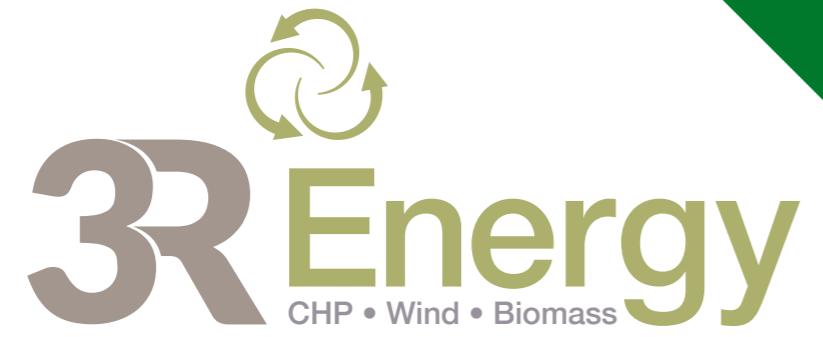


Appendix 1.1 3R Energy Forward Strategy

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1. Purpose

This document has been prepared to set out a vision and Forward Strategy for our Group of Companies over the next 5 years, designed to both realise opportunities for the Group from existing planning permissions and create new opportunities to sustain and grow the Group. As a Clydesdale SME, the Group currently employs 18 local people but we must adapt to significant changes in the marketplace for both farming and renewable energy (our core sectors), and continue to generate new opportunities to sustain existing employment levels and to create new opportunities that continue contribute to Clydesdale's local economy.

2. The Group of Companies

Our core Group of Companies is made up of the following associated businesses:

- **3R Energy Solutions Ltd (3R Energy)**
- **Holz Energie UK Ltd**
- **William Mitchell & Sons Ltd**
- **Mitchell Farming Partnerships LLP**

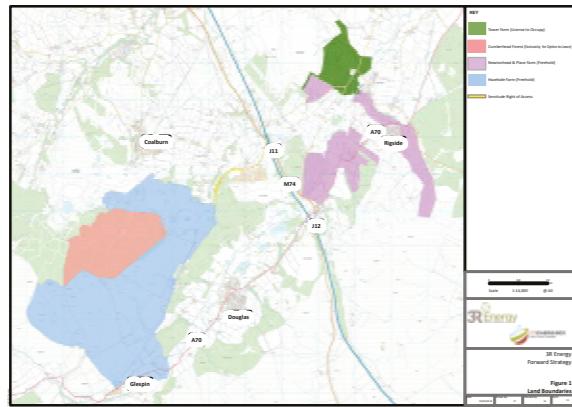
3R Energy is our renewable energy and development company based in Lanark. Holz Energie UK, sister company of 3R Energy and also based in Lanark, is our wholly owned UK import franchise of the successful German wood-gas CHP manufacturer, Holz Energie Wegscheid. Mitchell Farming Partnerships and William Mitchell & Sons Ltd, based at Newtonhead Farm Rigside and Hazelside Farm Douglas respectively, manage the farming assets of the Group.

Together, the Group:

- has farmed the land for over 120 years
- generates a combined annual turnover of ca.£6m
- employs 18 people on a full and part time basis
- owns and manages 3,500 acres of land in the Douglas Valley

3. Our Landholding

We own and manage over 3,500 acres of land in the Douglas Valley in South Lanarkshire, all as shown on Figure 1. The landholding has a productive history ranging from traditional farming to opencast coal mining to Scotland's first wind farm to one of Scotland's largest Wood-Gas CHP Plants.



3.1 History & Investment to Date

3.1.1 Farming

The Mitchell Family have farmed at Hazelside for over 120 years. The land is mainly hill grazing for sheep and cattle, with a small amount of arable and organic farming undertaken on the better fields at lower altitude. We currently have 2,000 breeding ewes and 600 head of cattle.

3.1.2 Energy - Coal

The northernmost area of the landholding was mined for coal as part of the former Dalquihandy Opencast Coal Site which operated between ca.1988 and 2004. As a result, our landholding to the west of the M74 motorway can now be accessed directly from Junction 11 of the M74 via a dual-width, tarmac surfaced, road that was installed to serve the former Opencast Operations.

The landholding not only benefits from direct access to the M74 motorway but also from a large area of concrete hardstanding that remains on the site from the Opencast era which has now (in part) been re-used as the foundation for a new CHP-powered Wood Fuel Drying Facility.

We own and manage over 3,500 acres of land in the Douglas Valley in South Lanarkshire



3.1.3 Energy - Wind

3.1.3 Energy - Wind

In 1995 the landholding saw the commissioning of Scotland's first wind farm on the top of Hagshaw Hill (488m AOD). The twenty six Bonus 600kW machines on Hagshaw Hill are now 23 years old but continue to produce around 16MW of electricity which supplies the local distribution network in the area. Hagshaw Hill Wind Farm was extended in 2007 by a further twenty 1.3 MW machines, resulting in a total combined generating capacity of 42MW. The original Wind Farm and Extension are operated by ScottishPower Renewables under a lease from William Mitchell & Sons Ltd.

