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Glen Earrach Pumped Storage Hydro

Socio-Economic Statement

Glen Earrach Energy Ltd



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Socio-Economic Statement

For

Glen Earrach Energy

Final Report

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Executive Summary

Introduction

MKA Economics were appointed, by Glen Earrach Energy Ltd (GEE), to assess the compliance of its proposal for a pumped storage hydro scheme at Loch Ness with the policy requirement in National Planning Framework 4. The project is seeking to maximise net economic impact, including local and community socio-economic benefits such as employment, associated business, and supply chain opportunities.

The **Glen Earrach Pumped Storage Hydro (PSH)** will deliver pumped storage hydro of up to 2GW and up to 34GWh of energy storage. The Proposed Development is situated to the west of the Great Glen and Loch Ness, approximately 10 kilometres south-west of Drumnadrochit.

The project supports the UK's renewable energy and net zero ambitions, whilst delivering tangible benefits for local communities and is well aligned with The Highland Council's Social Values Charter (SVC) for Renewables Investment.

Reference should be made to Chapter 16: Socio-Economic, Recreation and Tourism of the Environmental Impact Assessment Report, which assesses the socio-economic, recreation and tourism impacts resulting from the Glen Earrach Pumped Storage Hydro project, hereon referred to as the Proposed Development.

The Local Economy

In summary, the socio-economic baseline confirms a **number of trends** for the local and regional economies, some of which **threaten the long-term economic sustainability** of Highland and the local area.

The Highlands continues to face a wide range of economic challenges. Although, it has experienced increasing population levels in recent times, the Highland population is forecast to **decrease by 1.0% over the period to 2043**, compared to a predicted 2.5% growth nationally. It is also a rapidly ageing population, with significant increases in those aged over 65 years old. It has a **lower proportion of working age residents**, and this threatens the future economic prospects of the area. This position is even more pronounced in rural areas such as those surrounding the Proposed Development.

The Highlands was one of only six local authorities to witness **worsening deprivation levels** over the period, between 2016 and 2020, and this continues to be a worrying trend for the Highlands. There are wards in Inverness, which are among the most deprived 5% in Scotland.

However, on the positive side, **unemployment at the regional level and local level has recovered well**, from the pandemic induced economic slowdown and unemployment rates are below the Scottish and GB levels.

The local and regional areas are **dependent on the tourism economy** and recreational activities and assets, and although this is a valuable employer, the economic value and wages in this sector are lower than other sectors and more seasonal in nature. **New investment in key economic sectors**, such as renewables, can help reposition the local economy which continues to be adversely affected by a reliance on a narrow range of seasonal sectors.

It is also acknowledged that although the tourism sector is important, it tends to be **seasonal and is of a low wage and a low value sector**. As such, an over dependence on a low wage and highly seasonal economic sector limits the opportunity for future economic growth.

Policy Fit

There are a number of key policies and strategies, which are particularly relevant to the Proposed Development. In terms of the environment, the Scottish Government's policies on climate change are beneficial in making the case for the Proposed Development. Specifically, it will aid in expanding Scotland's renewable energy capacity and generation, while contributing towards a net zero economy by 2045. Therefore, helping to displace emissions from expensive carbon-intensive energy generation technologies, such as gas turbines.

The Proposed Development will also contribute towards the aims of the new **National Strategy for Economic Transformation (NSET)**, fostering community investment and innovation in renewable technology, including Long Duration Energy Storage (LDES), and doing so in a manner which supports Community Wealth Building principles, and guidance around community benefits.

Importantly, it will be developed in line with **National Planning Framework 4 (NPF4)**, which sets out strong in-principle support for renewable energy proposals. One of the factors to be considered in assessing schemes is the extent to which proposals maximise net economic impact, including local and community socio-economic benefits such as employment, associated business and supply chain opportunities (Policy 11c NPF 4).

It will also be consistent with the **Highland-wide Local Development Plan**, which states at Policy 67 that 'the Council will expect developments to benefit the local community and contribute to the wellbeing of the Highlands, whilst recognising wider national interests'.

GEE is committed to supporting a community wealth building approach as part of its Proposed Development. Reflecting the scale and longevity of the project, GEE has published a Letter of Intent, setting out its principles for delivering a long-term Community Benefit Fund, separate from the planning process.

Consultation is currently underway with local community bodies, community councils, local development trusts, and potential partners on how the fund should be structured, governed and delivered to ensure it meets local needs and reflects best practice. This includes, ongoing dialogue with community councils and development trusts to explore the most effective delivery mechanisms.

The scale of the Proposed Development, in capital investment terms, in employment and GVA terms and the scale of the community benefit package suggest that it will have a demonstrable impact on the regional (Highlands and Islands) economy. It can also play a role in supporting the vision of the Inverness and Highlands City Region Deal, the emerging Regional Economic Strategy and the HIE's Strategy.

The Proposed Development has been developed in line with the ethos and principles of the SVC for Renewables Investment. This section outlines that across all nine action areas, in our assessment GEE has a 'Strong' fit, and can play a major role in unlocking socio-economic opportunity, not only locally but at the Highland level.

Socio-Economic Impact and Net Economic Benefit

The Proposed Development will deliver a wide range of socio-economic and wider benefits and, in this way, maximises net economic benefits for the local community. This is consistent with NPF4, which requires for renewable energy proposals that:

'they maximise net economic impact, including local and community socio-economic benefits such as employment, associated business, and supply chain opportunities.'

In summary, the measurable and demonstrable socio-economic benefits can be summarised as:

- Significant, albeit temporal, contract and **employment opportunities** from the construction programme;
- Notable new full time employment opportunities, and contract opportunities, for local people as a result of the **operation** of the Proposed Development;
- Wider **supply chain benefits** across the economy at both the construction and operational phases;
- Diversifying the economy towards **the renewable sector**, which is a higher value sector, and reducing the over dependence on primary sectors and the seasonal tourism economy;
- Encouraging people to stay in the local area and **reduce the outward migration of young people**, as well as encouraging new working age people and families to the area as a result of new job opportunities;
- **Employability initiatives** to develop the skills base for local people entering, and re-entering the labour market;
- The development of **new temporary and permanent housing** as a result of the Proposed Development, but also as a result of the community benefit funding for local communities. The temporary housing will bring socio-economic benefit in the form of retaining a workforce onsite, and not displacing tourist demand. Permanent housing will be brought forward and will be subject to a separate application for planning permission.
- **No significant adverse effect on the local recreational and tourism asset base**, with beneficial effects from the new access paths proposed as part of the development; and
- **A long-term community benefit fund** with the potential to support both local and regional priorities – including those identified through consultation in areas such as Glen Urquhart, Fort Augustus, Glenmoriston, and Stratherrick and Foyers, as well as considering wider Highland region funding.

It is estimated that the Proposed Development will provide the following economic benefits:

- **Pre-construction** investment and enabling work, benefitting a range of Scottish-based companies and organisations, and expected to generate **285 person years of employment (PYEs) at the Highland level** and a further 338 PYEs outside Highland. This will generate **£21.4 million in Gross Value Added (GVA)** for Highland;
- The **construction** phase is expected to create **1,765 PYEs at the Highland level** and a further 2,094 PYEs outside Highland, generating **£132.7 million in GVA** for Highland; and
- Once **fully operational**, Glen Earrach is expected to generate **41 FTEs at the Highland level** and will generate **£2.3 million in GVA** per annum for Highland.

In addition, GEE has committed to:

- The Proposed Development has been developed in line with the ethos and principles of the SVC for Renewables Investment. **GEE has a 'Strong' fit across all of the nine SVC action areas**, and it is our view that it can play a major role in unlocking socio-economic opportunity, not only locally but at the Highland level.
- **Community Benefit Funding** and developing an appropriate management model to ensure the effective and efficient distribution of community funding. Community benefit funding will be provided in line with the principles of the **SVC**.
- The formation of a **Community Liaison Group** where there is local interest to ensure clear communication between the project team and local stakeholders, enabling transparent information sharing about construction activities, collecting community feedback, building mutual trust, and collaboratively addressing concerns throughout the project lifecycle;
- There are a wide range of **community needs and aspirations**. The development of Local Place Plans and Community Action Plans by local groups is an important and timely reflection of these priorities. In light of continued public sector funding pressures, there is a clear opportunity for renewable developers, including GEE, to explore how community benefit funds can support locally identified ambitions. GEE continues to engage with local communities to co-develop a flexible and workable community benefit package that reflects what matters most to them. Delivery models and priorities will be shaped through ongoing consultation with communities and in consideration of plans such as LPPs and CAPs.
- A range of other **wider economic benefits** including supporting economic development policy objectives, local supply chain opportunities through meet the buyer events, employability and skills development, worker expenditure, income effects, exchequer effects, effects on landowners and perception benefits.

The benefits associated with the Proposed Development will go beyond supporting economic activity and employment during the pre-construction, construction and operational phases. In particular, through the annual community benefit funding arrangement, it will provide a stream of income for the local community to be reinvested and deliver against its priorities and ambitions.

