

# STEWART ENERGY

## CASE STUDY



### OVERVIEW

**RURAL BUSINESS: STEWART ENERGY**

**COMMUNITY GROUP: LESMAHAGOW DEVELOPMENT TRUST**

**LOCATION: SOUTH LANARKSHIRE**

**DATE OF COMPLETION: AUGUST 2015**

### BACKGROUND

The farm business received support from CARES in order to carry out the pre-planning work necessary to achieve planning for the Marshall Turbine. During this process, Lesmahagow Development Trust (LDT) were identified as the most suitable recipient of the community benefit payment provided through the revenue generated by the turbine. LDT were also offered the opportunity to invest in the Marshall Turbine and become a joint owner, increasing the benefit to the local area.

Discussions commenced between Stewart Energy, LDT, and the Renewable Energy Investment Fund (REIF) team.

The community therefore explored the possibility of being a collaborative partner in the project, owning 25% of the three turbine development.

### STRUCTURE OF THE PROJECT

The 3.9MW wind project is 75% owned by Stewart Energy as a rural business and 25% owned by LDT as the local community.



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### SUCCESSSES TO DATE

The deal between Stewart Energy and LDT at financial close in February 2015 was the exact deal as had been confirmed in December 2013.

Everyone involved had advisers and lawyers working on the deal but we never moved from the basic outline of the deal we had due to us having a mutual trust and understanding. Getting all bank loans and project contracts in place was achieved successfully, with the relationship between LDT and Stewart Energy being integral to this.

Financial close was completed in time to commission the project in line with the pre-accreditation date. Despite delays and unexpected challenges, the project progressed as intended and all milestones were met

### BENEFITS OF THE PROJECT

The LDT now have an annual six figure income for the next 20 years from their MW payment and dividends as part owners of the turbines with the possibility to match fund this figure.

This income has already allowed the community to buy some new allotments. Their future plans include youth training schemes, buying shops to provide local services/employment, sports facilities and the buying and letting of local properties to help provide affordable social housing.

There are also plans to set up other businesses in the area which will help employ more local people. There are far more local benefits due to the £10k per MW community benefit and the income from the investment.

### WHAT HAS BEEN LEARNT?

- The project experienced some grid issues in that three different connection points and prices were given. However the team decided to go with Scottish Power's pricing and payment terms, after dialogue with the bank identified as the project funder - Santander. Prior to Santander contacting Scottish Power it had been difficult to gather the appropriate information. As a result the change of route cost incurred expensive legal fees.
- Air traffic control issues held up planning by a year and a half - however radar blanking became available which allowed this risk to be mitigated. Awareness of this process may be beneficial in future.
- A mains water pipe was discovered below the site of where the Draffan turbine was going to be. However it was possible to vary the planning by moving the turbine 100m from the water pipe, removing the problem.
- Payment to the local authority was required in order to widen a road and allow access for construction of the Marshall Turbine.

### NEXT STEPS

The next steps to maximise positive impact will be speaking to the local authority about the possibility of a fourth turbine which has the potential to increase the benefits by a further 25%.

### TOP 3 TIPS:

#### Understanding:

Have a good understanding and trust between the farmer/developer/whoever and your local trust/group.

#### Communication:

Always try and keep everyone up to date with communications and what is happening. Look to the bigger picture for what you are trying to achieve for all parties involved, it is so easy to get bogged down with the day to day problems and get too caught up in them.

#### Staying positive:

If the project is good enough and the people involved all want a positive outcome then most things should be able to be overcome.

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