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5

PARTNERSHIP OR PLACATION? THE ROLE OF TRUST AND JUSTICE IN THE SHARED OWNERSHIP OF RENEWABLE ENERGY PROJECTS

This chapter is based on Goedkoop, F., & Devine-Wright, P. (2016). Partnership or placation? The role of trust and justice in the shared ownership of renewable energy projects. *Energy Research & Social Science*, 17, 135-146. <http://dx.doi.org/10.1016/j.erss.2016.04.021>

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 perceived 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.

5.1 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 (UK Department of Energy & Climate Change (DECC), 2009) and increasing attention is being paid to 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 (UK Department of Energy & Climate Change (DECC), 2014). Yet, the evidence base for the role of community energy in the energy transition is fragmented (Seyfang et al., 2013). They are also small in scale and fragile due to their reliance upon unpaid volunteers (Seyfang et al., 2013), the complexity of funding (Seyfang et al., 2013), installation, legal and operational arrangements that need to be put in place (Walker & Devine-Wright, 2008), and their vulnerability to wider shocks such as funding cuts and changing policy priorities (Seyfang & Smith, 2007). 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, Dear, 1992), and may not always receive planning consent (Haggett, 2008; Toke, 2005).

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 (Sørensen, Hansen, & Vølund, 2001) 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 4.5km of the site (Bauwens et al., 2015), with similar legislation in one German federal state, in Belgium (Maly, 2014). It is notable that within these arrangements a community is defined in heterogeneous ways, with some emphasizing collective involvement (e.g. Fintry) and others the involvement of individuals as share purchasers. Some emphasize the involvement of local residents (e.g. share purchase only eligible to those within 4.5km 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 (Walker, 2011; Walker & Devine-Wright, 2008).

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 (2014) stated that the main rationale of the policy was to facilitate industry-community models of shared ownership for new commercial onshore renewable developments (*Shared Ownership Taskforce: Report to DECC*, 2014). 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 (2014) 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 value¹⁹. 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 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 (*Shared Ownership Taskforce: Report to DECC, 2014*). Yet, to be successful in practice, we propose that shared ownership requires a number of interdependent 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 project development, 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 (Walker et al., 2014), the values that they hold (Hargreaves et al., 2013) and the perceived justice (Bickerstaff et al., 2013) 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 (Walker et al., 2014). 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 (Slee, 2015)²⁰. 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. 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 Hargreaves et al., 2013). Many studies have focused on the views and experiences of one type of actor (e.g. how developers 'imagine' publics, for example (Burningham et al., 2015) or the motivations of community energy actors (Seyfang et al., 2013), which makes it difficult to get a

19. In Scotland, separate guidance issued by the Scottish Executive supports shared ownership of smaller scale renewable energy projects that are over 50kW in scale (*Scottish Government Good Practice Principles: Shared Ownership of Onshore Renewable Energy Projects, 2015*)

20. But see (Jørgensen, Anker, & Lassen, 2020) or (Johansen & Emborg, 2018) for later research on the Danish case, generally subscribing to the idea that shared ownership although promising in theory, seems challenging in practice.

comprehensive picture of the field and how different views (might) come together. As Walker et al., (2014) 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 where after the method is presented, followed by our analytic findings, and conclusions and recommendations for future research.

5.2 Theoretical background

5.2.1 Identifying partners and building relationships

For shared ownership to come about, community groups have to be aware of the opportunities around shared ownership and developers have to identify the communities (and community leaders) to engage with. As Walker (2011) argues, 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” (Walker, 2011, p. 778). While in previous chapters the community in which a CEI took place was more clearly identifiable and definable, for these reasons, the concept of ‘community’ involved in shared ownership projects should not be taken as a given; instead attention needs to different (types of) communities that may be involved and to divergent framings held by the different actors involved. Furthermore, as stated by the Shared Ownership Task Force (2014), 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.

5.2.2 Rationales for engaging in shared ownership

For shared ownership to come about, there have to be certain 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 (Nolden, 2013) 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; Aitken, 2010). However, research shows that these payments are often less than one percent of the total profit of many large-scale wind projects (Slee, 2015) 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 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 (Walker & Cass, 2007) 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 (J. C. Rogers et al., 2008; Walker, 2011). These initiatives are often said to provide social incentives for people to participate such as increased social cohesion (Seyfang & Haxeltine, 2012), a sense of duty, experimenting with alternative ways of living, and demonstrating that

alternatives to the existing energy system are possible (Seyfang, 2009). Such social incentives may boost the effectiveness of citizen mobilization and reinforce positive behavioral change. In addition, learning processes might occur between developers and communities, increasing their skills and knowledge in the renewable energy field.

For developers, shared ownership might bring alternative sources of finance and risk sharing during project development. Actively engaging with communities might be an objective in itself for some companies, as well as to reduce the risk of public objections to their projects, thereby increasing the prospect of securing planning consent. It is relevant to consider broader literature on public participation here, in particular research on the multiple rationales for engaging with publics (Fiorino, 1989; Stirling, 2005). Stirling (2005) identified three predominant motivations; normative (e.g., participation is judged to be the right thing to do), substantive (e.g., a way to achieve better outcomes for all), and instrumental (e.g., a better way to achieve ends). Our research aims to reveal these, with instrumental motives expected to be most likely occurring amongst commercial partners in shared ownership arrangements.

One of the main potential problems that might arise when considering these rationales is a conflict of interest. Thus, a certain match between these different rationales may need to be found, for community actors and developers to find each other and engage in successful partnerships. Importantly, this not only depends upon actor rationales and potential willingness to engage, but also on the expectations that each holds of each other.

