is expected to receive approximately €300,000 annually.
- For a 5MW solar farm, the Fund is expected to receive approximately €10,000 annually.
- For a 50MW solar farm, the Fund is expected to receive approximately €100,000 annually.

### 3.2 Time of First Payment Into the Fund

Technically, the Fund contribution by the Developer is payable in full on each anniversary of the commercial operation date of the Project for the full duration of the RESS support, typically 15 years. The Fund is not linked to the Consumer Price Index. However, there is nothing to preclude – indeed we would welcome it – advance payments being made into the Fund by the Developer. This would be of immense value to the local community during that first year of operation of the Project, to kick off the benefits process immediately, rather than waiting until the end of the year to register the formal, final payment for that year. In such a case of advance payments, a simple adjustment calculation can be carried out at the end of the year to assess what additional (most likely) sum is necessary to balance the account. Advance payments in such a manner could continue for the duration, although the formal annual date due is as specified above.

### 3.3 How the Fund is to be Divided: (Categories a-d)

The RESS-1 T&C as published are very specific in how each Fund is divided (section 7.2.6). These are replicated as follows:

- a) in respect of Onshore Wind RESS-1 Projects, a minimum of €1,000 shall be paid to each household located within a distance of a 1 kilometre radius from the RESS 1 Project;
- b) a minimum of 40% of the funds shall be paid to not-for-profit community enterprises whose primary focus or aim is the promotion of initiatives towards the delivery of the UN Sustainable Development Goals, in particular Goals 4, 7, 11 and 13, including education, energy efficiency, sustainable energy and climate action initiatives;
- c) a maximum of 10% of the funds may be spent on administration. This is to ensure successful outcomes and good governance of the Community Benefit Fund. The Generator may supplement this spend on administration from its own funds should it be deemed necessary to do so; and
- d) the balance of the funds shall be spent on initiatives successful in the annual application process, as proposed by clubs and societies and similar not-for-profit entities, and in respect of Onshore Wind RESS 1 Projects, on “near neighbour payments” for households located outside a distance of 1 kilometre from the RESS 1 Project but within a distance of 2 kilometres from such RESS 1 Project.

For onshore solar farms, category (a) and “near neighbour payment” elements of (d) do not apply.

We will now consider each of these requirements separately and in some detail:

### **3.4 Costs of Administration (c)**

The Administration function is significant. To this end, up to 10% of the value of the Fund can be used to cover administration costs. The Developer will decide whether to arrange the Fund administration directly ‘in-house’, or to outsource the role to a third-party administrator service to undertake the functions of the Fund independently. There are a number of specialist third parties that may provide this service and there are also likely to be a variety of entities, local to a project, that could also provide a quality service. Any such outsourcing of the administrative function does not in any way alter the obligations and responsibilities of the Developer.

A signal advantage of the securing of specialist fund management services to undertake the Administrator role is the positive effect of independence combined with the experience and skill to meet all the requirements of the role, in addition to third parties having a vested interest in the quality of their own industry standards of reporting and accountability.

However, there is also a strong argument to be made for seeking a local service to administer these funds. Local services will already be active on the ground, will know the

territory inside out and will understand local nuances in a way that more remote specialist entities will not. While we have been explicit in our desire to ensure local decision-making in these Funds, local administration is equally welcome.

The Developer has to decide its preferred approach to the administration of the Fund - in-house or third party. Given the long-term significance of this decision it would seem sensible for the Developer to canvass community opinion on the matter during early engagements (realistically the decision is likely to be made in advance of establishment of the Committee).

10% is the maximum portion of the Fund that can be used for administration and no additional charges can be levied e.g. no charges for applications are permitted. However, there is nothing to preclude a developer supplementing from their own resources the cost of Administration (in addition to the 10% allowable from the Fund).

### **3.5 Near Neighbour Provisions (a) and (Part of d)**

Central to the commitments in RESS to enable communities to benefit from the development of renewable wind farms is the recognition that those living in closest proximity are most impacted by them. Their construction may cause direct inconvenience for a number of months and their ongoing existence may have some visual or sound impacts, for instance. Wind farm developers have traditionally engaged with and often provided benefit to such “near neighbours”, but there has been inconsistency in approach over the years. Our research indicated that it was desirable to lay out with clarity the concept that near neighbours should receive direct benefits from the wind farm and we defined this as a requirement in the RESS-1 T&C. These provisions do not apply to solar farms.

This formal requirement is intended as a recognition that modest annual payments are appropriate for near neighbours, but it is not intended to consume a substantial percentage of the Fund. The fundamental intention of the Fund is that the wider community benefits from the project’s existence. Near neighbours are a small subset of this wider universe. It is fully expected that, apart from the direct benefit payments now mandated, near neighbours will benefit wholesomely from the remainder of the Fund as it facilitates wider, worthy community endeavours. To illustrate this point, let us consider one of the key outputs we anticipate from that spend we have mandated on SDG measures – that of an expected annual programme of energy efficiency upgrades in homes in the vicinity of the wind farm. We consider it would be both sensible and appropriate to commence the programme of deep retrofits in the homes of the nearest neighbours before extending kilometre by kilometre.

A number of further guidelines are laid out below.

- The RESS-1 T&C reference near neighbours as two bands - those living within either 1km or 1-2km of the project. It is suggested that the distance specified is from the base of the nearest turbine to the nearest part of the structure of the occupied residence (not outbuildings or other such), the location of which is identified in the An Post geo-directory. The application of common sense is desirable in the finalisation of the two lists of near neighbours. For example, if in a cluster of four houses in a row, the last one would be technically excluded, perhaps an accommodation might be considered by the Committee, in the interests of fairness and common decency.
- The near neighbour payment should be based on the principle of one payment per occupied dwelling, on a principal private residence (owner) or primary residence (tenant) basis. Thus, we do not anticipate that holiday homeowners should be classified as near neighbours. We also anticipate that the tenant rather than the owner should receive the payment in a rental situation.
- The near neighbour should be one nominated adult resident within the household. In a shared rental situation, the tenants should nominate one from among them.
- It is considered that the Developer will, during the planning process, have carried out a survey of the area (and updated within the preceding six months of first payment and updated annually), to identify the numbers of near neighbours and it is also assumed that the Developer will have carried out an impacts assessment on near neighbours.
- It is further assumed that the Developer will have engaged progressively with near neighbours during the planning process - as referenced in the current [Wind Energy Development Guidelines 2006](#) and in accordance with the [Department's 2016 'Code of Practice for Wind Energy Development in Ireland - Guidelines for Community Engagement](#) - and may have agreed some benefits prior to the establishment of the Fund. Such benefits must at least match those prescribed in the RESS-1 T&C. However, we are conscious that it is possible that benefits may have been agreed at a much higher value than €1,000 and it is a real source of concern for us that a pre-agreed set of benefits may consume as much as 50% of the Fund. (These payments must take into account provision for administration costs and the obligation to meet the community funding obligations with regard to the Sustainable Development Goals i.e. these payments must not in combination exceed 50% of the fund.). It is recommended therefore that the Developer should only commit to any contractual arrangements in the knowledge that the Committee will ultimately need to consider such arrangements (in aggregate terms only) in the context of its role in Fund decision-making. A committee of the community may or may not be happy to agree

that as much as 50% of the fund could be used for what may be a relatively small number of members of the community.