Hagshaw Hill was at the forefront of the renewable energy revolution in Scotland, and with the onset of the UK Government's Feed-in Tariff programme in 2009, so sparked our own interest in developing onshore wind projects for other farms and rural businesses across Scotland. That same year saw the launch of 3R Energy, our first venture in developing onshore wind projects.

By 2010 3R Energy had partnered with American turbine manufacturer, Northern Power Systems, and went on to become the UK's leading installer of NPS turbines, with over 55 separate projects now successfully completed.

In 2015, 3R Energy embarked on its first commercial scale wind farm project on part of the landholding at Douglas West. In 2016, we



obtained planning permission and a grid connection offer for the Douglas West project (45MW), comprising 15 wind turbines of up to 131m in height. Due to recent UK Government changes in support mechanisms for onshore wind, we sought to amend this permission to reduce the number of turbines to 13 but increase their height to 150m and increase the total export capacity to 49MW in order to make the project financially viable in a subsidy-free market. This application was approved by the SLC Planning Committee in February 2018.





3.1.4 Energy - Biomass

In 2014, 3R Energy expanded into the biomass sector, partnering with established Austrian and German boiler manufacturers ETA and Heizomat. We have now installed over 70 biomass systems for farms and commercial customers across Scotland and northern England, and continue to seek new opportunities in this sector.



3.1.5 Energy - CHP

In 2016, we commissioned a combined 1.5MW project on the landholding at Hazelside that included a 500kW Enercon E48 wind turbine and a 1MW Wood-Gas CHP project which share a single smart-grid connection. Together, the two projects constituted a £6.5m capital investment in the landholding, with all works



carried out by our in-house team supported by local and specialist contractors where necessary. The CHP plant now employs 6 local people and generates a significant amount of low-cost heat and power which we hope will act as the catalyst for further inward investment at the site (See Property section below). The combined project will have at least a 20 year lifespan, therefore, the new jobs created here are for the long-term.

3.1.6 Property

In 2017, we obtained planning permission for 28ha of industrial development land around our new CHP Plant which is accessed directly from J11 of the M74. The site is capable of delivering up to 1.5m ft² of industrial floorspace and creating up to 1,800 new jobs for the local area (Dependent upon make-up of end users). The site has planning permission in principle for a mix of Class 4 (Business), Class 5 (General Industrial) and Class 6 (Storage & Distribution) development and is now being marketed by property agents Ryden.

3.1.7 Job Creation

The Group currently employs 18 local people but we must adapt to changes in the marketplace for both farming and renewable energy, and continue to generate new opportunities to sustain existing employment levels and to create new opportunities. This document seeks to set out our vision and Forward Strategy for the next 5 years to realise opportunities for the Group from existing planning permissions and establish new opportunities.



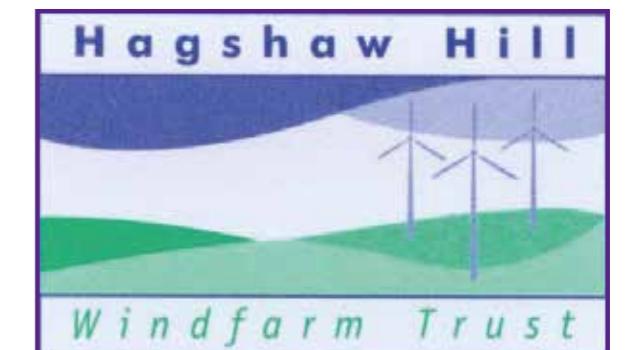
3.1.8 Community Benefit

Through the Hazelside E48 project, we have established the Hazelside Micro Grant Scheme which provides funding for local groups and projects. To date, the Micro Grant Scheme has provided funding towards hanging baskets in Douglas, the Douglas Pensioners Christmas Party, and leaflets to promote walking routes around Douglas, Douglas Gala Day Shields, a new ramp for Douglas Museum and training equipment for the Glenbuck Football Academy (Douglas).

Our business also provides direct sponsorship to many other local groups and events, such as the Douglasdale Folk Festival, Douglasdale REAL Group's 'Gig in The Grounds', Douglasdale Players Panto Club, Local Young Farmers Groups, Abington Show, Lanark Rugby Club, Lanark Tennis Club, and Lanark Golf Club, to name some examples.

SPR operate the Hagshaw Wind Farm Trust which currently disburses community benefit funding to local communities from the Hagshaw Hill Wind Farm and Extension.

Once operational, our Douglas West Wind Farm will deliver £6.1 million (based on a total installed capacity of 49 MW) of community funding for local groups and projects in Douglas, Coalburn and surrounds over the life of the wind farm, comprising financial contributions of £245,000 per annum.