5.2.3 Trust and the expectations of different actors

Trust has been shown to be an important issue both for developer-led and community-led energy projects (e.g., Boon & Dieperink, 2014; Seyfang & Haxeltine, 2012; Walker et al., 2014). According to Putnam (Putnam, 1993) trust is self-reinforcing: initial trust leads to cooperation, which in turn leads to increasing levels of trust. Initial trust is likely to be influenced by the pre-existing expectations that different actors have of one another and vice versa. As Walker et al., (2014) state, we need to understand when and how actors decide to engage with one another (or not) by looking at the expectations they hold about different parties involved.

Developers may have expectations about the public generally and about community representatives in particular, about how they will respond to their proposals, how the decision process should operate, and what involvement of the public should entail (Walker et al., 2014). It has been argued, for example, that the 'NIMBY' (Not In My Back Yard) label is a particularly negative way that commercial organizations think about publics (Dear, 1992; Devine-Wright, 2013). From this perspective, objectors are primarily viewed as irrational, selfish, and ignorant by developers (Burningham et al., 2015), with consequent implications for strategies of engagement, technology design, and locational choice (Barnett, Burningham, Walker, & Cass, 2012; Cass et al., 2010; Walker et al., 2014). In a similar vein, expectations that communities may have of developers and their incentives and goals for engaging in these collaborations might play a crucial role in whether or not trust is present and successful collaboration can be established. Studies of renewable energy conflicts have already revealed how a lack of trust in developers is an important factor underlying public objections (Barry et al., 2008; Cass et al., 2010). Different perceptions lead to specific forms of engagement with, and by, the public, which in turn can lead to oppositional responses potentially causing negative feedback loops (Walker et al., 2014).

These perceptions are not static, and “rather than seeing people as being predisposed to oppose or support particular developments, we might view local responses as emergent and negotiated” (Walker et al., 2014, p. 33). Expectations and trust will be shaped by the different communication strategies used at different stages of project development. For example, research has shown that developers typically engage in one-way communication with communities when developing commercial energy projects, and when a two-way form of consultation is engaged in, it is carefully managed to prevent opponents from collectively expressing their opinions (Barnett et al., 2012).

In addition, time asymmetries in delivery introduce risk into a transaction for parties who must invest resources before receiving a return. For developers, this might be a concern with whether the communities can deliver sufficient capital investment and ensure local support. For communities, the question may be whether the developers will keep their part of the deal in offering a share of the project once planning permission has been consented. According to the Shared Ownership Task Force (2014), discussions should take place at the earliest practical point in project development. Developers are not expected to present communities with a formal, fully worked-through offer at an early stage. While this may increase the sense of ownership for communities, increase flexibility on both sides, and lessen risk investments in financial terms, early engagement might also increase uncertainty since little clear information is provided (Cass et al., 2010) and both parties can generally “pull back” at any stage.

Finally, trust between these actors is likely to be influenced by the wider institutional context within which these potential partnerships take place (especially given that these partnerships have been recommended by the government). For example, if renewable energy developers in the UK feel ‘targeted’ by recent policy changes (e.g. changes to the Renewables Obligation and Feed-in Tariff) they may be less likely to trust other government pronouncements and less likely to support these arrangements. Indeed, this may also be relevant for the communities involved.

5.2.4 Procedural and distributional justice

In addition to issues of trust, concepts of justice are key to understanding the policy and practice of shared ownership. Trust is a concept which is often linked in the literature to fairness (van den Bos & Lind, 2002). More generally, the relevance of ideas of justice in relation to the low carbon transition is increasingly well recognized (Bickerstaff et al., 2013; Cowell, Bristow, & Munday, 2011; Wolsink, 2007). Two dimensions of energy justice that are particularly relevant to shared ownership are procedural justice and distributional justice (Bickerstaff et al., 2013; Huijts et al., 2012).

Procedural justice concerns the perceived fairness of a decision-making process, and is closely related to the degree of participation of different actors within these shared ownership arrangements. Arnstein (1969) defined citizen participation as “the redistribution of power that enables the have-not citizens, presently excluded from the political and economic processes, to be deliberately included in the future” (Arnstein, 1969, p. 3). In the case of shared ownership, procedural justice is relevant to several issues, including timing (i.e. the stage of project development when developers and community actors begin communicating and negotiating with each other), transparency (how much information is provided in developer-led projects to community leaders), and equity (whether community representatives have

the status and resources to effectively take a partnership role in the project, contributing to decision-making and negotiating a stake in the project between 5 and 25%).

Distributive justice concerns the ways the distribution of costs, risks, and benefits between different actors is perceived. Considerations of equity in the distribution of costs and benefits have been shown to be important in renewable energy projects in general (e.g., Gross, 2007). This concept not only concerns the distribution of benefits between developers and communities but also within communities, with benefit provision being shown to have the potential to increase intra-community tensions (Aitken, 2010). Such concerns are not only confined to company-led projects, but also apply to community-led initiatives. For example, Cass et al. (2010) detail an award winning community wind farm which became entangled in a fractious within-community debate concerning the distribution of benefits beyond a small group of local farmers. In the case of shared ownership, distributional justice issues are likely to involve the proportion of project ownership that is offered to the community by the developer (from 5-25%) and the rules put in place about share purchase (e.g. how the share price is set, whether local residents are offered more favorable terms for purchase in comparison to those living outside of the area, whether non-purchasers living locally may also receive some financial benefits from the project).