- The payment to those residing within 1km of a turbine is set out as a fixed annual payment of at least €1,000 and must be paid by the end of the first year of commercial operation, and on anniversaries thereafter but can be paid earlier should the Developer be in a position to do so.
- Should the numbers of near neighbours within 1km of the project be so numerous as to require a spend of more than 50% of the Fund to be discharged, there is a provision in the RESS-1 T&C that requires the Developer to seek a derogation from the Minister. This will necessitate in the first instance engaging with the SEAI to advise of the issue. The SEAI will engage with the local Committee and will provide guidance, or, if necessary, direction on behalf of the Minister.
- In addition, category (d) as referenced, provides for payments of an unprescribed amount to those residing between 1-2km of a turbine, but this stipulation is based on the balance of funds left over after category (a), (b) and (c) are discharged and is included with payments to not-for-profit entities. In practice it is assumed that for most wind farms the numbers of category (a) near-neighbours will henceforth be quite small, (owing to the tightening of planning requirements) but it might well be another matter entirely for those identified in category (d). It is here, that in the case of some smaller funds in particular the danger is most material of the near neighbour payments consuming the Fund. From a policy perspective, we are seeking appropriate, rather than disproportionate recompense of near neighbours.
- Resident households who are landowners in receipt of lease payments connected to the project are not assumed to be near neighbours, but those who may be in receipt of easement agreements connected to the project are assumed to be.
- In a situation where there are no near neighbours (either within the 1km or the 2km radius from the nearest wind turbine), those funds are assumed to be assigned for the other specified categories of the Fund, excluding administration costs.
- There is no explicit discretion in the RESS-1 T&C to increase the near neighbour scheme area beyond 2 km, however we reiterate the reference to common sense previously mentioned, or, if there were a particularly small number of near neighbours (categories a and d combined) the Committee may wish to consider the designation of an expanded area.
- All near neighbour payments are subject to income tax as applicable in accordance with existing tax law. In this regard funds allocated to support projects in the



community may often carry more euro for euro impact than near neighbour payments.

- There is no obligation for near neighbours to accept Fund payments.
- Payments should be offered but if not accepted, any liability will cease thereafter and cannot be accumulated or paid out retrospectively. However, it is assumed that such near neighbours are entitled to a change of mind for future payments over the lifetime of the fund. Payments not accepted will return into the overall Fund and become available for redistribution.
- Near neighbour provisions do not preclude the capacity of developers to agree additional independent arrangements with near-neighbours as appropriate. Such arrangements are wholly separate and independent from the Fund.

It is envisaged that developers will indicate the quantity and indicative values of near neighbour payments earmarked for payment when they prepare a Fund outline for early consultation with the Committee. Deciding on fair remuneration of near neighbours at the outset is important in the long term so that those payments do not need to be revised during the lifetime of the Fund. The negotiations between the Developer and the near neighbours should be informed by the realisation that the Committee must ultimately consider the percentage of the Fund to be spent on near neighbour payments, which, if seemingly exorbitant, may prove problematic. We are conscious that there is a possibility of disagreement, should members of the Committee be unhappy with the proposed spend on near neighbours. It is assumed that the Committee is likely to include a mix of near neighbours and those from the wider community so there may also be significant – indeed unavoidable - potential for conflict of interest.

The possibility of the near neighbour payments being a potential source of disharmony in the community is our greatest concern in the drafting of this guidance. However, a critical policy objective is that the decision-making function of the Funds rests squarely with the local community via the local Committee. Sometimes, the discharge of that duty may not be entirely straightforward, but ultimately, we have great faith in the ability of Irish citizens to make the best democratic decisions for their communities. All too often this kind of responsibility is placed elsewhere. Here, we place it local, in the very heart of communities nationwide.

Still, in the (unlikely) event of the Committee not being able to resolve any disharmony, we would expect the Committee to seek guidance through the established local representative apparatus available locally. External input from independent organisations such as local authorities or community development entities may guide towards a fair and equitable

outcome for all parties concerned. Should resolution not be possible through such local apparatus, the SEAI will be available for mediation and will ultimately give direction from the Minister, if absolutely necessary.

### **3.6 UN Sustainable Development Goals (b)**

The RESS-1 T&C require a minimum of 40% of Funds to be paid to not-for-profit community enterprises whose primary focus or aim is the promotion of initiatives towards the delivery of the [UN Sustainable Development Goals \(SDGs\)](#). So, Committees will need to consider in some detail what the SDGs are and their intent. Put succinctly, they are the goals that have been set by the UN for all countries to deal with the challenges that are faced worldwide in order to grow sustainably over the 21st century. The use of Funds to help address these challenges for local communities is important in developing sustainable communities in Ireland and in the achievement of a variety of national targets such as those pertaining to energy and climate.

Fulsome delivery of the SDGs will enable a fundamental change to a greener, more inclusive economy and, more resilient communities. To those ends, the RESS-1 T&C placed a particular emphasis on Goals 4, 7, 11 and 13 - Quality Education, Affordable and Clean Energy, Sustainable Cities and Communities and Climate Action. These goals have particular resonance for renewable electricity projects and the communities that host them.

- Goal 4 - Quality Education: Funds could support knowledge and skills needed in communities to promote sustainable development, through education for sustainable development and sustainable lifestyles. Formal training programmes to upskill communities are particularly desirable. Scholarship schemes are also encouraged.
- Goal 7 - Affordable and Clean Energy: Funds could support energy efficiency projects or initiatives that encourage and deliver renewable electricity generation projects. Giving local communities the ability to buy into the process themselves can be an important step in the development of sustainable energy communities.
- Goal 11 - Sustainable Cities and Communities: Funds could be used to strengthen efforts to protect and enhance the cultural and natural heritage of the local community. Funds could also help in implementing integrated policies and plans for communities towards inclusion, resource efficiency, mitigation and adaptation to climate change.
- Goal 13 - Climate Action: Funds can be used to improve education, awareness-raising and improve capacity on climate change early warning, mitigation, adaptation and impact reduction.