On this basis, in our opinion the Proposed Development maximises net economic impact to local communities and the regional economy.

1 Introduction

1.1 MKA Economics was appointed by Glen Earrach Energy (GEE) to present an independent socio-economic statement of the proposed Glen Earrach Pumped Storage Hydro (PSH) development. This statement is designed to demonstrate that the Proposed Development will maximise economic impacts as per NPF Policy 11c.

1.2 The Proposed Development is a proposal for a pumped storage hydro development of up to 2GW, to the west of the Great Glen and Loch Ness, approximately 10 kilometres south-west of Drumnadrochit. The Proposed Development's capital cost is estimated to be circa £2.5 billion. If consented, the Proposed Development is expected to store over 5 TWh (5,000 GWh) of excess wind energy and to generate over 4 TWh (4,000 GWh) clean power, every year, thus reducing the energy grid's post 2030 carbon footprint by about 10%, and lowering grid running costs by £2.9 billion¹.

1.3 MKA Economics was appointed by Glen Earrach Energy (GEE) to present an independent socio-economic statement of the proposed Glen Earrach Pumped Storage Hydro (PSH) development. This statement is designed to demonstrate that the Proposed Development will maximise economic impacts as per NPF Policy 11c.

1.4 This socio-economic statement considers the potential socio-economic benefits that could accrue from the proposal through the pre-construction and enabling, construction and operational phases. In particular, it assesses the extent to which the Proposed Development will maximise net economic impact. The socio-economic statement draws on the socio-economic impacts presented in the Environmental Impact Assessment Report (Chapter 16).

Approach

1.5 This report presents the findings from the socio-economic assessment of GEE PSH, the objectives of which are to:

- present an understanding of the local economy;
- outline the strategic fit and alignment with socio-economic and renewable energy policies and priorities, in particular the Highland Council's SVC for Renewables Investment;
- estimate impacts for employment, income and Gross Value Added (GVA) through the construction and operational phases; and

¹ LCP-Delta study numbers for a GEE PSH sized at 1.8GW generate, 2.0GW pump, 30GWh quoted in 2024 GBP

- independently assess and verify the extent to which the Proposed Development will maximise net economic benefits in line NPF4 Policy 11 (Energy). At the regional level this includes the Highland Council's Social Value Charter for Renewables Investment and Policy 67 of the Highland-wide Local Development Plan.

2 The Local Economy

Introduction

2.1 This socio-economic baseline outlines the socio-economic characteristics of Highland, and where statistics are available, the Aird and Loch Ness Ward (where the site is located) are reviewed. This draws on a range of statistics which are drawn from various data sources, notably the latest Office of National Statistics (ONS) releases which are presented on Nomisweb².

The Local Economy

2.2 The headline socio-economic baseline findings are presented below. This is based on a review of the latest datasets (mainly the latest Census, 2021) from the Office of National Statistics (ONS) on Nomisweb. The summary findings include:

- The population of Highland in mid-2021 was 238,060, the 7th largest of 32 Council areas in Scotland;
- Between 2001 and 2021, the Highland population increased by 13.9%, compared to a Scotland-wide increase of 8.2%;
- People aged 65 to 74 years in Highland increased by 57.3% in the 20 years between 2001 and 2021;
- People aged 75+ in Highland increased by 60.6% in the 20 years between 2001 and 2021;
- The Highland population is forecast to decrease by 1.0% over the period to 2043, compared to a predicted 2.5% growth nationally;
- Highland is expected to see a 78.3% increase in the number of people aged over 75 years in the period to 2043, compared to 70.6% nationally;
- There is a rapidly increasing ageing population, which, over time, could negatively impact the region by reducing the number of people contributing to the productivity, and thereby limit sustainable economic growth;
- 60.6% of the regional population is of working age, compared to 63.5% and 62.9% at the Scottish and Great Britain (GB) levels respectively;

² <https://www.nomisweb.co.uk/>

- The region has a higher proportion of people who 'want a job' (27.4%) compared to the Scottish (16.5%) and the GB (17.3%) levels;
- Unemployment (January 2025) in Highland is lower (2.3%) than both the Scottish (3.1%) and the GB (4.1%) levels;
- Unemployment in the Loch Ness (North Ward) in which the Proposed Development is sited, is 1.9% (January 2025), falling from 3.1% in January 2024;
- Wages are lower in Highland, with a gross weekly pay of £664, compared to £703 at the Scottish level and £683 at the GB level;
- The region has a higher proportion of skilled trade; caring, leisure and service; process plant and machine operatives; and elementary occupations than the Scottish and GB levels;
- Regionally there are fewer people employed in professional, associate professional, technical, sales and customer service occupations than the national level; and
- Highland was one of only six local authorities to witness worsening deprivation levels and this continues to be a worrying trend for the Highlands. There are wards in Inverness which are among the most deprived 5% in Scotland.

Tourism

2.3 An overview of the Highland tourism economy, drawn from the Scottish Government's Growth Sector Database³, is summarised below:

- Sustainable tourism (which is one of the six growth sectors defined in the Scottish Government's Growth Sector Database) employed 18,000 people across the Highlands in 2023 and the sector generated £321 million in GVA in 2023. These figures are now above the previous record highs achieved prior to the pandemic in 2019;
- GVA generated by sustainable tourism in the Highlands was approximately 6.7% of the value added by the sustainable tourism sector in Scotland (£4.8 billion) and employment was 7.3% of total employment in the sustainable tourism sector (245,000) in 2023. The Highland tourism sector is of relative lower economic value to Highland than Scotland and the GVA per head is lower at the Highland level (£18,790) compared to the Scottish level (£21,626); and

³ Growth Sector Database, Scottish Government, 2022

- In 2023, there was a total of 16.4 million overnight visitors to Scotland, of these 2.3 million were to Highland. UK residents took 6.6 million trips to Highland in 2023⁴. There was an estimated total spend of £762 million in Highland by international and domestic visitors;

Summary

2.4 In summary, the socio-economic baseline assessment confirms a number of trends for the local and regional economies, some of which threaten the long term economic sustainability of Highland and the local area.

2.5 It is clear from the overview presented in this section that Highland continues to face a wide range of economic challenges. Although it has experienced increasing population levels in recent times, the Highland population is forecast to decrease over the period to 2043. It is also a rapidly ageing population, with significant increases in those aged over 65 years old. It has a lower proportion of working age residents, and this threatens the future economic prospects of the area. This position is even more pronounced in rural areas such as those surrounding the Proposed Development.

2.6 Highland was one of only six local authorities to witness worsening deprivation levels, and this continues to be a worrying trend for the Highlands. There are wards in Inverness which are among the most deprived 5% in Scotland.

2.7 However, on the positive side, unemployment at the regional level and local level has recovered well from the pandemic induced economic slowdown and unemployment rates are below the Scottish and GB levels. In the local ward (Loch Ness North), unemployment is now below 2%, which is at or near full employment.

2.8 New investment in key economic sectors, such as renewables and long distance energy storage, can help reposition the local economy which continues to be adversely affected by a reliance on a narrow range of seasonal sectors.

⁴ Scottish Visitor Survey, VisitScotland, 2024

3 Socio-Economic Policy Fit

Introduction

3.1 This section assesses the extent to which the economic and market rationale for developing the Proposed Development fit with the local and national policy agenda.

Socio-economic Rationale

3.2 The decarbonisation of Scotland's electricity sector has been driven by rich natural resources, a supportive approach to planning, a drive to involve local communities in decisions that affect them, supportive market frameworks, and rapidly declining prices of renewable technology globally.

National Economic Policy

3.3 The Scottish Government replaced the Scottish Economic Strategy (SES) with the NSET⁵ in 2022. This is the Scottish Government's statement of ambition for economic recovery following the Covid-19 pandemic.

3.4 It sets the ambition for the next ten years as a time of huge change and 'extraordinary opportunity' and promotes Scotland as a nation with competitive advantages in the new industries generated by technological change.

3.5 NSET deliberately focuses on five policy programmes with the greatest potential benefit, including to *'strengthen Scotland's position in new markets and industries, generating new, well-paid jobs from a just transition to net zero.'*

3.6 The transition to net zero is seen not just as an environmental imperative but an economic opportunity - one where Scotland will become world leading. The identified opportunities for this competitive advantage include the construction and development of renewable energy.

3.7 The just transition to a net zero economy is a key aspect of Scottish Government climate policy. The Climate Change (Emissions Reduction Targets) (Scotland) Act 2019 embeds the principles of a just transition, which involves reducing emissions in a way which tackles inequality and promotes fair work. The Just Transition Commission is currently working to prepare advice for Scottish Ministers on how to maximise the economic opportunities involved in tackling climate change, whilst minimising the risks.