5.2.5 Bringing the two together: where to place shared ownership

These different justice concepts have been brought together in a two-dimensional framework proposed by Walker and Devine-Wright (2008) to describe community energy. They identified “a process dimension, concerned with who a project is developed and run by, who is involved and has influence” which corresponds to procedural justice, and “an outcome dimension concerned with how the outcomes of a project are spatially and socially distributed, in other words who the project is for; who is it that benefits in economic or social terms” which corresponds to distributive justice (Walker & Devine-Wright, 2008, p. 498; see Figure 1). It was suggested that community energy projects are ideally located in the top right quadrant of the framework, founded upon certain values that are distinct from – even a mirror image of – commercial projects: work conducted voluntarily, driven by environmental and social concerns, maximizing local participation, and benefit sharing (Hargreaves et al., 2013; Hielscher et al., 2013; Walker & Devine-Wright, 2008). Yet the labeling of different spaces in the framework (A-C) is testimony to the fact that community energy is an ambiguous concept²¹. Although community energy is considered to have a “distinct organizational form, different contextual situation and alternative rationales” compared to more market based organizations (Hargreaves et al., 2013, p. 1), in reality projects are heterogeneous, with some initiatives aiming to achieve large-scale technology deployment and operating as professional social enterprises (cf. Hatzl, Seebauer, Fleiß, & Posch, 2016). By contrast, developer-led projects are placed by the authors on the bottom left of the picture, suggesting typically low levels of public participation and local benefit sharing.

21. Viewpoint (A) is mainly concerned with the process dimension of a community projects. In this view such projects need a high degree of local involvement in the whole process of project development. Viewpoint (B) represents an outcome dimension and focusses more on how and where the benefits of a project are distributed. The third viewpoint (C) is a more broadly defined space, encompassing both viewpoint (A) and viewpoint (B) but additionally many other forms community energy projects can take.

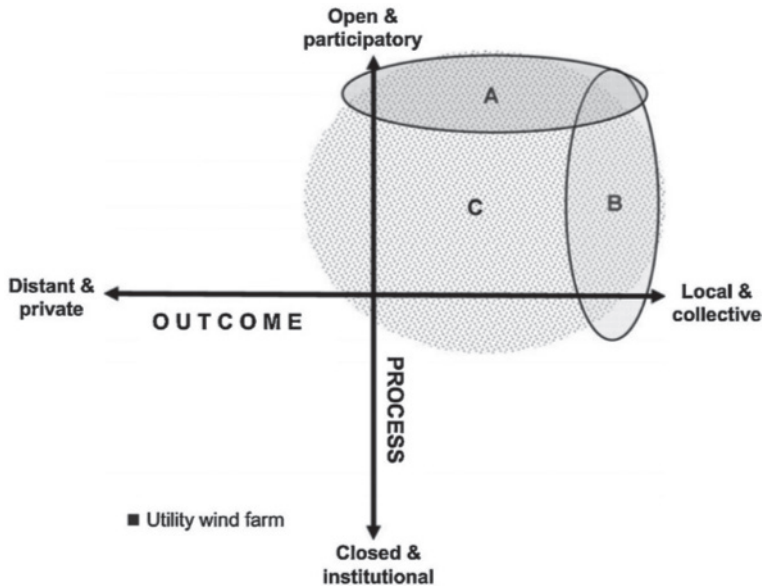


Figure 5.1: Understanding community energy in relation to project process and outcome dimensions (Walker & Devine-Wright, 2008)

It is instructive to note that the UK Department of Energy and Climate Change (DECC) has placed shared ownership in the bottom right of a similar framework (Department of Energy & Climate Change, 2013, p. 16; see Figure 2) indicating a view of shared ownership as comprising higher levels of local benefit sharing compared to commercial projects but lower levels of community participation than community-led projects. This suggests that policy makers consider trade-offs between procedural and distributional justice to be likely and perhaps acceptable to communities. However, it is by no means certain that this may be the case; indeed the literature suggests the contrary. Gross (Gross, 2007) concluded that publics might accept the negative outcomes of developer-led wind farm projects, provided that decision-making procedures were perceived to be fair. The figure might also indicate a preference for developing (community) renewable energy within a market-led, liberalized and privatized institutional context rather than a more grassroots-led approach (Hatzl et al., 2016; Seyfang & Smith, 2007).

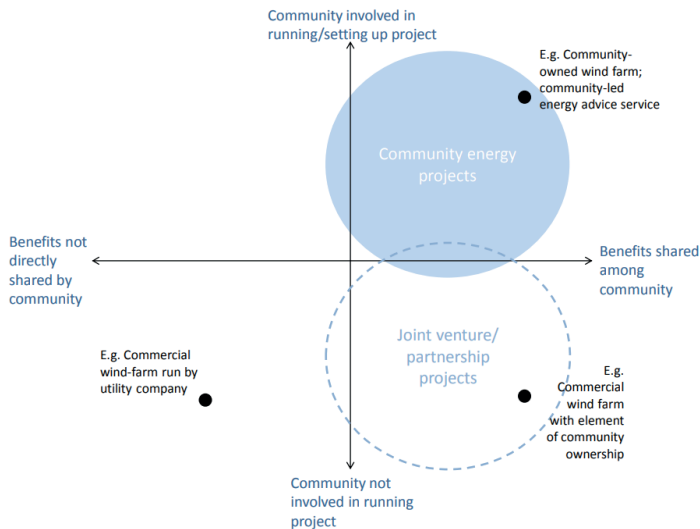


Figure 5.2: Understanding shared ownership in relation to project process and outcome dimensions (DECC, 2013)

Whether these shared ownership arrangements are successful in practice might depend on the fit between the different motives of developers and communities. Here might lie the greatest potential for intermediaries in “brokering and managing partnerships” between developers and communities (Hargreaves et al., 2013). These intermediaries may for example be able to assist developers in identifying local community groups if needed and provide both parties with some of the necessary information to engage in negotiations. However, the authors state that efforts by intermediaries to grow community energy projects, if involving a reduction in diversity may be “a price that many community energy activists may not wish to pay” (Hargreaves et al., 2013, p. 878).