Along with the other SDGs, these four key goals provide great opportunities for committees to use a mix of discretion and creativity in the dispersal of their Funds, all the while ensuring that Funds are spent on ensuring communities are sustainable for years to come. The possibilities are endless.

The SDGs are fully compatible with all of the following broad thematic areas as well as many others:

- Biodiversity – Your project helps to protect, preserve and enhance habitats and life in your community, in particular those that contribute to ecosystem restoration in your area. Community Biodiversity Action Plans are especially desirable and can be supported as well as actions arising such as community allotments or bird nature trails.
- Environmental Sustainability - Your project enhances the local, natural and built environment for the community. Actions to deliver on recommendations from Energy Master Plans, integral in SEAI's SEC initiative, are appropriate. So too are community energy efficiency schemes or old mill wheel restoration. Any measures that make a positive contribution to the evolution of the circular economy are particularly welcome.
- Recreation - Your project delivers community-based sport and recreation activities such as upgrades to running tracks for local athletics clubs or sensory areas in outdoor playgrounds.
- Social Solidarity - Your project generates greater social cohesion and/or generates health and well-being benefits. Men's shed activities or community transport initiatives are examples.
- Culture and Heritage - Your project increases cultural awareness and preserves and promotes your local heritage. Your local museum or heritage centre may need some enhancements.
- Tourism - Your project develops new, and strengthens existing tourism initiatives, which make a contribution to the local economy. Eco camp sites or water-based activities could fit the bill.

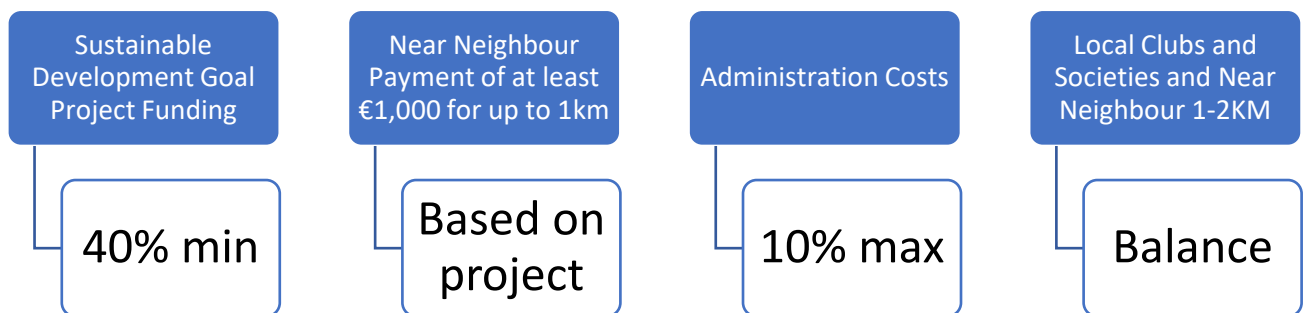
Fund Committees are encouraged to consider the SDG's as indicative. They are not prescriptive. There is every opportunity to undertake a holistic and creative response to the interpretation of the goals, however the primary aim should be to support sustainable energy and climate action initiatives.

One such possibility that would be fully in keeping with national climate objectives, as well as delivering wholesomely on RESS citizen participation objectives, may be the development of a community RESS project. For example, perhaps part of the Fund from a RESS-1 wind project could be set aside each year towards the ultimate development of a community solar project for RESS-3. Such a project would be wholly-owned by the local community and would enter the community category in the RESS-3 auction.

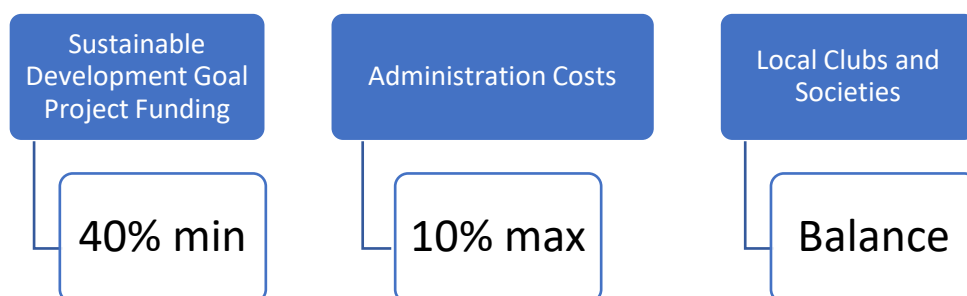
### 3.7 Supporting Clubs, Societies and Other Local Entities (Part of d)

Existing community benefit funds have traditionally been used wholesomely in the support of all kinds of local activities such as those presented by clubs and societies and other such not-for-profit entities in the area. We do absolutely want the RESS Funds to continue such supports, indeed extend them, now that the RESS Funds are mandated as being much larger than existing funds. In the “Who can apply” section we provide some guidance around this based on EU State Aid rules that RESS must adhere to.

#### Typical Wind Project Community Benefit Fund



#### Typical Solar Project Community Benefit Fund



### 3.8 Public consultation questions

- Q3. Would you agree with the recommendation that the Committees should have a role in deciding on near neighbour payments? If not, and the Developer and near neighbours were to agree large payments (up to half the fund), is that ok?
- Q4. Should individual scholarships be allowed to obtain community funding?
- Q5. For forthcoming RESS auctions do you think that only wind farms should have to make near-neighbour payments?

## 4 Operation of the Fund

SEAI will put in place an online information repository – toolkit - useful for Fund Committees. It will include useful resource suggestions such as [Sustainable Communities: A Governance Resource Book for Small Community and Voluntary Organisations](#) (see in particular Principle 4), as well as any additional information identified as necessary in the successful delivery of these Funds.

### 4.1 Pre Set-Up: Engagement with the Local Community

Early engagement by the Developer with the local community in advance of setting up the Fund would be best practice. This early engagement should lead to greater buy-in from the community and greater clarity of purpose for the fund's utilisation. It should also ensure that communities are involved from the outset in the development of the project and aware of its potential for benefit-sharing. It would be advised that this early engagement should set out indicative amounts and percentage of fund to be distributed for:

- a) Near neighbour payments (wind farms only),
- b) Meeting UN SDGs
- c) Administration costs
- d) Not for profit initiatives from local clubs, societies, etc.