⁵ National Strategy for Economic Transformation, Scottish Government, 2022

3.8 The overarching strategy for all policies involved in tackling climate change is the Climate Change Plan 2018 - 2032⁶ which brings together more than 100 new policies and proposals to support Scotland's green recovery and ensure a just transition to net zero that will:

- support environmentally and socially sustainable jobs;
- support low-carbon investment and infrastructure;
- develop and maintain social consensus through engagement with workers, trade unions, communities, non-governmental organisations, representatives of the interests of business and industry;
- create decent, fair and high-value work in a way which does not negatively affect the current workforce and overall economy; and
- contribute to resource efficient and sustainable economic approaches which help to address inequality and poverty.

3.9 Focusing on a green recovery is the Scottish Government's commitment to transition to net zero emissions in a way that is just, and that delivers a thriving, sustainable economy that works for all of Scotland. GEE directly addresses this by focusing on an investment which reduces grid running costs as well as creating economic benefits through direct employment and contracts, as well as significant community benefits investment.

3.10 NPF4⁷ sets out clear in principle support for the development of new renewable energy technologies, with the intent of the overarching energy policy (Policy 11) being:

'To encourage, promote and facilitate all forms of renewable energy development onshore and offshore. This includes energy generation, storage, new and replacement transmission and distribution infrastructure and emerging low-carbon and zero emissions technologies.'

3.11 Importantly for this socio-economic assessment Policy 11 (C) states:

'Development proposals will only be supported where they maximise net economic impact, including local and community socio-economic benefits such as employment, associated business and supply chain opportunities.'

⁶ Update to the Climate Change Plan 2018 – 2032, Scottish Government, 2021

⁷ National Planning Framework 4, Scottish Government, 2024

3.12 NPF4 has a regional focus including the 'North and West Coast and Islands' area, where the Proposed Development is located. Like other regional areas of Scotland NPF4 discusses key aims and objectives for the 'North and West Coast and Islands' Area under three key themes which are 'sustainable places', 'liveable places' and 'productive places'. For 'North and West Coast' these themes have the following priorities:

*'To deliver **sustainable places**, Regional Spatial Strategies and Local Development Plans should maximise the benefits of renewable energy whilst enhancing blue and green infrastructure, decarbonising transport and building resilient connections.'*

*'To deliver **liveable places**, Regional Spatial Strategies and Local Development Plans in this area should support coastal and island communities to become carbon neutral, thus contributing to net-zero commitments and reducing fuel poverty.'*

*'To deliver **productive places**, Regional Spatial Strategies and Local Development Plans in this area should seize the opportunities to grow the blue and green economy, recognising the world-class environmental assets that require careful management and the opportunities to develop skills and diversify employment.'*

3.13 NPF4 is clear in its desire to rebalance the 'North and West Coast and Islands' economy to enable it to make a strong contribution towards meeting the country's ambition for a net zero and nature positive country by demonstrating how natural assets can be managed and used to secure a more sustainable future.

3.14 Importantly for the North and West Coast NPF4 promotes a planned approach that can help to target future development in areas of significant economic disadvantage so that new and better jobs are more fairly distributed to help address national, regional and more localised inequality.

3.15 NPF4 mirrors the aim of NSET to focus on green growth to foster economic wellbeing and prosperity and this assessment directly focuses on this aspect and presents an independent assessment of the economic development role which the Proposed Development will bring to the area.

3.16 NPF4 is founded on sustainable economic growth principles and is related to the NSET which confirms that the planning system should proactively support development that contributes to sustainable economic growth and to create sustainable places.

3.17 The Proposed Development directly supports this vision through new investment and employment in renewable energy generation which supports the vision of moving Scotland's economy towards net zero.

Regional Economic Policy

3.18 The Proposed Development aligns with the principles of The Highland Council's (THC) Community Wealth Building Strategy 2024 - 2027⁸ and their SVC for Renewables Investment⁹.

3.19 The Community Wealth Building Strategy sets out a three year vision for taking forward and embedding a THC approach to Community Wealth Building in all aspects of the Council's activities and investments. The vision is to:

'Retain greater wealth and maximise spending within and for the communities of the Highlands.'

3.20 Communities across the Highlands face a range of social, economic and environmental challenges. These will not be solved by traditional approaches to economic development which are based on the presumption that as the economy grows, wealth is generated for all. Community Wealth Building provides an alternative approach and a practical response that aims to keep wealth within a local area. It is often described as a people centred approach to economic development and aims to ensure every area and community can participate in, and benefit from, economic activity.

3.21 The more recent SVC for Renewables Investment sets out the community benefit expectations Highland has for companies wishing to invest in renewables in the Highlands. This Charter is designed to set out what the area expects from renewables investment alongside what the public / private / community sector partners will do to support and enable this contribution.

3.22 It aims to:

'Embed an approach to community wealth building into Highland. Maximise economic benefits from our natural environment and resources. Engage and involve relevant stakeholders to understand how we can continually improve our impact. Unlock economic opportunities for the area'

3.23 Highland is witnessing unprecedented levels of public and private sector infrastructure investment over the next 20 years combined with numerous energy companies planning to invest in the Highland area.

⁸ Community Wealth Building Strategy 2024 – 2027, The Highland Council, 2024

⁹ Social Values Charter for Renewables Investment, The Highland Council, 2024

3.24 In light of this, the Council has agreed to establish a Social Value Charter for Renewables Investment, which sets out the community benefit expectations from developers wishing to invest in renewables in this area and what the Highland partnership – public, private and community – will do to support and enable this contribution. The Charter, agreed by Council, aims to embed an approach to community wealth building into Highland; maximise economic benefits from our natural environment and resources; engage and involve relevant stakeholders to understand how we can continually improve our impact; and unlock economic opportunities for the area.

3.25 Table 3.1 sets out our assessment of the way in which the Proposed Development will support and is aligned with the key actions in the Social Value Charter.

Table 3.1: Social Values Charter and GEE Contribution

SVC Action	GEE Contribution	Fit
Retain community benefit, and enable a collaborative approach with local communities to create a mechanism for them to transfer their residual community benefit sums to a strategic fund to bring added value to their community.	GEE has been working with all community bodies and Community Councils including Bunloit Estate Steering Group, Fort Augustus and Glenmoriston CC, Glen Urquhart CC. Round Table discussions have been completed. GEE has issued a “letter of intent” to the community bodies confirming its commitment to further community engagement on the delivery of community benefit. See Appendix A.	Strong
Create a Strategic Fund and a Fund Partnership which will set out investment priorities for Highland communities	An element of community funding package will be for wider regional projects, and possible contribution to a Strategic Fund for the Highlands as a whole.	Strong
Create legacy housing to support sustainable communities	A workers village will be developed for the construction process. Although temporary, by using high quality modular accommodation, the structures and infrastructure can be re-used beyond the construction period in appropriate locations. GEE is also seeking to develop key worker homes for permanent staff, as part of an appropriately scaled development in the Balnain/A831 area. Discussions have begun with THC Community Wealth Building team on the steps to achieve this, which would have mutual benefits for both GEE and the local community. Furthermore, as part of the consultation process for community benefit funding, the potential for the development of affordable housing solutions is being actively explored.	Strong

Support the development of the Highland Investment Plan projects	The Highland Investment Plan seeks to deliver projects according to the Local Place Plans (LPP). Both the Glen Urquhart LPP and the Fort Augustus and Glenmoriston LPP are in the process of being developed, and GEE has been working with each Community Council to identify a mechanism for enabling the community benefit funding to deliver on the LPPs.	Strong
Develop shared ownership models of investment in renewables	While the community shared ownership model is not being progressed on the Proposed Development: it is a complex project with a number of funding contingencies (e.g. Cap & Floor) which do not lend themselves to a community shared ownership approach, the significant investment in community benefit terms is comparable to a material shared ownership stake, which also takes the risk burden away from the community. In addition the community may decide to invest part of the community benefit funding into community owned renewable projects. In this case GEE would be glad to lend its specialised knowledge to assist communities in this process. In this way the Proposed Development will assist communities in deploying the community ownership model, both in terms of funding and expertise.	Strong
Support skills and training initiatives	This is explicitly addressed in the employment and skills development opportunities afforded by the construction and operation phases of the Proposed Development. GEE will work with the local community and skills development agencies (UHI, SDS and local colleges) to ensure they are aware of the skills requirements. There is scope for the community benefit funds to be used to develop training and skills development projects for local people entering and re-entering the workforce.	Strong
Provide a Highland Project Bank, identifying community projects and initiatives to secure additional investment	GEE is willing to discuss how the community benefit funds could contribute to non-local projects, in the form of a Strategic Fund to benefit other Highland communities and projects, notably those experiencing the issue of multiple deprivation.	Strong
Fast-track for grid connections essential to growth	This is a critical component of the Proposed Development. Although GEE is working with the National Energy System Operator (NESO), SSEN and OFGEM to seek a grid connection as part of the Clean Power 2030 Action Plan, support from the Highland Council and other developers is critical in enabling the Proposed Development to move forward and meet the targets of the Clean Energy 2030 Action Plan.	Strong

Maximising socio-economic prosperity through the planning system	GEE agrees with the significant economic benefits which can be unlocked from the Proposed Development. Not only do these include the economic benefits of the pre-construction, construction and operational phases in employment and GVA terms, it also includes a range of wider economic benefits including supporting economic development policy objectives, local supply chain opportunities through meet the buyer events, employability and skills development, worker expenditure, income effects, exchequer effects, effects on landowners and perception benefits.	Strong
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3.26 Table 3.1 outlines that across all nine actions, GEE has a ‘Strong’ policy fit, and can play a major role in unlocking socio-economic opportunity, not only locally but at the Highland level.