Arising from these considerations, we pose three research questions:

- *How do developers, communities and intermediary actors view the policy of shared ownership?*
- *What are the practical difficulties faced by communities and companies in negotiating shared ownership?*
- *To what extent do concepts of trust and justice play a role in the ways that shared ownership arrangements are viewed by different actors?*

5.3 Method

We used a qualitative method to study how different actors view shared ownership. The focus lies on rhetorical discourse, that is the structures that relate linguistic elements (e.g. words and phrases) to objects and practices in a contingent manner (LaClau & Mouffe, 1985). This perspective has already been productively applied to research on the social acceptance of renewable energy (Ellis, Barry, & Robinson, 2007; Haggett, 2008; Leibenath & Otto, 2014). To ensure rigor, we were guided by the criteria for evaluating qualitative research identified by Baxter and Eyles (1997) comprising transferability (making what occurred intelligible and transparent to readers; revealing the history of the research, and description of study context); credibility (the plausibility of connections made between the experiences of participants and the concepts used to describe them); dependability (consistency with which the same constructs are matched with the same phenomenon, ensuring the logic of interpretation is not partisan); and confirmability (the ability to audit the analytic process through personal reflection of how decisions are made and how the interests or perspectives of the inquirers may influence interpretations).

Semi-structured interviews were used to collect data, as it is a suitable method to probe participants' understandings of a topic in some depth. Interviews were conducted with 19 shared ownership stakeholders in April, May and September 2015. A purposeful sampling strategy (Coyne, 1997) was adopted, which sought to capture a range of perspectives on shared ownership from actors with different interests and backgrounds. Participants included employees of renewable energy companies ($n = 7$), community actors working on specific energy projects ($n = 6$), and intermediaries who were working in advisory or support roles across multiple community initiatives ($n = 6$). A feature of our analytic approach was an iterative process of proposition and challenge involving both authors, a process of discussion that has been recommended to increase the dependability of small-sample qualitative energy research (Bickerstaff et al., 2015).

For the company representatives, we sought to reach those employees that were working directly on shared ownership and seeking to engage with community actors. Participants were identified through a snowball method (Marshall, 1996) and interviews were conducted both face-to-face and by phone. Each interview was tailored to the stakeholder involved, but a standard approach was taken to ask questions about participant's general interest in the area, why they might engage in shared ownership arrangements, their expectations of other parties, ways of negotiating, how they communicate with one another, views on the policy, and their experience to date with shared ownership arrangements or attempts. Our understanding of the data was additionally informed by a Community Energy seminar that took place at the University of Exeter attended by policy makers, development companies, community actors, third parties and academics, at which notes were taken of group discussions.

Each interview was recorded with the permission of the participants, transcribed and subsequently coded using Atlas.ti. Analysis, encompassing coding and interpretation, was conducted by both authors in an iterative process. A partly deductive, partly inductive cycle was followed during the analyses, which followed a thematic approach (Joffe, 2011). Initially, coding was used to describe the themes prevalent within each individual interview. A second stage looked to compare the themes expressed by participants' within sample categories

(developer, community and intermediary) to check for similarity and homogeneity. The final stage of analysis sought to identify how themes were expressed between categories, with a particular interest in comparing discourses between developer and community actors. Within each stage and continuing during the writing up of the research, discussions took place between the authors in which interpretations were proposed and challenged to ensure rigor across the criteria identified by (Baxter & Eyles, 1997).

5.4 Analytic findings

5.4.1 The emergence of shared ownership arrangements

We found no evidence of shared ownership projects that had been successfully completed since the 2014 Task Force had been formed. This is not surprising since the recommendation of shared ownership is still a fairly recent development. However, many projects were in process, with participants involved in looking for a partner, negotiating terms, and/or moving forward in partnership. Almost all interviewees, developers and community actors, indicated that often intermediaries were of great help to identify one another and rather crucial for getting the process of shared ownership started, supporting what (Hargreaves et al., 2013) called the “brokering” role of these actors. For developers, this entails clearly more than just receiving assistance about who to partner or negotiate with, it is also a crucial stage in constituting ‘the community’ that is considered to be affected by their proposals.

“There are plenty of organizations bringing the two together at the moment. If you are a commercial developer, it would not be hard to find communities to work with and to find support” (Intermediary 4)

“We came to these communities mostly via the local government. So we go to the planners of the local government and eh and ask them for their views on which communities we should be talking to” (Developer 3)

Several communication strategies are engaged in at different stages of the process. Most often, when a community is approached by a developer, letters are sent to the community (sometimes to a somewhat random sample) to inform the community about the plans, in some cases followed by a consulting round via focus groups. Often, there is an exhibition to inform the community at some point in time. Greater diversity in the experience of communication strategies was found within our sample of community energy actors. In some cases, these actors actively seek partnerships with developers, whereas in others they just received an invitation from a firm. In one case, the process of shared ownership was initiated only by chance:

“They were proposing a 13 megawatt solar farm and I heard about it because it is really on my doorstep, but other than that I never knew this was planned. So I went to a meeting myself and just asked like what is happening and why not engage with our community. But I could also have missed it completely of course” (Community actor 4)

Several developers reported difficulties already in early stages of project development in gaining the involvement of local community actors and in securing local support for shared ownership:

“We have offered shared ownership three times and every time the community preferred to take community benefits instead” (Developer 4)

This does raise the question of whether shared ownership is actually sought by community actors more generally, a subject that has received little research attention to date and which will be returned to below.

5.4.2 Rationales for participating in shared ownership

Community actors and developers expressed different rationales for engaging in shared ownership. Community representatives were most likely to propose a normative rationale, seeking to participate in Shared Ownership with the aim of empowering local people and increasing knowledge and skills, as pointed out by Seyfang and Haxeltine (2012):

“For communities, ownership is more than just the money of course, you can contribute to real empowerment” (Community actor 4)

However, community actors also expressed an instrumental rationale to increase financial gain, since engaging in partnerships with developers was often seen as a way to participate in a larger scale project than would be feasible otherwise (as proposed by Nolden, 2013), and lowering the risk of investment.