In addition, this early engagement should also serve to inform local communities about the broadness of possibility for the Fund including the UN SDGs, demonstrating the range of projects that may be supported. It should also serve as an invitation for expressions of interest for volunteers to serve on the Fund Committee.

## 4.2 Establishing a Fund Committee

One of the most important functions of the Developer (or Administrator) is to facilitate the establishment of a local Fund Committee to undertake its vital role in determining the strategic purpose of the Fund and to undertake the assessment and evaluation of all funding proposals.

The Fund Committee consists of the Developer, the Administrator and members of the local community who volunteer to participate. The volunteer work of the Committee involves a significant commitment. Each member is expected to engage collaboratively with other Committee members in devising and implementing a strategic vision for the Fund and to apply this strategy to the assessment and evaluation of all funding applications. A certain amount of time and work will be involved so volunteers need to be mindful of the responsibility and dedication involved. Members of the local community who join the Committee may be familiar with or have a close association with those seeking support from it, so there are objectivity challenges in the role also.

We have mentioned elsewhere that the Committee should be comprised of a broad cross-section of local citizens. So, its establishment, such that it is the best version of the community it represents, is not an insignificant challenge. It is recommended that the Developer/Administrator expends considerable effort into publicising the opportunity in standard and social media – everything from local media advertisement to parish notes in religious newsletters, to radio interviews, through the gambit of social media channels should be employed.

In addition, there is a substantive local representative apparatus that should be employed to spread the word – elected public representatives, Local Authorities, Local Community Development Committees, Public Participation Networks, Local Development Companies and others, as well as a wide array of social and cultural organisations such as TFI Local Link and Tidy Towns or representative organisations such as the IFA and Irish Rural Link. If you live in the locality of a RESS project, it should be almost impossible not to be aware that a Fund Committee is being set up and of the opportunity to join it.

After expressions of interest have been called for and received the Administrator must turn its attention to the task of appointments to the Committee. Whilst appointments should be made by the Administrator it is recommended that the process is undertaken in consultation with independent community organisations to give some impartial insight to the process.

The selection process is not straightforward and the independence of the Administrator is critical in it. It is highly recommended that the Administrator should engage with a variety of

local community entities to take guidance in the selection process. The Wheel, Ireland's national association for community organisations, has published relevant best practice guidelines in its Resources Handbook referenced earlier in this section.

Some over-arching principles may be useful:

- The Administrator should aim to achieve geographic balance of representation from communities within the expected 'Area of Benefit' for the Fund and every effort should be made to ensure those communities closest are represented in the first instance.
- The Administrator should also attempt to achieve an appropriate balance in terms of age, social-economic status, gender, ethnicity etc. Clearly, the Committee should be set up on a non-discriminatory basis.
- Ideally, those appointed to the Committee would be representing some strand of community life, rather than being "just" individuals. We are however mindful that not all citizens, with talent that might be coveted by the Fund Committee, may be in a "current" representative role, for instance, a person who may have stepped away from local community activism for a few years as they started a family or a new business, but who may "now" have enormous energy for such a role. Thus, we suggest this is not a red-line requirement.
- Ideally a variety of occupations or skillsets would be available in the Committee.
- Committee sizes may vary depending on different circumstances – where there are more communities in the direct vicinity of a RESS project then the Committee should attract enough volunteers to reflect this. Overall, it is envisaged that a Committee would not be smaller than 5 persons, including the Developer and Administrator, nor bigger than 14. As always, SEAI will be available to advise on this as necessary.
- The Committee should agree the preferred maximum term to serve on the Committee. The Fund is expected to be in place for approximately 15 years and whilst few volunteers are in a position to commit to that timeframe, perhaps they shouldn't be encouraged to either – replenishment is important. An optimum number of years' service should be agreed by the Committee, but rotation is highly recommended especially in larger Funds. This, along with how new Committee members are to be appointed, is important in terms of the transparency of the process and helps ensure the Committee remains reflective of the wider community whose priorities are reflected in the funding strategy.
- It would seem apparent that the Administrator would chair the Committee, but we would not seek to prescribe this as the Committee may well have other ideas or there

may be an outstanding candidate within the Committee. A rotating Chairperson role is recommended.

- The Committee may also agree to invite specific independent advisers to support or assist in its function. For example, a Committee may decide it would like to consider how best to go about a community retrofitting programme and they may seek external advice on how best to integrate that into the Funding strategy. Likewise, they may take counsel from community development organisations active in the area.
- The Committee should oversee at least one funding round per calendar year (exemptions may be possible - see Section 6.3 on alternatives for smaller funds).
- It is assumed that Committee members will participate in accordance with the highest governance and reporting standards, as pertains to the Funds generally. A code of conduct and conflict of interest policy should be established and signed by all members of the Committee – this may include a rotation policy to ensure a ‘fresh’ input during the lifetime of the process. Examples of these are attached in the appendices.

In this framework, the Committee concentrates on making the best decisions it can for the benefit of its community. The Developer/Administrator ensures that the money will be in place, the governance framework is built into the overall corporate obligations of the project, and the essential terms and conditions as laid out in RESS-1 T&C are followed. This guidance will hopefully facilitate best outcomes via the taking of best decisions.

### **4.3 Funding Strategy**

It would be good practice for the new Committee to determine a funding strategy or community action plan for the Fund. This means identifying the best ways to maximise the impact of the Fund for the local community and to devise strategic plans towards that end. Establishing a number of essential strategic objectives so as to maximise the benefit of the Fund is the priority at the outset. A specific objective here is to identify substantive areas of funding priority that are likely to have an enduring positive impact on the community. The strategic plans should in particular focus on the UN SDGs. The Committee should work quickly towards the development of the funding strategy for the long-term and ideally a working draft should be in place in time for the first applications process. It will likely evolve over time, but some basis is essential so that there can be a solid basis for the advertisement for and evaluation of applications. SEAI will provide advice and support to Fund Committees about how to best devise a funding strategy.



In determining a funding strategy for the Fund, the Committee should first research existing local or county development strategies for the purposes of alignment. Engagement with local authorities and Local Development Companies and other community development organisations including SECs, with an Energy Master Plan already in development or completed, should be a pre-requisite during this research.

The Committee can also invite proposals from the local community for ideas about strategic direction. The Committee can consider all proposals with a view to prioritising focus areas for the most imminent dispersal of funds, but with a view to ensuring a cogent long-term funding strategy evolves. It should have broad objectives with examples of the types of activity that can be considered rather than being too specific. Funding strategies or community action plans should remain flexible and to be able to adapt to changing needs and priorities for the community over the lifetime of the Fund.