3.27 The Highland-wide Local Development Plan (HwLDP)¹⁰ was adopted in 2012 and sets out a vision for the Highlands as one of Europe's leading regions, with sustainable communities, balanced population growth, economic development, a safeguarded environment, and a fairer and healthier Highlands.

3.28 Renewable energy is identified as supporting a *‘Competitive, Sustainable and Adaptable Highland Economy’*. The vision also notes that a *‘Healthier Highlands’* will be achieved including by providing access to enjoy the outdoors, and that better opportunities for all and a fairer Highland will be provided including by *‘promoting opportunities that allow for investment in services and infrastructure, and opportunities for investment and diversification in the economy’*.

3.29 Of particular importance to the Proposed Development is Policy 67 that states *‘the Council will expect developments to benefit the local community and contribute to the wellbeing of the Highlands, whilst recognising wider national interests’*.

¹⁰ The Highland Council (2012), Highland-wide Local Development Plan

3.30 The Highlands and Islands Regional Economic Partnership (HIREP) has drafted a Regional Economic Strategy (RES) for the Highlands and Islands¹¹. The vision set out in the RES is:

'The Highlands and Islands is a dynamic, connected, resilient and prosperous region with a balanced and growing population and a vibrant economy, embedding community wealth building, leading Scotland's transition to net zero, and enhancing our natural environment.'

3.31 The Strategy has identified four cross-cutting themes considered fundamental to meeting this vision:

- **Community Wealth Building:** The region has a strong and proud history of extensive community-led development and action. Community Wealth Building (CWB) is fundamental to a successful place-based approach to socio-economic development and actions will be woven into HIREP's response to regional opportunities and will contribute to addressing, in part, key enablers. It is recognised that community-led development is a powerful mechanism for population retention.
- **Innovation and Entrepreneurship:** The region has embraced innovation and championed entrepreneurship over decades, wielding it to respond to both the challenges and the distinct opportunities created by the geography and natural and cultural assets.
- **Population:** The Highlands and Islands has experienced periods of significant population decline throughout its history which have resulted in successive governments and the European Union recognising the need for strategic support. With the 2022 Census indicating that every part of the region has experienced a decline in working age population, although more keenly felt in the islands and the North mainland, the Strategy recognises the core need for significant investment in people, infrastructure, businesses to tackle this challenge.
- **Just Transition:** Scotland's ambition to reach net zero by 2045 has far reaching implications for the Highlands and Islands and its people, communities and businesses. The positives include the renewable energy opportunities that are evident in the region that are also critical to achieving national ambition, and the extent and capacity of natural capital to sequester carbon whilst both generating economic opportunity and good biodiversity outcomes.

¹¹ Highlands and Islands Regional Economic Partnership (2024), Regional Economic Strategy

3.32 To realise the vision and address these cross-cutting themes, a series of strategic goals and actions have been agreed, these being:

- Goal 1: Become a region which delivers high quality and affordable housing for residents;
- Goal 2: Transform the region's transport infrastructure into an exemplar of efficient rural mobility;
- Goal 3: Build resilience and competitiveness through place-based opportunities and stimulating an active culture of entrepreneurship and innovation;
- Goal 4: Maximise the economic and community benefits from renewable energy investments and drive the region's move to net zero and climate resilience/adaptation;
- Goal 5: Actively work towards expanding and accelerating the level of access to affordable high-speed digital connectivity across the region;
- Goal 6: Develop a coordinated response to skills and labour requirements across the region; and
- Goal 7: Increase the profile and understanding of the Highlands and Islands to support effective policy and unlock regional investment.

3.33 In specific reference to the energy transition the RES states:

'The region currently accounts for over half of Scotland's current installed renewable energy capacity and this capacity could increase four-fold if all pipeline activity is realised, further still if proposed developments progress.'

Reflecting this, HIREP members, and the broader consultation process, all recognised renewable energy as the primary opportunity for the region. This includes capitalising on renewable energy generation as a means for the region to maximise its future potential, creating highly skilled and high-paying jobs in a rapidly growing sector. But also supporting evolution of the sector, supporting technological innovation, and ensuring the infrastructure exists in terms of transport, ports and harbours, housing, academic expertise and supply chain requirements, so that benefits can be retained in the region.

Central to this opportunity is not only the expansion of the renewable energy sector but also ensuring that local communities benefit from its growth. Without specific action, there is a risk that local benefits may not be maximised through this opportunity, despite it being a significant contributor to Scotland and the wider UK's renewable energy production.

Local communities should derive tangible benefits from the renewable energy assets in the region, contributing to more equitable growth and community wealth building. address local needs and enhance community wellbeing.'

3.34 It is clear from the draft RES that there is further status attached to the importance of communities benefitting from renewables investment. It is clear that projects like the Proposed Development can generate meaningful contract and employment opportunities to support the diversification and growth of the regional economy. Furthermore, the proposal will generate a significant community benefit fund, the scale of which will make lasting and meaningful economic benefit to surrounding communities and the Highlands as a whole.

3.35 The Highland Council (THC) has developed a new City-Region Deal vision for Highlands, with the aim of 'Transforming the Highland Economy'¹². The 'City-Region Deal' is to position the Highlands as a region of digital opportunity. This vision was turned into reality in 2017 when the Inverness and Highland City Region Deal was approved.

3.36 This formalised the commitment of £315 million worth of funding - £135 million from the Scottish Government, supported by £127 million from THC and its partners, and another £53 million from the UK Government. The City-Region Deal is designed to deliver the over 1,000 direct jobs as a result of City-Region Deal projects with a further 2,200 additional jobs in the construction sector, and a skilled labour market moving towards a high skilled high wage economy.

3.37 Highlands and Islands Enterprise's (HIE) Strategy¹³ sets out a vision for Highland and Islands to be a '*leading net zero region with a dynamic wellbeing economy, which benefits its growing population and makes a valued contribution to Scotland.*'

3.38 Particularly important to HIE are:

- A more balanced population and growing skilled workforce
- An increase in average wages
- An increase in economic and community benefit from the transition to net zero
- An increase in productivity and innovation

¹² The Highland Council (2016), Highland and Inverness City Deal

¹³ Highlands and Islands Enterprise (2023), Highlands and Island Strategy

3.39 *'Embedding Net Zero'* is one of the key cross cutting themes and strategies, and recognises that the region is already an international exemplar in renewable energy and that with exceptional natural assets the region will contribute significantly to the Scottish Government's climate change ambitions. Taking climate action and ensuring the region realises economic and community benefit from a just transition to net zero is a top priority. HIE recognise that this should be achieved not only through what and how support is targeted, but fundamentally how HIE operates.

3.40 The scale of the Proposed Development, in capital investment terms, in employment and GVA terms and the scale of the community benefit package suggest that it will have a demonstrable impact on the regional (Highlands and Islands) economy, and can play a role in supporting the vision of the Inverness and Highlands City Region Deal.

Local Economic Policy

3.41 There is not a specific local economic strategy, however, these are increasingly being developed in the form of Local Place Plans (LPPs) and Community Action Plans (CAPs). Three such plans are in the process of being developed. These include the Glen Urquhart LPP, the Fort Augustus and Glenmoriston CAP and the Stratherrick and Foyers CAP and LPP.

3.42 The Glen Urquhart LPP¹⁴ has been developed during the period of this appraisal, and has recently been launched, covering the period to 2034.

3.43 The LPP identifies priorities and actions to help make Glen Urquhart a better place to live in, work in and visit. As part of this plan the following key social, economic and environmental issues were identified:

- Poor access to basic services due to location;
- Disparity in housing quality, energy efficiency and affordability;
- Lack of investment in amenities for a growing village;
- An aging population who are likely to require specific support and services;
- A large influx of tourists during the summer, but no significant spend across the local economy;
- Access from Drumnadrochit to Loch Ness and Glen Urquhart Castle; and

¹⁴ Glen Urquhart Local Place Plan 2024 - 2034, Glen Urquhart Community Council, 2024

- Broadband coverage is inconsistent, especially in more rural areas.

3.44 Implementing the Local Place Plan and improving land use and assets would benefit the Glen Urquhart community in the following ways:

- Improved assets to meet children's needs;
- Young families could stay or move to the area;
- Local employment would reduce commuting; and
- Older people could live longer in their own homes.