“We certainly don’t believe we can do such a project on our own, no way. We could never raise that amount of capital and taken all the risk ourselves” (Community actor 2)

One of the intermediaries viewed shared ownership as a way to overcome weaknesses in the business case of smaller-scale, community-led projects.

“It [shared ownership] can derisk the investment. And most community groups are not in the position to do these large scale projects you know, which are very expensive with huge risk involved” (Intermediary 3)

By contrast, developers seem to engage in shared ownership because of substantive (a way to achieve better outcomes for all, community representatives and developers together) or even more instrumental rationales (a better way to achieve ends, in this case making a profit) (Stirling, 2005). Most often, developers mentioned shared ownership as an opportunity to achieve positive public relations, avoid substantial protest, raise funds, prevent regulation and, again, considerations of risk were focalized, most prominently reducing the risk of planning refusal. Although some also indicated that “it feels good to engage these people” (Developer 3; suggesting some indication of a normative rationale), financial aspects were most strongly emphasized by all.

"[...] the reason that we are doing what we are doing is financial. Obviously in business there is always a decisive financial element" (Developer 4)

"We really have three main reasons; first of all because of government incentives, second because we believe it is good to contribute in some way to communities, and also for PR reasons; it generally helps with getting planning permission" (Developer 2)

However, caution is needed when looking at these results because organizations are often not entities with a single view on shared ownership. One of the developers for example mentioned that:

"Although the general director is keen on making community energy work, the financial department objects as soon as it costs money, and it generally does" (Developer 6)

While having different reasons for engaging in shared ownership might not be a problem a priori (it could be a win-win situation as mentioned by the Shared Ownership Task Force (2014)) it may increase the potential for failure in cases of clearly conflicting rationales. More importantly, the expectations that each type of actor has of the other has some importance, with community actors and sympathetic intermediaries expressing skepticism about the genuineness of any purported normative motives for companies, adding to the challenges involved when third parties wish to broker a relationship between the parties (cf. Hargreaves et al., 2013):

"Big companies may have a real mission to be community minded and do good work but when you really get to the nitty gritty, their lawyers will defend their assets you know. There will be challenges when those two parties want to interface." (Intermediary 2)

"It is skills you know, and it provides social benefits for the community right, working together, creating social capital these kind of things. But if a company just comes in, develops the project and then just says: here you have your certificates, you miss all that. It is almost then as if you are taking the heart out of the owning part" (Intermediary 4)

5.4.3 Expectations of trust and justice

Building trust: Expectations regarding developers

While having different rationales for engagement might be part of the explanation as to why little successful shared ownership arrangements were identified to date, it seems that negative expectations that these actors have of each other and each other's rationales is most problematic in terms of building the needed trust (Walker et al., 2014). Almost all community representatives indicated that they viewed developers as being motivated in principle by financial gains, believing that the act of involving communities will jeopardize this profit, making it more difficult to trust developers.

"It is really almost impossible to have a really amazing community offer, since this will often interfere with their profits I guess" (Community actor 5)

*“They will just give the local communities as little as possible, only to silence them you know”
(Community actor 2)*

It was suggested that developers may deliberately exaggerate the financial benefits for communities of participating in shared ownership, in order to gain local support for their proposals:

“Sometimes they [developers] are making offers that at first reading look extremely good but then when you read the small print, they are never going to deliver. They do that to get support of the community without paying the costs” (Intermediary 5)

Furthermore, it seems that time asymmetries may introduce extra risk for these communities; some community actors reported feeling so vulnerable that a developer may leave negotiations at any time once planning consent had been secured, that they decided not to proceed further:

“We were offered a shared ownership opportunity but the directors [of the community group] decided not to go further because formal offers are often only made in a later stage, especially after planning permission is being gained” (Community actor 4)

Other community actors regarded partnerships with developers as an increased risk to their own status within the community. One community actor for example indicated that a community group was already working on small-scale community-led projects for several years and they had built a trustworthy reputation within the community. This actor expressed the fear that if the shared ownership partnership fell through, their own reputation would be at stake and the general support of renewable energy projects within the community, leading to less instead of more affinity with renewables within the community.

“You cannot have [legal] complications that might jeopardize the whole enterprise because if we screw up [shared ownership falling through], our value of being seen as trustworthy is severely threatened” (Community actor 3)

This may also be the reason why locally based developers were often seen as more trustworthy by community actors, since there had already been several previous encounters, increasing the credibility of these developers and building trust between both parties, whereas this is often not the case with large-scale developers coming from outside the community (Devine-Wright, 2013). Local companies were mentioned as being “their sort of people” and the distance between the community and these developers seems less substantial both geographically and culturally.

“The thing really is, because that business is located in X [local area] ... we have a personal relationship with these businesses, making it much easier than it would be when negotiating with commercials from outside” (Community actor 3)

Building trust: Expectations regarding communities

For developers, the story seems twofold. In general, they seem to believe that “the public” is supportive of renewable energy in general and community actors are willing to engage in shared ownership projects. Some fears were expressed however, that active participation could foster protest, and some developers mentioned being cautious about communicating with communities too often.

“Maybe it is a British thing but yeah people don’t really focalize when they are in favor of something, but they certainly do when they are against it” (Developer 6)

Many community actors indicated that they found developers hard to reach, and reluctant to provide information outside of formal meetings. Thus, it seems to indicate that developers engage in mostly one-way information provision communication strategies (Barnett et al., 2012; Cass et al., 2010). This may jeopardize the chance of building trust. Yet, this way of communicating with communities does not only seem to be related to fears for protest (Burningham et al., 2015) but also concerns about these negotiations taking too much time and threatening finances. Thus, whereas for community actors trust seems to be influenced negatively because in general they express doubts about the rationales of developers, for developers there seems to be more concern with the ability of community representatives to ‘deliver’ their side of shared ownership:

“Communities often lack legal and technological knowledge and so are they really going to be able to raise these funds within the time-frame? It is a risk you know, communities have no clue in general where they get themselves into really” (Developer 2)

This may be especially the case in areas where communities do not have already established community groups to lead these collaborations (Bomberg & McEwen, 2012).