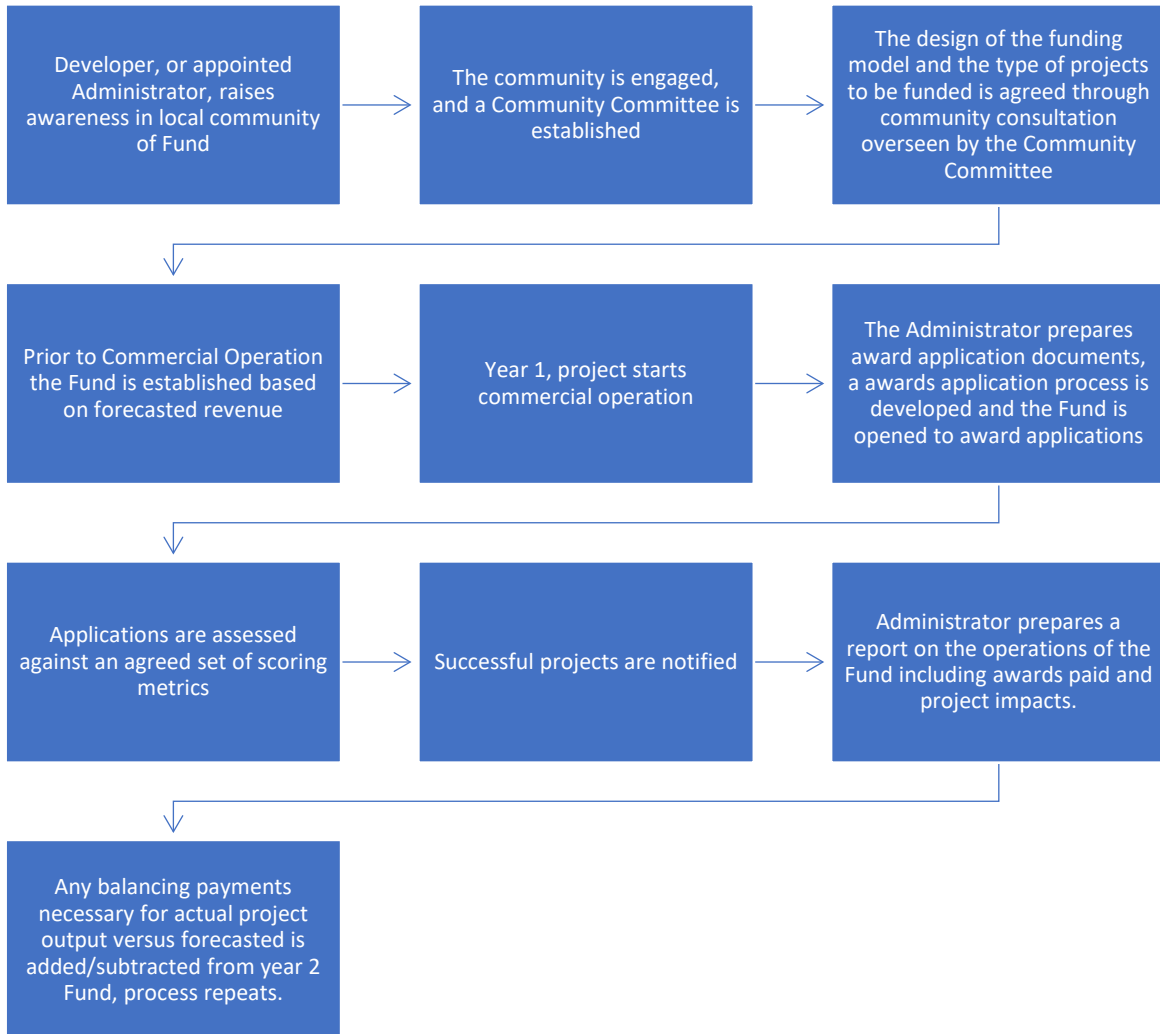
Once funding priorities are established the Committee should turn its attention to the further promotion of the Fund within the community to encourage widest possible reach.

Encouraging the plentiful supply of good quality applications for the funding rounds is crucial to the success of the Fund.

The decision-making function of the Committee includes the assessment and evaluation of funding applications in line with the funding strategy and the overall Fund T&C. Finally, the Committee should ensure that its decisions are properly and fully implemented by the Administrator.

It is advised that Committees should engage with interested stakeholders on a regular basis for ideas and best practice in disbursement of funds. Whilst the Committee will already have members well experienced in community development circles, ongoing engagement with their own organisations and others will be invaluable. All kinds of entities such as Local Authorities, Local Development Companies, LEADER programmes, charities, SECs, Tidy Towns groups and other community organisations should be consulted with. Ultimately the goal should be to continually evolve the funding strategy so that no double funding or duplication occurs and funds are spread fairly across local communities.

## Fund timeline



### 4.4 Public Consultation Questions

- Q6: What resources in particular do you think Fund Committees will require?
- Q7: Do you think Fund Committees would need training on governance? Should this be a requirement for sitting on a Fund Committee?
- Q8: Have you any suggestions on how the selection process of Fund Committees could be strengthened?

## 5 Application Process

The applications process must be open, fair and transparent. We now seek to provide guidance to enable the Committee to undertake the process in an open and fair manner and with the assurance that everything is being conducted in a proper fashion for all the community to see.

Each Fund must distribute their funds in line with the terms and conditions as set out. The Developer and Administrator should give guidance to the Committee as to the approximate value and percentage available for each of the four categories of Fund distribution. As no two Funds are the same and neither will the local priorities for the fund be, there are no additional conditions on minimum or maximum amounts to be spent in each category beyond what has been set out in the RESS-1 T&C.

However, it should be assumed that the priority for these funds is to give the maximum possible priority to initiatives that support the SDGs to give the best possible impact to all citizens in the community and to best contribute to the meeting of national energy and climate targets.

The Committee will decide on the number of funding rounds it requires over the course of the funding year – at least one unless an exemption is secured from SEAI - as they deem appropriate for their own purposes.