3.45 Social, community, economic and environmental benefits are likely to include:

- Thriving businesses attract more investment;
- Stronger community cohesion and resilience;
- Community control through asset ownership;
- New opportunities for gatherings and events;
- Improved health and wellbeing through better infrastructure and social opportunities;
- An income stream boosts community resilience; and
- Visitor management enhances experience and economy.

3.46 Fort Augustus and Glenmoriston Community Council are in the process of developing their CAP¹⁵, and have a draft CAP, which has three ambitions, these being:

- Sustainable population: increasing the proportion of families and young people, in contrast to the recent demographic trend of the over-65 age group growing much faster than younger age groups, will help to sustain our economy and services;
- Local Living: accessing all the elements of a 'good place', locally. This is in line with national planning policy's 'Local Living' focus and the Place Standard; and

¹⁵ Fort Augustus and Glenmoriston Community Action Plan, Fort Augustus and Glenmoriston Community Council, 2024

- Visitor management: tourism sustains our local economy, particularly in Fort Augustus, but the sheer number of visitors in the village centre need to be better managed to improve public safety and reduce negative impacts on the community.

3.47 These ambitions then set out the key areas of activities, and these can be summarised as:

- Young people: opportunities for work, play, recreation, swimming etc;
- Managing visitors: Manage tourism better, make more of our heritage and culture;
- Affordable homes: For younger people, families and workers;
- Community facilities: Play, recreation, food shopping, health and dentistry, workspace, men's shed etc;
- Childcare: Local and affordable, to enable parents to work;
- Transport: Public and community transport for work, recreation, young people and hospital etc;
- Paths and access: Maintenance and signage of paths for walking and cycling; and
- Community capacity: Resource, volunteers and staff, to enable all these things to be delivered.

3.48 The Stratherrick and Foyers Community Action Plan 2021¹⁶ sets a vision to '*nurture our environment, sustain our economy and develop our community*'. The following objectives are set under each principle:

- Nurture our environment:
 - Conserve, enhance and future-proof our natural environment
 - Collaborative land management and land use
 - Respect our rural identity
- Sustain our economy:
 - Create jobs

¹⁶ Stratherrick and Foyers Community Action Plan, Stratherrick and Foyers Community Trust, 2021

- Retain young people
- Attract working families
- Support local businesses
- Sustainable tourism
- Develop our community:
 - Opportunities for all
 - Support those in need
 - Improve health, wellbeing and quality of life
 - Proactive collaboration (voluntary, public and private)

3.49 The themes identified in the CAP are then subject to a spatial strategy as set out in the Stratherrick and Foyers Local Place Plan¹⁷, these include community life i.e. enabling the local community to meet and be active, outdoors, nature and heritage, sustaining and nurturing the natural and cultural heritage for locals, visitors and nature itself.

3.50 GEE is currently proactively engaging with communities across the area to shape a workable and effective community benefit package that reflects local ambitions and ensures lasting impact.

Summary

3.51 In summary, there are a number of key policies and strategies which are particularly relevant to the Proposed Development.

3.52 The Proposed Development will make a positive contribution to the delivery of net zero targets and also contribute towards the aims of NPF4 (Energy) and NSET, fostering investment and innovation in renewable technology.

3.53 The central focus of NPF4 and NSET at the national level and the Community Wealth Building Strategy and SVC at the local level, is community wealth building. All projects seeking planning in local areas should embrace and help facilitate community wealth building. In our assessment of the Proposed Development, it can help deliver community benefits and embraces community wealth building principles.

¹⁷ Stratherrick and Foyers Local Place Plan, Stratherrick & Foyers Community Trust, 2023

3.54 It will also be consistent with the Highland-wide Local Development Plan, which states at Policy 67 that ‘the Council will expect developments to benefit the local community and contribute to the wellbeing of the Highlands, whilst recognising wider national interests’.

3.55 The Proposed Development has been developed in line with the ethos and principles of the SVC for Renewables Investment. This section outlines that across all of the nine SVC action areas, GEE has a ‘Strong’ fit, and can play a major role in unlocking socio-economic opportunity, not only locally but at the Highland level.

3.56 GEE is committed to supporting a community wealth building approach as part of its proposed pumped storage hydro development. Reflecting the scale and longevity of the project, GEE has published a Letter of Intent (Appendix A) setting out its principles for delivering a long-term Community Benefit Fund.

3.57 Consultation is currently underway with local community bodies, community councils, local development trusts, and potential partners on how the fund should be structured, governed and delivered to ensure it meets local needs and reflects best practice. This includes ongoing dialogue with Community Councils and development trusts to explore the most effective delivery mechanisms.

3.58 The scale of the Proposed Development, in capital investment terms, in employment and GVA terms and the scale of the community benefit package suggest that it will have a demonstrable impact on the regional (Highlands and Islands) economy, and can play a role in supporting the vision of the Inverness and Highlands City Region Deal, the emerging Regional Economic Strategy and the HIE’s Strategy.

3.59 It is clear that there are a wide range of community needs and aspirations. The development of Local Place Plans and Community Action Plans by local groups is an important and timely reflection of these priorities. In light of continued public sector funding pressures, there is a clear opportunity for renewable developers, including GEE, to explore how community benefit funds can support locally identified ambitions. GEE continues to engage with each community to co-develop a flexible and workable community benefit package that reflects what matters most to them. Delivery models and priorities will be shaped through ongoing consultation with communities and in consideration of plans such as LPPs and CAPs.

4 Socio-Economic Impacts

Introduction

4.1 The Proposed Development can benefit the Highland and Scottish economies in a number of different ways. This section sets out an assessment of the socio-economic impacts of the Proposed Development across a range of key indicators. These figures are derived from the EIAR (Chapter 16).

Socio-economic Overview

4.2 An assessment of the economic impact of pumped storage hydro was recently completed for Scottish Renewables¹⁸. The report found that pumped storage hydro can play an important role in supporting the UK's energy system in the future and generate further economic impacts. To understand its potential economic impact, an increase in output capacity to around 15GW, in line with UK Government targets, and an increase in storage capacity to 272GWh by 2050 was modelled, building on the findings of the economic impact assessment.

4.3 When combined with the initial six projects (not including the Proposed Development, and others in development) it was estimated that the development and construction of pumped storage hydro would require an investment of £19-21 billion. By 2050, development and construction spend could generate:

- £13.3 to £14.8 billion GVA and 228,700 to 253,700 years of employment in the UK (equivalent to £492-550 million GVA and 8,470-9,400 jobs annually); and
- including £2.1 to £2.4 billion GVA and 30,700 to 34,600 years of employment in local area (equivalent to £79 to 89 million GVA and 1,080 to 1,200 jobs annually).

4.4 By 2050 the operational impact of additional pumped storage hydro could be:

- £169 million GVA and 3,710 jobs in the UK; and
- including £42 million GVA and 650 jobs in the local areas.

¹⁸ Scottish Renewables (2023), The Economic Impact of Pumped Storage Hydro

Pre-Construction and Enabling Jobs

4.5 The pre-construction and enabling stage is expected to take two years and comprise the following activities: site investigations, site clearance, existing access track upgrades, Affric Kintail Way core path works, borrow pit establishment/expansion of existing quarries, construction compound set-up, workers accommodation set-up, new access tracks, watercourse crossings, tunnel portals establishment, and main access tunnel excavation.

4.6 The Applicant expects that these works would generate a peak, temporary workforce of 475 gross direct Person Years of Employment (PYE) onsite over the pre-construction and enabling phase.

4.7 Once leakage, displacement and multiplier effects are taken into account the pre-construction and enabling phase is expected to generate 285 PYEs at the Highland level and a further 338 PYEs outside Highland. This will generate £21.4 million in Gross Value Added (GVA) for Highland.

Construction Jobs

4.8 The total development and construction employment were estimated by the Applicant and their technical advisers. The construction effects are based on the works carried out to construct the Proposed Development. These do not include the pre-construction, or development planning works, associated with designing, planning and contracting the works.

4.9 The construction phase, excluding pre-construction and enabling works, is expected to be approximately seven years. Therefore, the likely effects of construction will be of a medium-term temporary nature. Although the construction jobs it will generate are temporary, they represent a positive economic effect over a substantial period to deliver the scale and type of activities required.

4.10 The Applicant estimates that the Proposed Development will require an average of 588 PYE, over five years, which equates to 2,940 PYE in total over the construction period. The size of the workforce will fluctuate throughout the construction period, increasing or decreasing in response to the specific activities required.

4.11 It is anticipated that construction workers would be accommodated in a temporary workers village. The detailed arrangement for this is being developed and being discussed with the planning authority.