“Things can go very very slowly in communities where no community groups are present, it is much easier when the community is already a bit organized” (Developer 3)

One developer mentioned paying for the organization of a community group themselves, which was indicated as a significant risk in financial terms and a time-consuming activity (in contrast to what the Shared Ownership Task Force (2014) mentioned about the process being cost-neutral for both parties). Another developer mentioned having organized a weekend where community members, experts, accountants, and lawyers were brought together, while admitting that this is probably only feasible in terms of time and money if it concerns large-scale projects.

5.4.4 Procedural and distributive justice

Justice between communities and developers

Concerning the different forms of justice, issues of procedural justice were mentioned more often than distributive justice, and more commonly by community actors and some intermediaries than developers. The greater emphasis on procedural justice may be a

reflection of the timing when the research was conducted, with shared ownership being a relatively novel idea and participants in the process of identifying and negotiating projects, with outcomes not yet finalized. Why there was greater emphasis on issues of justice by community and intermediary actors than developers is unclear – perhaps these issues were less important to developers (as Walker and Devine-Wright's (2008) framework might suggest) or perhaps developers faced less difficulty regarding these issues arising from pre-existing asymmetries of power. These are notable findings that deserve further research.

Regarding procedural justice, both community actors and intermediaries expressed skepticism concerning the prospect for genuine participation within shared ownership arrangements. This seems to be based upon the expectations that community actors have of developers and the trust (or lack of) that resides between them. In particular, a perceived lack of equality in decision-making was a concern of many community actors, with developers seen as making most of the decisions and communities being merely consulted after the fact.

“They [developers] will never allow you take a place on the table where the decisions are being made, that will interfere with their business” (Community actor 5)

“These sides aren't equal when they come together, the developer holds all the cards. Ehm because they are only interested in getting through planning permission, and that is the only thing that you can really help them with, the planning permission. And once they have that they have a product, and they do not need you anymore” (Community actor 1)

Furthermore, risk was mentioned in all interviews and seems to play a vital role in the decision-making of these actors. Both for community actors and developers it seems that the more (perceived) risk is incorporated by a certain actor, the more they want to have a say about the development of the project.

“Yeah you are talking about shared owner[ship] but the companies are often taking all the risk, so the community might be [a] shared owner but they cannot get to any of the board meetings where the big decisions are being made” (Intermediary 4)

Deficiencies in procedural justice were manifest by concerns over the method and timing of involvement. Community actors mentioned being engaged at a late stage in the process, after the developer already decided key parameters. This not only seems to hinder active involvement but also decreases opportunities to build trust between the parties, if communities are only involved at a late stage, there is less time available to remedy any pre-existing mistrust on both sides.

*“We are trying to jump on the bus while the bus is moving, it would be nice if we could have been involved from the concept stage onwards, pre-planning and planning”
(Community actor 4)*

Community actors sought to achieve greater control in two ways. First, by taking a more active rather than reactive role in shared ownership, seeking to initiate negotiations with developers rather than responding to developers' inquiries, thus ensuring involvement at an

earlier stage. Second, by choosing to work with private companies that were based in the local area and already known, with whom they had already formed relationships of trust (see section 4.3.1 above). This not only enabled better relationships, but also greater local benefit - community actors defined this as a preference for “keeping the money within the community” (Community actor 6).

“We get that [participation] by the community itself taking charge and then forming partnerships rather than developers coming in and say ok we offer you this and then you form a partnership to handle that” (Community actor 4)

“It is a way to maximize the benefits of community energy and those benefits include, benefits to the local economy, which includes such things as money that we spend directly into the local economy” (Community actor 3)

In relation to distributive justice, the size of shared ownership projects was regarded as a potential problem. The Shared Ownership Task Force (2014) proposed that sharing ownership should be normative only in renewable energy projects valued at greater than £2.5 million (noting the distinctive approach taken in Scotland where smaller projects were also deemed suitable for shared ownership, Local Energy Scotland, 2015). While some community actors and developers viewed this cut-off as very reasonable in terms of providing substantial benefits to communities and their ability to raise funds, others expressed concerns about the ability of smaller or poorer communities to raise sufficient funds in projects of this scale, something already mentioned when looking at the expectations that developers hold of community leaders. The point made was that if local residents are unable to raise sufficient capital to provide their share of a larger project, this could necessitate opening up share offers to individuals living outside of the local area, which would lessen the ‘local-ness’ of the project (Devine-Wright & Wiersma, 2013) and ultimately reduce local collective benefit.

“For most communities this will be impossible really, and they will never be able to raise money needed to buy the shares in these projects. For that to happen, projects need to stay under a million” (Community actor 6)

Notably, there was heterogeneity in the extent to which concerns about procedural and distributional justice in shared ownership arrangements seemed to pose a problem for community actors. For some, a sense of pragmatism was dominant leading them to accept ‘what was on the table’, whereas for others, it seemed to clash with a more ‘purist’ view of community energy (Hargreaves et al., 2013). For example, one community energy actor stated that a developer might just pick another community to collaborate with if their negotiations failed. This seems to be closely related to the different rationales of community actors; communities that are more financially or environmentally motivated seem to accept more easily what is offered by developers than communities who are more focused on social aspects of these projects (such as social cohesion), since for them a larger project would represent a stronger response to climate change and yield greater financial returns compared to community actors who are more concerned with social benefits. This underlies the heterogeneity within the Community Energy sector, as manifest in the literature by the alternative spaces for

community energy in the two dimensional framework (Walker & Devine-Wright, 2008) and distinctions made between 'market oriented' and 'grassroots' citizen participation initiatives (Hatzl et al., 2016).