### 5.1 Who Can Apply for Funding?

The Fund is open to individuals, and not-for-profit groups such as community and voluntary groups, charities social enterprises and clubs and societies. All applicants that are entities should ensure they are appropriately constituted. It is to be recommended that entities are favoured over individuals in general. This is likely to reduce the administrative burden associated with too many individual funding awards. Perhaps individuals could be encouraged to engage with others in their community and form a group application where appropriate and applicable. Yet we do not want to exclude funding for individuals as there may be a variety of worthy individual endeavours within a community. For instance, a scholarship, an artist painting a mural on the community centre wall, an individual restoring an old mill wheel under the village bridge or an individual setting up a pollinator farm. All such examples should offer clear long-term positive impact on the wider community.

## 5.2 Not-for-Profit Entities and State Aid

Apart from the near neighbours, there are likely to be only a very limited number of individuals securing funding awards from the Funds; the vast majority of award recipients will be entities. But there are limitations on the level of funding that entities can draw down from the Funds, as laid out in EU Competition law – State Aid. State Aid refers to public assistance provided to “undertakings” which may distort competition. Support schemes such as RESS have to be approved by the European Commission – and confirmation given that they do not breach State Aid rules. State Aid rules are very complex and here we can only provide a cursory summary of the key elements.

Ireland secured State Aid approval for RESS, but the Funds within RESS are subject to particular rules. The Funds should not fund “undertakings” or, if they do, the aggregated funding received should not, over a three-year period, from all public sources, exceed €200,000. If it should, it would need to be designed to fit within the “General Block Exemption Regulation” or the Department would have to notify the European Commission in a separate State Aid application. The European Court of Justice described “undertaking” to mean any person (natural or legal) “engaged in an economic activity”.

According to the Department of Enterprise, Trade and Employment, “Whether an undertaking is a charity, a commercial business or a social enterprise – and irrespective of the undertaking’s income – aid to that organisation will be a State aid if it [meets the five State aid test questions](#).” All five criteria have to be met before there is a State Aid issue so it is important that the Committee familiarises itself with these criteria.

The summary position is that we expect that the Funds, for the most part, will not be funding undertakings. Most funding award applicants will not be offering goods or services on the market. Most applicants will be economically inactive and will include athletics clubs, musical societies, social exclusion charities and SECs.

## 5.3 What is Ineligible for Support?

To ensure the proper governance of the Fund, we recommend that it should not be used to support any of the following arrangements, however if a Committee would like to make a case to the SEAI for the inclusion of certain categories or elements, it will be considered, on a case by case basis:

- Applications that promote religious or political activities
- The direct replacement of statutory funding. The Funds are not designed to support statutory or other accountable bodies unless they can provide evidence that the

project is community-led, open, accessible and for the benefit of the community and is not a statutory responsibility

- Retrospective funding
- Activities which do not directly benefit the local community or align with the funding strategy.

There are such a wide variety of possible applications that a Fund could receive and it is impossible here to cover off even a fraction of them. Many categories or indeed individual applications within categories may need case-by-case consideration by the Committee, or Committees may wish to issue guidance to the local community arising from its agreed funding strategy, approach or priorities. A typically complex category may be that of travel. Perhaps a Biodiversity Society may wish to apply for funding to support an annual day trip to a Visitor Garden, this may well be considered an appropriate activity to fund, but if the Visitor Garden is located in Jersey, perhaps that might not be viewed in the same light. Yet, both trips may have the same outcome – a reinvigorated Biodiversity Society. We do not wish to over-prescribe, but in general we recommend thrift not extravagance. Again, we trust in the Committee of locals to make the right decisions for its community.

Canvassing or lobbying should result in automatic disqualification of an application. Any Committee member on the receiving end of such activity should bring it to the attention of the wider Committee for consideration and decision.

It is in everyone's best interests the Fund succeeds. The message of this guidance is to clarify there is a shared responsibility to ensure the Fund goes about its business in a fair and reasonable manner. It is hoped the guidance will work positively to help preclude unnecessary and/or inadvertent applications and thereby save everyone time and effort.

## **5.4 How the Applications Process Might be Operated**

Appendix 5 provides some more detailed commentary on how the Administrator might facilitate the application process. Here we touch on some of the key parameters.

It is recommended that the Administrator should set up an online application process but we are conscious that some smaller funds in particular may prefer a more traditional hard copy application process. It is assumed that the applicant would have to provide some supporting documentation with their application such as proof of applicant group banking details, group constitution confirming not-for-profit status and we recommend a statement that no directors or trustees are remunerated. In relation to the procurement of goods or services it is assumed that quotations should be provided in accordance with routine good practice principles.

For structural or construction, good practice should again inform the process – it is assumed for instance that evidence of landowner permissions, planning permissions or exemptions are provided to support such applications. It is also assumed that for expenditure in excess of €10,000 tax clearance should be available for both the applicant and service provider.

## **5.5 Evaluation of Applications by the Committee**

Each application received by the Fund will be evaluated according to the criteria set by the Committee. Those criteria may be given weightings in accordance with their importance for the local community or proximity to the project. Some examples of criteria that could be followed are as follows:

- Project location within the hinterland of the project, or provides services to the area from a Service Centre
- Evaluation of data on the need and potential impact of this proposal on the people and communities who live within the surrounding area
- Feasibility of the proposal including timelines and costs
- Assessment of thematic objectives and aims of the Fund as set out in its strategy
- Contribution of the proposal to sustainability and social inclusion
- It is recommended that extra weighting should be given to proposals that have energy efficiency, sustainable energy and climate action initiatives
- Longevity of benefits or legacy impact of the initiative.

## **5.6 Funding Decisions**

Committees should be mindful of the need to assess the impact of projects funded and provide information on this in the Developers' reports to the SEAI. It is therefore essential that a condition of the funding decision is the requirement for funded projects to report back some impacts information on the project. The SEAI toolkit will include a simple reporting template in this regard. This report will need to be signed by all members of the Fund Committee.

There is a solemn duty of care on the part of each Committee member to work to the greater good of the Fund in line with the agreed strategic objectives of the fund. All members of the Committee should have an opportunity to speak and decide on applications submitted to the Committee. All funding decisions should be made in line with the funding objectives and the RESS-1 T&C.

All funding decisions should be decided by an evaluation and scoring mechanism that has been agreed by the Committee in advance. The highest scoring applications should receive the funding.

In the instance of a profound disagreement within the Committee, the matter should, in the first instance, be referred to the SEAI. The Committee will be provided with support to resolve the issue in so far as the role of honest broker can be fulfilled. The matter may be referred to the RESS Communities Steering Board for consideration and ultimately the Minister may give a direction. Legal action or advice is not available and should this be required then alternative resourcing by the Committee may be necessary.