4.12 The employment impacts during the construction phase are reported in PYE because the contracts would be for fixed lengths. Person years measures the number of years of full-time employment generated by a project. For example, an individual working on this project for 18 months would be reported as 1.5 person years. The following summarises the breakdown of PYE across the five-year core construction period:

- Site Establishment / Access Roads / Borrow Pits
- Tunnelling Works
- Power Cavern, head race and tail race
- Lower Control Works
- Upper Reservoir and Control Works
- Turbine Manufacture / Installation
- Testing and Commissioning
- Management and Supervision

4.13 Wherever reasonably practicable, the Applicant has confirmed its committed to using local contractors, suppliers, and employees during the construction phase of the Proposed Development. The Highlands has an excellent variety of businesses that have extensive experience and skills in energy and renewables development. Some of the employment opportunities during the construction phase of the Proposed Development relate to civil engineering, groundworks, electrical works, steel fixing, plant hire, concrete, and aggregates supply.

4.14 Once leakage, displacement and multiplier effects are taken into account the construction phase is expected to generate 1,765 PYEs at the Highland level and a further 2,094 PYEs outside Highland. This will generate £132.7 million in Gross Value Added (GVA) for Highland.

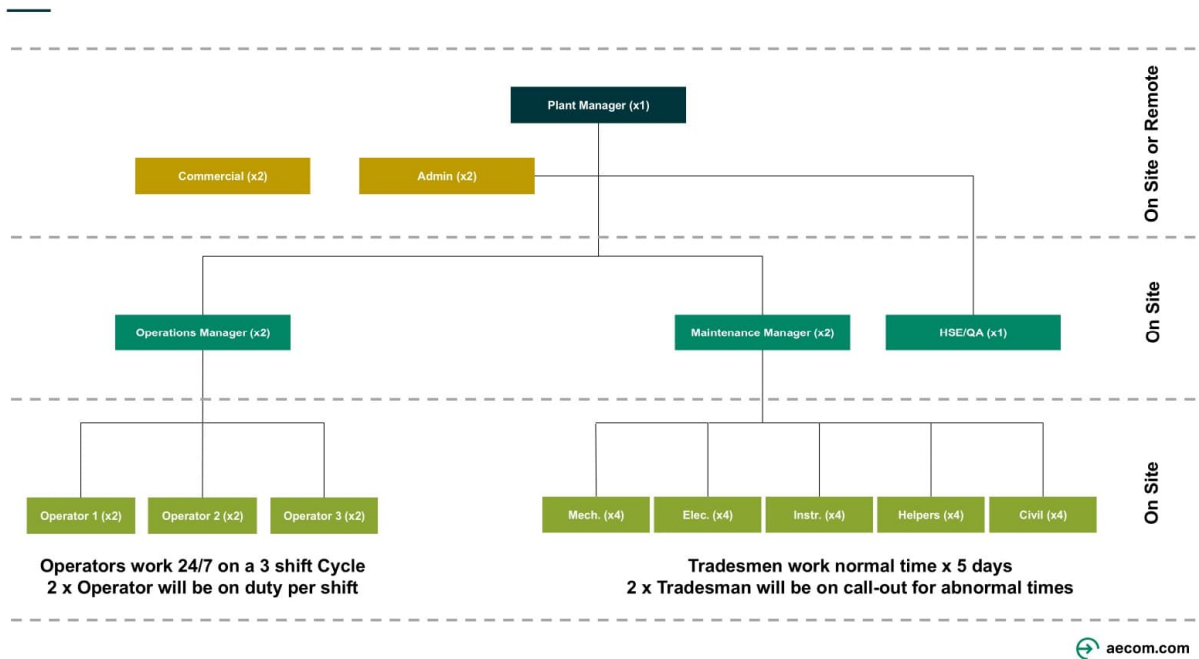
Operation Jobs

4.15 The mature operation employment levels were provided by the Applicant. The employment impacts associated with the mature operation phase, by type, are outlined in the table below. This shows that it is estimated that 41 full time equivalent (FTE) jobs will be created once the Proposed Development is fully operational.

4.16 The Proposed Development will generate long-term jobs once it is operational. It should be noted that pumped storage hydro projects have very long operational lifetimes and hence these impacts are different from those arising during the earlier phases due to their longevity.

4.17 The model of operational staff is presented in Figure 4.1

Figure 4.1: Operation Staff Model



4.18 It is envisaged that all these posts will be employed onsite and will be taken by people residing, and potentially relocating, in the Highlands.

4.19 Once leakage, displacement and multiplier effects are taken into account the operation phase is expected to generate 41 FTEs at the Highland level and will generate £2.3 million in GVA per annum for Highland.

Energy Economics

4.20 To meet the UK Government's Net Zero by 2050 target, and Clean Power by 2030, substantial increases in clean, renewable energy are required. As many of these technologies, such as onshore and offshore wind and solar, are intermittent, flexible low carbon energy generation and storage assets are needed to support the grid and this includes energy storage.

4.21 As the established and proven technology, pumped storage hydro is well-placed to play this role. Many of the best locations for pumped storage hydro are in areas where significant renewable capacity will be added, e.g. the north of Scotland. As a result, pumped storage hydro can:

- deliver system savings for consumers by reducing the need for additional transmission infrastructure and more expensive generation assets;
- strengthen energy security by storing large volumes of renewable energy for use during periods of low supply or high demand;
- increase grid efficiency by reducing curtailment payments and enabling a more responsive, resilient electricity network; and

4.22 Constraints on the electricity grid mean that some wind farms are unable to export the energy they produce. This results in curtailment – when clean electricity is wasted because the system cannot absorb it – driving up costs for consumers and reducing the overall efficiency of the energy system.

4.23 A study for Drax found that in 2021¹⁹, there was 2.3 TWh of curtailment in the UK, equivalent to providing enough electricity to power 800,000 homes each year. The study undertaken by researchers at Imperial College London found that 4.5GW of pumped storage hydro could reduce curtailment by up to 11 TWh in 2050²⁰. According to UK Wind Curtailment Monitor data²¹, in 2022 consumers paid £215 million to turn wind farms off, and £717 million to buy gas-fired power to make up the difference. The NESO forecasts that levels of curtailment will increase fourfold by 2030, with costs forecast to reach £2.5 billion a year by the end of this decade.

¹⁹ LCP (2022), Renewable curtailment and the role of long duration storage

²⁰ Imperial College London (2021), Whole-System Value of Long-Duration Energy Storage in a Net-Zero Emission Energy System for Great Britain

²¹ <https://reports.electricinsights.co.uk/q4-2020/record-wind-output-and-curtailment/>

4.24 Pumped storage hydro is a compelling solution to mitigating this inefficiency and storing the excess energy. Around 60% of wind energy curtailment lasted for more than three hours, which could be stored and used at other times if long duration storage was available, of which pumped storage hydro is the most established and commercially viable.

4.25 GEE's Proposed Development combines both scale and efficiency, enabled by the unique topography of the Balmacaan Estate. With a height difference of around 480 metres (1,500 feet) between the upper and lower reservoirs, the Proposed Development will be one of the most water-efficient pumped storage hydro projects in the UK. This head height allows for greater power generation using significantly less water, maximising the project's contribution to system flexibility and long-duration energy storage.

4.26 The Proposed Development has been designed to maximise both scale and efficiency – a combination that sets it apart within the UK energy system. Its location, close to major renewable generation in the central Highlands, means it can help store excess wind energy and release it when needed – increasing system efficiency and reducing curtailment.

4.27 Together, this combination of size and water efficiency means the Proposed Development is expected to make a significant contribution to net zero and energy security. It is estimated that the Proposed Development will move less water and generate more power and more storage than all the other PSH projects on Loch Ness combined, delivering greater community, economic and environmental benefits for the amount of water moved.

Local Socio-Economic Benefits

4.28 In addition to the stated socio-economic opportunities during the construction and operational phases, there are also a variety of Local Socio-Economic Benefits. These are discussed in the following paragraphs.

4.29 **Supporting policy objectives;** the Proposed Development can play an important role in supporting regional and national policy objectives. Importantly, the Proposed Development can support the ambitions set out in the national and regional economic strategies as described earlier in this report, notably a new and significant capital investment, whilst supporting the area's green credentials, supporting local business through supply chain opportunities and thereby creating jobs and offering skills development. It will also play a role in supporting the drive for high value sector growth, increasing wages and reducing the migration of young people.

4.30 **Diversifying the economy** towards the renewable sector, which is a higher value sector, and reducing the over dependence on primary sectors and the seasonal tourism economy;

4.31 **Local supply chain opportunities:** GEE expects the main contractor to host 'Meet the Buyer' events and suitably qualified local firms will be invited to bid for different aspects of construction, such as foundation laying and electrical works. Construction materials, such as aggregates, has the potential to be sourced locally wherever possible and local transport and plant hire companies used wherever possible.

4.32 **Employability and skills:** There is scope for the main contractors to work with skills and training providers, such as UHI and Skills Development Scotland, to profile the skills required to deliver this and other projects, to assist in skills planning for both the construction phase and operational lifespan. As part of this activity, there is scope for the contractors to engage with education and training providers, as well as with local and strategic stakeholders, to support the skills supply response and to maximise local labour market buy-in. Main contractors are anticipated to work with training providers to provide an information exchange and maximise the opportunities for local people to gain the right skills, work experience and new employment as a result of the Proposed Development. Furthermore, and in terms of younger people, and future workforce, GEE will seek to promote construction site tours and operational station visits for schools to inspire future engineers. Likewise, GEE will help facilitate Science, Technology, Engineering and Mathematics (STEM) events to schools, colleges and universities to share knowledge on PSH and engineering and energy more generally.