Whether community actors choose a more pragmatic strategy also seems to depend on their attitudes towards perceived power inequalities that were already mentioned between these actors and a developer. In general, when they feel they are in a weaker position in negotiating a fair deal, they seem to more easily 'take what is on the table'. Although shared ownership has the potential to be more efficient compared to community-led projects, efficiency seems to come at the cost of active engagement and social benefits for the community.

"Chances are that if you do not get into it, others will and often these companies will not be keen on working with lots of these community groups I reckon, we just take what is on the table" (Community actor 5)

"It (shared ownership) is good, it is better than nothing, but for me that should not be the main, it is not how you get maximum benefit from community engagement, you have to think about what is most important" (Community actor 3)

Some community actors were critical of the UK Government's support for shared ownership in the sense that it seemed unfair to build national energy policy around expectations of voluntary input by community actors, an argument which hints back to doubts about the cost-neutrality of these partnerships and the professionalization (or lack of) in the community energy sector.

"So there is huge amount of free time given by individuals and I think the government should recognize that and any research project should....[...]. When we would be charged in our wages this would stack up to many millions that the government is getting for free" (Community actor 5)

As remarked above, developer participants were less likely to mention issues of justice in comparison to community and intermediary actors. In relation to procedural justice, the pace of projects was presented as simply a 'reality' of how things work out in practice, and therefore being above negotiation:

"Well, the idea is good, but the reality is that developers have to do things in a hurry, and you know, there is no time to do things properly with the communities. Unless that community is already very well organized" (Developer 3)

Three of the developer participants stated that they felt pressured to ensure a timely completion of the project, leading to a preference to deal with communities that already have a community group up and running. Whilst the rationale for doing this is undoubtedly pragmatic, as a principle for taking forward shared ownership of renewable energy projects, this risks reinforcing existing inequalities between communities that already differ in access to resources (e.g. skills, influence, knowledge), and therefore may perpetuate socio-economic injustice (Catney, MacGregor, Dobson, Hall, Royston, Robinson, Ormerod, & Ross, 2014). In relation to distributive justice, one developer participant emphasized the price of shares:

“With regard to buying these shares, because we try to make them as accessible as possible, making the cheapest ones [...] in order to get as many people involved” (Developer 1)

As above, this position may be founded as much on pragmatism – the need to ensure that sufficient capital is raised to move forward with a project – as on the principle of including as many local residents as possible and ensuring the greatest degree of local benefit sharing.

Considerations of justice within communities

In addition to concerns about justice between developers and communities, the interviews revealed concerns about justice within communities. Again, justice was often mentioned in relation to different perceptions that actors hold of one another. For example, some of the developers mentioned a lack of trust in the representativeness of community actors. One developer indicated that a few retired people who have an interest in these projects and who often get to divide the benefits, are running the local parish councils that they have to engage with.

“I think, you also need to assure that the group you are dealing with is actually representative. Because you may have a very passionate community energy group, made out of a few individuals who have a very clear idea of what they want to achieve, but that might not represent the wider view and actually the rest of community might much prefer for example to have generous community benefit fund” (Developer 4)

Acknowledging a potential gap between the principle of participation and the practice of shared ownership, community representatives mentioned the difficulties they faced in mobilizing sufficient and diverse local residents to gain support for shared ownership:

“With regard to these workshops [informing the community], generally only highly educated, middle aged people drop by, who have some cash they want to invest” (Community actor 5)

This raises questions about the position of community actors to represent ‘the community’ in their negotiations with developers and the degree of community participation actually achieved.

When looking at the distribution of benefits within these communities, we found mixed findings. On the one hand, as mentioned earlier, shared ownership can be seen as potentially increasing participation in renewable energy within the community when shares are sold to residents at sufficiently low prices. On the other, it is arguable whether the purchase of shares by individual residents still entails a genuine community-based shared ownership arrangement as defined by the Task Force (2014).

Many community actors were doubtful of the distributive fairness of such arrangements and indicated that only a small group of stakeholders might benefit. It seems then, that shared ownership has the potential to increase the total amount of revenues from a project, but it remains much less clear if it also contributes to increasing distributive justice within communities.

5.4.5 Influence of the wider policy context

There was consensus among all participants that making shared ownership work in practice was hampered by a 'macro' level instability in UK energy policy. Chief amongst these concerns was the series of digressions recently announced to the feed-in tariffs, which were said to deter innovation and lessen the time available for genuine community participation:

“So for feed-in tariffs the competition is that you have to get your project done before the rates go down, because the government said the tariff will go down and down, so the quicker you do it, the more money you get. There is massive commercial pressures on the sector, and that just makes it much harder to do anything different really” (Intermediary 3)

The many changes in the regulations (ranging from a reduction in feed-in tariffs to emerging policies perceived as anti-onshore wind) were said to increase the risk to invest in projects thereby hindering the general entrepreneurial climate. Some community actors, for example, stated to be willing to engage in shared ownership arrangements and were actively looking for developers but expressed worries that with recent cuts in finances from the government, developers are increasingly hesitant to start developing these sites.

“It is not helped by the government keeping on changing the goalposts, it changes the regulation every few months... there is no stability in the market” (Community actor 3)

“Also with our project, we did the calculations with what the figures were back then, if they change them all of a sudden, the viability of the project can change completely. And don't forget that is also a huge risk for these communities” (Developer 2)

This increased risk also seems to be interrelated again with issues of trust. As mentioned before, actors may be more concerned with establishing trust relations in long-term projects (Walker et al., 2014) since there is a stronger incentive for establishing a trustworthy reputation under circumstances of continued social interaction (Axelrod, 1984). For this to happen, stability in the wider policy environment is needed. It seems that instability in current energy policy does not enable this, even when there is willingness from both parties. Finally, there was little consensus about whether shared ownership should become a mandatory policy. Community actors tended to favor placing an obligation on developers, arising from a desire for stability and a sense of mistrust in the motives of companies.