## 5.7 Payments

We do not propose upper or lower limits on funding allocations to applicants as the Funds and communities will vary dramatically. It is true to say that many Funds in existence today apply a minimum funding parameter of €1,000 in order to reduce administration. The Committee should discuss this matter and may decide to place limits as it deems appropriate. If such decisions are taken, it is assumed that they would be revisited according to circumstances.

It is proposed that the Fund may facilitate advance payments should the Committee wish to do so. A useful rule of thumb, but not mandatory, is that proposals valued less than €5,000 and involving the purchase of goods, services and equipment may qualify for a 50% upfront advance payment, whilst proposals valued greater than €5,000 might be decided on a case by case basis.

In line with existing tax law and application, only if an applicant's organisation is not VAT-registered and/or does not have VAT recovery status on the specific costs, can a claim for payment be made for the VAT element of expenditure.

The Fund should not be used as security by any party against credit, loans or borrowings. The Fund is precluded from entering into any borrowing requirements at anytime whatsoever.

## 5.8 Public Consultation Questions

- Q9. Do you agree that individuals should be allowed apply for funding and if so what conditions should be imposed on them?
- Q10. Do you agree with those categories that would be ineligible for support? Are there any other categories that you feel should be included as ineligible?

## **6 Strategic Measures**

### **6.1 Larger Fund Proposals – Multi-Annual Agreements**

One of the most desirable outcomes of the Fund is that big, good quality initiatives emerge, designed for the public good and with long term impact. Such legacy/strategic projects may often be expensive – a community energy efficiency housing upgrade or the development of sporting facilities for example. We expect that Fund support to larger projects can be facilitated through a multi-annual agreement. In this case, an award agreement is issued to the group for an overall sum, which is then paid in set instalments on an annual basis e.g. €6,000 x 4 year = €24,000. In all such cases the Committee will need to ensure satisfactory and appropriate governance is in place e.g. supporting documentation, evidence of formal permissions in place and evidence of the project maturing year on year.

In keeping with the opportunity provided to enter into multi-annual award agreements, there is also the opportunity to carry forward funds from year to year towards the realisation of substantive, strategic projects, by decision of the Committee. Proposals to carry forward funds must be notified in writing to SEAI. SEAI will consider such proposals and may make recommendations on a case by case basis but will be open to being supportive of such big-ticket initiatives.

In addition, we are supportive of the concept of fund retention beyond the lifetime of RESS (typically 15 years). Should Fund Committees wish to retain some of the money to extend the legacy of the Fund, SEAI should again be notified in writing.

The Fund could represent an excellent opportunity to create endowed funds for a community, where a certain amount could be put aside each year and invested for the permanent benefit of the community. Using a portion of the Fund in this way would be expected to create an income every year to further support the community. RESS Funds could have a permanent impact with lasting legacy.

### **6.2 Surplus Monies in the Event of Insufficient Appropriate Funding Requests**

In the event of surplus monies or in the event of insufficient appropriate funding requests this money can roll over to the next year's funding round following notification to the SEAI. The Committee should research and assess the reasons for the failure of sufficient or appropriate projects to come forward (which should be included in the Developer's annual reporting to



SEAI). Lessons should be learned and further efforts towards communication and engagement with local organisations should be made in the forthcoming year.

### **6.3 Alternative Approaches for Smaller Funds**

We are acutely aware that there is a not insignificant organisational challenge involved in the delivery of Funds. For very small Funds the administrative challenge may almost seem to overshadow the community return. So, we have considered options that might address this issue.

Conscious of the administrative burden involved for smaller projects – those with Fund values of up to €30,000 in size - we wish to provide opportunities for innovation in Fund delivery. The Department is open to the consideration by SEAI of any proposed alternative options but we recommend that any such option should include a clear timeline for a review to be built in to allow for amendment as appropriate.

One option, for instance, could see a number of like-minded developers, with community support, in similar geographic areas, combine their resources for the administration of a number of funds. The communities could benefit from a skilled Administrator leading out on a number of Funds, thereby reducing duplicated effort and via the sharing of ideas with other communities.

Similarly, Committees may themselves seek to reduce the administrative burden in consultation with developers by agreeing to only identify and fund a limited number of projects per funding round (but in accordance with the T&C).

The pooling of payments over a two-year period may also be useful to allow for the build-up of a reasonable sum for dispersal - funding rounds would occur every two years rather than annually in this case.

Another possibility may be that, again by agreement between the Developer and the Community, it might be decided to hand over the Fund to one agent, such as the Local Development Company, already active in community development in the area. That agent could then be entrusted to act as Administrator of the Fund in the best interests of the community, by identifying and funding particular initiatives without the need for a funding application process. This agent could be entrusted with the Fund for a set number of years after which it is reviewed. It would nonetheless have to ensure compliance with all T&C including engagement, reporting and governance matters.

This last option is perhaps also a desirable one in situations where a community appears inactive or unable to motivate themselves to service a representative Committee for the

Fund. It is entirely possible that such a situation may materialise despite all the best efforts of a Developer.

## 6.4 Leveraging the Fund

For maximum impact, it is recommended that the Committee actively explores leveraging, blending and aggregation opportunities for the Fund. There are a variety of measures that the Fund may support that may also be eligible for funding from alternative sources. It is envisaged for instance that community retrofit programmes being supported by the Fund may seek to leverage supports from the SEAI's Community Grant Programme. This blending or aggregation of funding supports creates considerable scaling up potential that is highly desirable both in the enhancement of community well-being and in the pursuit of national climate targets.

Another form of blending is encouraged - perhaps one funding source may support e.g. a feasibility study into the development of a short walking trail looping a local hilltop and the Fund may contribute towards its realisation. Such leveraging or blending can help to create the maximum impact for local communities and ensure the broadest range of experience or expertise being utilised.

Another very desirable initiative could concern capacity building supports such as energy training being undertaken on a partnership basis with other local supports and networks. In addition, the Department's Climate Action Fund has a local dimension and there may be leveraging possibilities with it too.

A more ambitious form of aggregation is also available for Committee consideration. Fund Committees of projects located in the same geographic area may be able to come together to initiate an initiative with an even broader reach, bringing significant economies of scale – the community retrofit programme may be a much larger initiative if two Committees can agree to work in collaboration.

Whilst the types of initiatives mentioned in this section appear worthy initiatives to fund, it is nonetheless recommended that Committees consider the imposition of safeguards to ensure that the money is actually well spent. One such consideration should be around the how to direct that a portion of the Funding award for certain measures should be used for professional services e.g. energy engineers or ecologists.