4.33 **Worker expenditure:** Although workers will stay on the workers camp there will be a requirement for workers to purchase of goods and services in the local area. The wider 'knock-on' impacts can in turn support the supply chain of other activities such as the spending habits of retail operations and accommodation providers. While it is acknowledged that many of the construction workers will be based in the temporary workers village, there is expected to be benefits for local businesses in the form of accommodation, food and drink and the purchase of other goods, products and services by construction workers.

4.34 **Ecological enhancements:** The project's biodiversity improvements directly support NPF4 objectives by strengthening ecosystem resilience and habitat connectivity. Enhanced natural regeneration will likely be the most significant outcome, generating more robust native woodland and plant communities. These ecological improvements deliver essential ecosystem services—including pollination, water purification, and soil fertility—that underpin rural communities and businesses such as forestry. Additionally, increased biodiversity will enhance the area's ecological and amenity value, attracting more tourists and strengthening the local economy through increased visitor spending on accommodation, food, and recreational activities.

4.35 **Effects on landowners:** The landowner will receive financial compensation, potentially supporting diversification and stimulating the local, regional, and national economy. Between 1994 and 2023, the principal landowner invested £13 million (in 2023 prices) into the local economy, including a run-of-river hydro project that attracted an additional £5 million of external capital to the region. The landowner is currently making significant investments in the Proposed Development beyond these amounts. Based on this track record, the landowner is likely to continue or even increase their substantial local investment, including the development of new amenity access paths with strategic seating and signage.

4.36 **Perception benefits;** the employment, economic and financial impacts are enhanced through wider strategic impacts associated with strengthening the perception of the area as a place to live, work, visit and invest. This will aid the delivery of the Local Place Plans and Community Action Plans.

Wider Economic Benefits

4.37 There are also wider economic impacts which should be noted as having positive effects on the regional and national economies. These are discussed below:

4.38 **Income effects:** the economic analysis has focused on the GVA effects of generated employment as this is the 'real' impact on the economy. However, it is worth noting that new employment will generate additional wages and salaries, much of which will be spent in the UK.

4.39 **Exchequer effects:** a simple estimate of the additional exchequer effects as a result of taxes borne (Corporation Tax, Employer National Insurance and Irrecoverable VAT) and taxes collected (Income Tax, Employee National Insurance and non-domestic business rates) is in the region of £100m annually (2024 GBP) – £2bn over the first 20 years of operation. It is important to note the additional balance of payments effect which will result from the reduced need to import expensive gas from abroad.

Community Benefits

4.40 The Applicant has undertaken extensive consultations with the local community, and local community groups during the design of the Proposed Development.

4.41 The outcome of these discussions has helped to formulate a suite of community wealth measures.

Glen Earrach Energy, the Applicant

4.42 GEE's project alone will generate power equivalent to all onshore wind farms currently operating in The Highland Council area – roughly 800 turbines. It is therefore crucial that GEE designs a community benefit package that is both thoughtful and community driven.

4.43 To maximise positive local impacts, GEE is developing a tailored community benefits approach through robust engagement.

4.44 GEE is embracing the SVC for Renewables Investment, and has been developing an appropriate management mechanism for delivering community benefits. GEE continues to work on this aspect, and this will continue beyond the period of the planning application.

Community Benefit Fund

4.45 The community benefits package will provide long-term revenue to support local initiatives. GEE is currently developing its community benefit fund model with active community input to ensure it responds effectively to local and regional needs. The Applicant will continue collaborating with local and regional representatives and organisations to refine and establish this framework. These arrangements will positively impact the local economy, enhance community facilities, and improve the general quality of life for residents.

4.46 GEE has published a Letter of Intent (Appendix A) outlining its commitment to deliver a long-term Community Benefit Fund that reflects the scale and lifespan of the Proposed Development. The fund is being designed to align with national best practice and support both local and regional priorities.

4.47 Consultation is ongoing with local development trusts, Community Councils and other community bodies to explore how the fund can be structured and delivered in a way that reflects local ambitions, ensures strong governance, and delivers meaningful, long-lasting benefit. This includes consideration of different delivery models – such as local and regional tiers – and the role that experienced community funding organisations may play.

4.48 It is clear that there are a wide range of community needs and aspirations. The development of Local Place Plans and Community Action Plans by local groups is an important and timely reflection of these priorities. In light of continued public sector funding pressures, there is a clear opportunity for renewable developers, including GEE, to explore how community benefit funds can support locally identified ambitions. GEE continues to engage with each community to co-develop a flexible and workable community benefit package that reflects what matters most to them. Delivery models and priorities will be shaped through ongoing consultation with communities and in consideration of plans such as LPPs and CAPs.

4.49 GEE continues to work with each community to help develop a workable community benefit package. As part of the consultation process for community benefit funding, the potential for the development of affordable housing solutions is being actively explored.

4.50 GEE is also seeking to develop key worker homes for permanent staff, as part of an appropriately scaled development in the Balnain/A831 area. Discussions have begun with THC Community Wealth Building team on the steps to achieve this, which would have mutual benefits for both GEE and the local community. Furthermore, as part of the consultation process for community benefit funding, the potential for the development of affordable housing solutions is being actively explored.

Community Liaison Group

4.51 A Community Liaison Group will be established to allow clear communication between the project team and local stakeholders, enabling transparent information sharing about construction activities, collecting community feedback, building mutual trust, and collaboratively addressing concerns throughout the project lifecycle.

4.52 For the pre-construction and enabling phase the representatives below will be invited to participate in the Community Liaison Group:

- Members of the Fort Augustus and Glenmoriston and Glen Urquhart community councils; and
- Representatives of local business, visitor attractions, visitor accommodation and community facilities within 5km of the Proposed Development on the west side of Loch Ness.

4.53 For the construction phase the invited representatives will be expanded from the list above, and also include:

- Members of the Stratherrick & Foyers Community Council;
- Commercial and recreational users of Loch Ness; and
- Representatives of local businesses, visitor attractions, visitor accommodation and community facilities within 5 km of the Proposed Development on the east side of Loch Ness.

4.54 The Community Liaison Group will facilitate meaningful dialogue through opportunities for:

- The community to highlight important local events, tourism activities, and business needs. The Applicant will thoughtfully consider these, prior to finalising the programme of construction activities, working to accommodate community priorities where feasible.

- The Applicant to establish a responsive feedback mechanism where the Applicant addresses concerns raised during meetings, outlines resolution steps taken, and—in cases where accommodation is not possible due to cost, technical or safety constraints— to work collaboratively with community members to find alternative solutions or mitigation measures that help to address community needs.

4.55 During operation, the Community Liaison Group will continue for the first 12 months of full operation of the Proposed Development to allow any potential issues to be raised and information shared. Thereafter, clear details for the community to raise issues with or provide feedback to the project's Community Liaison Officer will be displayed on the project website.

5 Net Economic Impact

Introduction

5.1 This section summarises the net economic impact, including socio-economic benefits set out in this report.

Net Economic Benefits

5.2 The Proposed Development delivers a wide range of economic and wider benefits and, in this way, maximises net economic benefits for the local community. This is consistent with the latest planning policy (NPF4) in Scotland. NPF4 Policy 11 (c) which requires renewable energy proposals that:

'they maximise net economic impact, including local and community socio-economic benefits such as employment, associated business, and supply chain opportunities.'

5.3 This shared experience has been used to develop a comprehensive package of benefits for the Proposed Development. Through the delivery of the Proposed Development, it is estimated that:

- Pre-construction investment and enabling work, benefitting a range of Scottish-based companies and organisations, and expected to generate 285 PYEs at the Highland level and a further 338 PYEs outside Highland. This will generate £21.4 million in Gross Value Added (GVA) for Highland;
- The construction phase is expected to generate 1,765 PYEs at the Highland level and a further 2,094 PYEs outside Highland. This will generate £132.7 million in Gross Value Added (GVA) for Highland; and
- Once fully operational, Glen Earrach is expected to generate 41 FTEs at the Highland level and will generate £2.3 million in GVA per annum for Highland.

Energy Benefits

5.4 The project is estimated to reduce the energy grid's carbon footprint by around 10%, and lower grid running costs by around £2.9 billion²².

²² LCP-Delta study numbers for a GEE PSH sized at 1.8GW generate, 2.0GW pump, 30GWh quoted in 2024 GBP

Local and Community Socio-Economic Benefits

5.5 The benefits associated with the Proposed Development will go beyond supporting economic activity and employment during the Proposed Development's construction and its operation. In particular, community benefits will provide a stream of income for the local communities to be reinvested and deliver against its priorities and ambitions.