“Yeah I mean making it mandatory is the only way developers will act on it really” (Community actor 4)

Companies were uniformly resistant to mandatory policy on grounds of increased risk and cost as well as doubts about the feasibility of sharing ownership, including whether it was actually sought by the public more generally. One intermediary pointed to the risk that making the policy mandatory would fail to foster creativity and flexibility in how shared ownership was delivered on the ground, while being sensitive to differences across communities and contexts.

“I think the difficulty with the mandatory thing is, you know, the risk is that it becomes too prescriptive because you know no context is the same. In other cases it may be too weak as well” (Intermediary 4)

5.5 Conclusions

These findings suggest that early efforts to make shared ownership work in practice in the UK have proved difficult, despite high levels of support in principle. A consistent finding is that shared ownership is undermined by a lack of trust, with negative expectations of the different parties involved of one another. Community actors viewed developers as instrumentally using the prospect of shared ownership to secure planning consent before abandoning these plans once consent is secured. Developers viewed community leaders as unrepresentative of the wider community, and being unable to progress their part of the deal through a lack of knowledge and skills. These expectations in turn play a role in reducing a willingness to take risks and adopt new practices. This then creates a negative feedback loop, as proposed by (Walker et al., 2014), where negative expectations of the other reduces a willingness to engage in collaborative practice, which in turn bolsters a lack of trust in the other and vice versa.

At one level, our findings concerning lack of trust and negative expectations are unsurprising. Shared ownership is a hybrid idea that could be considered disruptive both to normative ideas and practices of 'commercial energy' and 'community energy'. As such, the idea that shared ownership might represent a 'win-win' solution (*Shared Ownership Taskforce: Report to DECC, 2014*) for companies and communities would seem unlikely. Company-led projects are founded upon a capitalist, neo-liberal ideology in which government intervention is to be avoided and market solutions preferred. This is clear from the responses of company representatives in this study, who uniformly wished to avoid regulation on shared ownership. By contrast, community-led energy is founded upon communitarian beliefs (Etzioni, 1993; Walker, 2011), in which strong communities are viewed as an end in themselves, not a means to an end, and therefore are most appropriate to instigate and undertake renewable energy projects. Strong support for either ideology might lead actors to view shared ownership with skepticism, for example seeing shared ownership as a tokenistic form of community participation or as an unwanted and risky intrusion into company practices.

Yet our findings make clear that there are heterogeneous views across both company and community sectors in the UK, and this is significant in terms of suggesting at least some positive prospects for shared ownership in the future. Some developers indicated a greater willingness to engage with communities than others. Some community actors indicated a greater willingness to forego some degree of participation in order to gain more financial benefits. We conclude that successful cases of shared ownership are most likely to occur, at least at this early stage, when partnerships are negotiated between developers that express a normative rationale for community engagement and pragmatic community actors that are prepared to accept what developers might offer, and least likely to occur when instrumentally motivated developers engage with community actors less willing to compromise on the 'principles' of community energy.

Even when such a meeting of minds occurs, our findings point to the importance of the practicalities of suitable 'matchmaking', either by the actors themselves or brokered by intermediaries – and spaces for dialogue between each side can play an important role to enable this process. New measures to promote shared ownership could aim to lessen the risk to developers and increase the time available for genuine community engagement, for example by putting in place measures to enable communities to mobilize on local

energy opportunities prior to developer approaches (e.g. as part of neighborhood planning procedures). This might enable community leaders to negotiate on more equal terms, foster substantial communication between parties and build trust, and ensure greater equity between communities in participating in the low carbon transition. This might then go some way towards securing a 'win-win' situation for all parties involved.

However, even if these 'micro' conditions are met, our findings suggest that 'macro' issues of wider policy instability can erode the willingness of different parties to take risks and to innovate normative practices. For shared ownership to become commonplace, stability in government support for renewable energy as part of a wider, managed low carbon transition is required (Loorbach & Rotmans, 2006). That support is much less clear in 2016 than it was in 2014 when the UK Government launched the Community Energy Strategy and first proposed their support for shared ownership (with a similar trend towards 2020). It is also notable that the Scottish Government has already put many of these measures in place (Local Energy Scotland, 2015, 2017) and is continuing to do so, reflecting quite distinct approaches to renewable energy policy.

To conclude, our findings represent an important step in better understanding the challenges involved in implementing shared ownership of renewable energy projects. We recommend that future research extend these findings, both in the UK and elsewhere, in several ways. First, we suggest that research investigates the different ways that community involvement in shared ownership is proposed, and what beliefs and norms underlie these (e.g. participation by collectives vs. individuals; participation by local residents vs. citizens living elsewhere). Second, it would be fruitful to deepen understanding of the heterogeneity found in this study within categories of community energy and developer participants in their expectations of, approaches to, and opportunities to participate in shared ownership (Catney et al., 2014; Van der Horst & Toke, 2010), as suggested, for example, by recent research that distinguishes between 'grassroots' and 'market-led' citizen participation initiatives (Hatzl et al., 2016). Third, research can investigate the potential for shared ownership to exacerbate existing levels of injustice (Catney et al., 2014), particularly in terms of distributional aspects, as suggested here by the preference for developers to work with already formed and engaged community groups. Finally, further research on shared ownership is required not just in the UK, but in countries such as Denmark, Germany and Belgium where some form of shared ownership has already been adopted. Comparative international research can help to clarify the role of 'macro' level processes, for example contrasting the 'Energiewende' in Germany (Buchan, 2012) with recent policy changes in the UK, and how these interact with 'micro' level process to influence the successful outcomes (or not) of shared ownership initiatives.