## 6.5 Public Consultation Questions

- Q11. Do you agree with the proposal for multi-annual award agreements?
- Q12. Do the suggested alternative measures made for the administration of smaller scale funds appear appropriate and are there any other suggestions you might have to provide better options for smaller funds? Is the €30,000 limit appropriate?

## 7 Reporting on the Funds

### 7.1 Annual Report on Fund Activities and Funding Outcomes, Including Impact Data

It is a primary objective of the Department and SEAI to ensure full transparency of Funds to the community and to the wider public. RESS Funds will concern the movement of several hundred million euro and, accordingly, the highest standards of governance and reporting are expected. The Developer must submit an annual report to SEAI on the conduct and activities of the Fund over the preceding year as being in full accordance with the highest industry and statutory governance and regulatory reporting standards. The report should detail the level of contributions, a breakdown of outgoings, information on successful applicants, disbursement of funds, and any funds to be carried forward. It should include signed testimonials from projects that were supported by the Funds that might be used as case studies developed for the Register. It should also provide copies of promotional and/or media material and case studies published by the Fund in reaching out to the local community. These annual reports will be made publicly available via the SEAI's online Community Benefit Fund National Register.

The annual report is not just about reporting. It is also important to the sustainability mission of the Fund for the annual report to document the success or otherwise of the Fund by way of impact data - photos, stories, impact results etc. The objective is to create a record of the impacts of the Fund within the community over the lifetime of the RESS-1 project. Such a record will serve as a marker for ongoing research and analysis as the Fund evolves over time. In this way, the annual report will serve a purpose far grander than its core regulatory function: it will be a forum for discussions on the progress and future development of the Fund as part of the broader RESS initiative. It will also serve to share best practice amongst communities in regard to funding strategies and spending decisions.

Projects all over the country will be reporting on all kinds of award-aided initiatives. Imagine the discussions that will emerge in community halls nationwide as Committees see what kinds of projects are being supported elsewhere! Consider also that this guidance relates explicitly to just the first RESS auction. Several more auctions are in the offing and hundreds more projects will learn from those that have gone before.

As well as being published by the SEAI on the Community Benefit Fund National Register, it is assumed the Developer will be publicising annual report on its own corporate website and that of the project itself, if there is one.

The role of SEAI is primarily in oversight and compliance with regard to Fund reporting and may initiate compliance checks as appropriate. SEAI retain the powers to assess or audit any Fund or seek any further information from the Developer as may be deemed necessary to carry out their role effectively.

## **7.2 Near Neighbour Payments Reporting**

In order to ensure financial privacy for near neighbours, the exact amounts paid to individual near neighbours should not be disclosed. However the total figure and percentage of the fund paid for near neighbour payments must be reported, as well as the total number in receipt of the payment, in order to inform the local community of the levels of distribution of the fund and demonstrate compliance with the RESS-1 T&C.

## **7.3 Social and Economic Impact Assessments**

Developers are required to report on impacts of the Funds. It is therefore recommended that Committees should attempt to carry out social and economic impact assessments to ascertain the impact of the distribution of the funds on local economies and societal well-being. We mentioned previously that it should be a condition of funding award that the recipient would undertake to report on the funded project or activity. The SEAI toolkit will provide a reporting template. This report will need to be signed by all members of the Fund Committee before being submitted to the SEAI by the Developer.

This information can inform Fund Committees in deciding future strategy and application decisions to ensure the fairest distribution for all the community. It is assumed that universities will be interested in researching such matters, perhaps on an aggregate scale, but even that would be of significant use to individual funds.

## 7.4 Feedback and Consultation

Whilst reporting to the SEAI on Fund outcomes is important, it is also equally important that the Committee in each community should reach out to other local community organisations for their feedback on the operation of the fund. Local Authorities, LEADER programmes, Local Development Companies, charities, Tidy Towns groups, SECs and a wide variety of other local organisations can all be approached for feedback on how they believe the fund is operating in the local area and for ideas to improve the impact of the fund.

It would also be envisaged that Funds in different areas would consult with one another to share experience and best practice in deploying their funds. This consultation may happen through informal and formal networks like the SEC network and through webinars etc. SEAI can support this process through introductions between communities and with assistance from the SEC National Mentor service.

## 7.5 Public Consultation Questions

- Q13: What impacts in particular do you think we should assess and how often?
- Q14: Do you have any feedback on the accompanying appendices that you think would improve their impact?
- Q15: Are there any gaps in the Guidance that you think need to be addressed?
- Q16: Are there any suggestions you have to improve the impact of this guidance?

## 8 Public Consultation Questions

- Q1. Should the community be more formally defined? If so, how?
- Q2. Should a specialist framework be set up for the role of the Administrator? If so, what type of qualifications, skills, expertise and experience should be required of applicants?
- Q3. Would you agree with the recommendation that the Committees should have a role in deciding on near neighbour payments? If not, and the Developer and near neighbours were to agree large payments (up to half the fund), is that ok?
- Q4. Should individual scholarships be allowed to obtain community funding?
- Q5. For forthcoming RESS auctions do you think that only wind farms should have to make near-neighbour payments?

- Q6. What resources in particular do you think Fund Committees will require?
- Q7: Do you think Fund Committees would need training on governance? Should this be a requirement for sitting on a Fund Committee?
- Q8: Have you any suggestions on how the selection process of Fund Committees could be strengthened?
- Q9. Do you agree that individuals should be allowed apply for funding and if so what conditions should be imposed on them?
- Q10. Do you agree with those categories that would be ineligible for support? Are there any other categories that you feel should be included as ineligible?
- Q11. Do you agree with the proposal for multi-annual award agreements?
- Q12. Do the suggested alternative measures made for the administration of smaller scale funds appear appropriate and are there any other suggestions you might have to provide better options for smaller funds? Is the €30,000 limit appropriate?
- Q13: What impacts in particular do you think we should assess and how often?
- Q14: Do you have any feedback on the accompanying appendices that you think would improve their impact?
- Q15: Are there any gaps in the Guidance that you think need to be addressed?
- Q16: Are there any suggestions you have to improve the impact of this guidance?

## 9 Glossary of Terms

**DECC:** Department of the Environment, Climate and Communications

**RESS:** Renewable Electricity Support Scheme: An auction-based support scheme operated by DECC to support deployment of large-scale renewable electricity generation.

**SDGs:** Sustainable development goals – United Nations Goals adopted by Ireland as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030.

**SEAI:** Sustainable Energy Authority of Ireland

**SEC:** Sustainable Energy Community