5.6 In summary, the measurable and demonstrable socio-economic benefits can be summarised as:

- Significant, albeit temporal, contract and employment opportunities from the construction programme;
- Notable new full time employment opportunities, and contract opportunities, for local people as a result of the operation of the Proposed Development;
- Wider supply chain benefits across the economy at both the construction and operational phases;
- Diversifying the economy towards the renewable sector, which is a higher value sector, and reducing the over dependence on primary sectors and the seasonal tourism economy;
- Encouraging people to stay in the local area and reduce the outward migration of young people. As well as encouraging new working age people and families to the area due to new job opportunities;
- Scope for employability initiatives to develop the skills base for local people entering, and re-entering the labour market; and

The formation of a **Community Liaison Group** to ensure clear communication between the project team and local stakeholders, enabling transparent information sharing about construction activities, collecting community feedback on proposed community benefits, building mutual trust, and collaboratively addressing concerns throughout the project lifecycle.

On this basis, in our opinion the Proposed Development maximises the net economic impact, including local and community socio-economic benefits, as required by NPF4 11(c) and the Highland-wide Local Development Plan's Policy 67.

Social Values Charter and Community Benefit Funding

5.7 In addition, GEE has committed to:

- The Proposed Development has been developed in line with the ethos and principles of the SVC for Renewables Investment. **GEE has a 'Strong' fit across all of the nine SVC action areas**, and in our view can play a major role in unlocking socio-economic opportunity, not only locally but at the Highland level;
- **Community Benefit Funding** and developing an appropriate management model to ensure the effective and efficient distribution of community funding. Community benefit funding will be provided in line with the principles of the SVC; and
- It is clear that there are a wide range of **community needs and aspirations**. The development of Local Place Plans and Community Action Plans by local groups is an important and timely reflection of these priorities. In light of continued public sector funding pressures, there is a clear opportunity for renewable developers, including GEE, to explore how community benefit funds can support locally identified ambitions. GEE continues to engage with each community to co-develop a flexible and workable community benefit package that reflects what matters most to them. Delivery models and priorities will be shaped through ongoing consultation with communities and in consideration of plans such as LPPs and CAPs.

Appendix A: Glen Earrach Energy – Community Benefits Letter of Intent

The Highland Council

2 April 2025

Glen Earrach Energy – Community Benefits

This letter sets out the principal terms on and subject to which Glen Earrach Energy Limited (**GEE**) intends to deliver a Community Benefit Fund as part of its Pumped Storage Hydro project located at Balmacaan Estate, Scotland. The delivery of the Community Benefit Fund is subject to ongoing consultation with the community, the development of the project, and the agreement of all relevant stakeholders.

As both the landowner and developer, GEE is committed to ensuring that local communities directly benefit from the project. The Community Benefit Fund will reflect the scale of the proposed project, which has the potential to store 30GWh of clean energy and could provide benefit equivalent to over £20 million annually. This letter is not exhaustive and sets out GEE's current intentions and commitment to ensuring meaningful and lasting benefit for local communities and the wider region.

GEE has committed to delivering a community benefit fund based on the following principles, subject to consultation and stakeholder agreement:

- **Scale and proportionality:** The fund will reflect the scale of the project and the long-term nature of its operation.
- **Local prioritisation:** The fund will be shaped by local priorities and input, gathered through ongoing consultation.
- **Transparency and accountability:** The structure and management of the fund will be developed in line with best practice for community governance.
- **Flexibility and longevity:** The fund should be able to adapt over time to meet changing local needs, and consider various models such as grants and strategic investments.

The above principles are based on the following assumptions:

- The project will deliver up to 30GWh of energy storage capacity.
- Installed capacity of up to 2GW.
- Project lifespan expected to exceed 100 years, with long-term potential for community benefit to evolve accordingly.
- Community Benefit Fund to be structured in a way that can support both near-term priorities and longer-term projects.

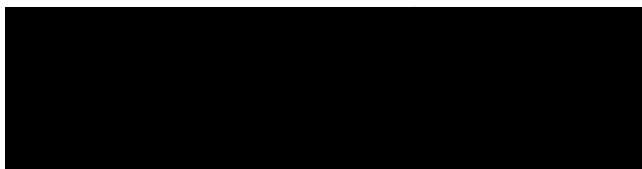
GEE has already carried out extensive community consultation on the delivery of the Community Benefit Fund. This is summarised in Appendix A.

GEE will continue to engage with the community and all relevant stakeholders in good faith with a view to agreeing a framework for the delivery of the community benefit fund as soon as reasonably possible.

GEE has aligned its consultation with Scotland's National Performance Framework, ensuring that funding themes support broader national priorities for wellbeing, sustainability, and economic prosperity. More detail on the consultation is provided in Appendix B.

GEE is committed to ensuring the Community Benefit Fund fully reflects the views expressed by communities and stakeholders in the ongoing consultation.

Please contact info@glenearrach.energy for any further information on the proposed Community Benefit Fund. Alternatively, visit www.glenearrach.energy.



Roderick MacLeod, Director

Glen Earrach Energy Limited

APPENDIX A

Since submission of the project scoping report to the Scottish Government's Energy Consents Unit in 2024, Glen Earrach Energy (GEE) has carried out a wide-ranging programme of early and ongoing engagement to ensure local communities and key stakeholders have the opportunity to influence the development of the Community Benefit Fund (CBF) from the outset. This engagement has included both formal and informal activity, across multiple channels.

1. Local Community Engagement

GEE has proactively sought to build early relationships with communities most affected by the proposed project. Activity to date includes:

Community Drop-In Events: Held in November 2024 across Drumnadrochit, Invermoriston, Glenurquhart and Fort Augustus, these events provided residents with information on the project's early design and an opportunity to share views and ask questions. Feedback was documented and has informed subsequent design changes.

Community Roundtables: GEE has hosted two roundtable sessions since January 2025, with a further session planned for April:

- *Roundtable 1:* Joined by local MP, Angus MacDonald and attended by community councils, focusing on early proposals for the Community Benefit Fund and community expectations.
- *Roundtable 2:* Brought together representatives from national fund distribution bodies and policy teams, including Foundation Scotland and the Scottish Land Commission, to discuss governance and best practice.
- *Roundtable 3 (April 2025):* Focusing on the fund's potential to support long-term environmental stewardship, conservation, and enjoyment of the Highland landscape.

Written Feedback Responses: GEE has responded directly to community questions and concerns raised by residents and organisations.

2. Stakeholder Engagement

GEE has engaged with MPs, MSPs and public bodies to discuss the Community Benefit Fund

- **Parliamentarians:** Briefings and correspondence with MSPs and MPs have covered project updates, the scope of the CBF, and local engagement feedback.
- **Highland Council:** Meetings held with officers and councillors to understand local development priorities, ensure alignment with the Highland Council's Social Value Charter, and share information about engagement activities.
- **Scottish Government:** Introductory meetings with officials to brief them on the project and GEE's approach to community benefit. GEE will also submit a formal response to the Scottish Government's consultation on community benefit in due course.

3. Digital and Media Communications

To ensure broad awareness of the project and consultation:

- **Website** – www.glenearrach.energy: The project website includes detailed information, FAQs, contact details, and access to the public consultation survey.
- **Community Newsletter**: Distributed to those who have signed up to the newsletter – predominantly those residing in the area, outlining project progress, key dates, and opportunities to get involved.
- **Press Releases**: Issued to local and national outlets to publicise key moments, - including the launch of the consultation - in the engagement timeline and raise awareness of the consultation process.
- **Social Media and Online Updates**: Regular posts shared across platforms (Facebook, LinkedIn, X/Twitter) to provide accessible updates and direct people to engagement materials.

APPENDIX B

Glen Earrach Energy launched a formal consultation process in March 2025 to ensure the structure, governance and delivery of its proposed Community Benefit Fund is shaped by meaningful community and stakeholder input. This consultation is the first step in building a long-term fund that reflects local priorities and delivers benefit at scale. The consultation includes the following components:

The consultation process has been designed to meet the following objectives:

- Understand community priorities across a range of thematic areas.
- Develop governance options for the fund, including who manages it, how decisions are made, and how transparency is maintained.
- Explore fund models and distribution mechanisms, including the potential for long-term strategic investments and capacity-building support.
- Ensure alignment with national frameworks, including Scotland's National Performance Framework and principles of a just transition.

Engagement activities related to the consultation launch:

To support the survey, the consultation is supported by multiple engagement channels:

- **Public drop-In event:** *Craigmonie Centre, Glenurquhart High School, Drumnadrochit, Thursday 3 April, 16:00–20:00.* A face-to-face opportunity for local residents and stakeholders to discuss the project and the fund with members of the GEE team.
- **Digital and print communications:** A detailed leaflet and a series of social and print communications have been issued to explain the consultation process, the scale of the project, and the opportunity for local benefit.
- **Roundtables:** As outlined in APPENDIX A.
- **Online access:** The survey and background available at www.glenearrach.energy, ensuring accessibility for participants unable to attend in person.