Once operational, our Douglas West Wind Farm will deliver £6.1 million of community funding

4. Energy, Economic & Policy Context

The need for renewable energy development and the transition to a low carbon economy supplied by indigenous sources is strongly supported by national legislation, energy and planning policy.

The need to develop renewable energy to fight climate change has never been greater, with the switch to the use of electric cars over the coming years, the demand for electricity is set to soar, and this needs to come from clean sources. In parallel, there is an increasing drive to protect Scotland's precious landscape, minimising the impact on nationally important locations and areas of 'wild land'. Finding viable projects that fit within these often conflicting requirements is always a compromise, and we consider that the renewable energy opportunities identified below represent a good compromise where the level of impact is acceptable for the benefit they will create.

With subsidies having been removed for onshore wind, it is necessary for new projects to maximise the available wind resource, drive down costs, and use the most modern and efficient turbines. With significant advances in turbine design, onshore wind has become the UK's cheapest source of new build power. With new taller and more efficient turbines, new wind farms can produce more electricity from fewer turbines, and at lower cost to the consumer. The Scottish Government has recognised that larger turbines are necessary to unlock cost reductions and ensure new projects are viable subsidy-free. In this regard, the recently published Scottish Energy Strategy (December 2017) highlights this need for greater efficiencies and welcomes work which has already been done by the industry to identify cost reduction measures.

The Scottish Energy Strategy also contains unambiguous policy support for the further development of onshore wind as the technology that has an important role in helping to deliver the Government's energy strategy for the period out to 2050.

Likewise, in an address to industry the Head of the Scottish Government Energy Consents Unit Frances Pacitti said "We will acknowledge the need for us to be much more realistic in where the onshore wind industry is as a market and how to attract investment into Scotland". She said that the Scottish Government will work towards "normalcy" around higher tip heights. "The dialogue to date has been capped at 132 metres but it's time to move that on. The discussion is 150 metres-plus for most applications going forward".

At a local level, South Lanarkshire Council has recently issued draft Capacity and Siting Guidance for Taller Turbines which directs new wind energy projects to locations which are most suitable for subsidy-free projects.

Against this backdrop, we have identified two onshore wind opportunities that we would like to develop to maximise renewable generation from both our existing Douglas West and Hagshaw Hill sites, to ensure we make the most of the available wind resource in this area and deliver more electricity from fewer turbines, and at lower cost to the consumer. Neither project would increase the lateral spread of turbines beyond those already consented or constructed on the north side of the Douglas Valley, and would be capable of delivering a range of benefits to the local area as set out below.



In an industrial context, the Scottish Government and South Lanarkshire Council's continued commitment to sustainable economic development and job creation is a supportive framework within which we aim to develop our industrial opportunities at J11 of the M74 over the next 5 years, with the target of bringing significant inward investment and jobs to the local area.

Food production and tourism are also key sectors of the Scottish economy which are supported in various Government policy documents. We will therefore also seek to develop our business opportunities in these areas over the next 5 years, as highlighted below.

5. Future Opportunities & Forward Strategy

5.1 Context

Against the backdrop of the impending exit from the EU, the future for hill farming on marginal land in Scotland looks uncertain. The UK Government has already indicated that, following our exit from the EU, support for farming marginal land in the UK will be diverted from production support to the delivery of 'public goods' such as access to the countryside and planting meadows from 2022 onwards. This allied to the UK Government's removal of financial support for renewable energy technologies creates some challenges for the core business of the Group.

These factors are beyond our control, but serve to sharpen our focus to look at other ways to diversify our landholding to ensure its economic viability for future generations and to help sustain our renewable energy and development businesses going forward. To that end, we have identified the following opportunities which we would like to pursue over the next 5 year period.

5.2 Renewable Energy Business

Our business at 3R Energy has changed in recent years with the phasing out of the Feed-in Tariff support mechanism for small-medium scale onshore wind projects in the UK, and the steady reduction in RHI support for renewable heat projects. These changes have regrettably resulted in the demise of many of our competitors in the small-medium scale market, but through diversifying and adding value to our landholding we have managed to retain our team and use our existing skills to reposition the business for a new energy market.

Whilst still actively seeking new biomass and CHP projects, and managing our operational assets, we have not built a small-medium scale turbine project since 2016 and new biomass and CHP opportunities are now fairly few and far between. We have therefore been focussing our development team on identifying new, commercial-scale, wind projects which will be viable in a subsidy-free market. To that end, we have identified the following key opportunities for the business that we would like to develop on a phased basis over the next 5 years.

5.3 Wind Energy Opportunities

5.3.1 Background and Context

As landowners of Scotland's first wind farm at Hagshaw Hill, we have been approached by a number of developers about the potential to repower the original wind farm at the end of the existing lease. As neighbouring landowners to Cumberhead Forest, we also have recently been contacted by a number of developers seeking to secure access over our land to develop an 'infill' wind energy scheme on the eastern part of Cumberhead Forest as an extension to our consented Douglas West Wind Farm.

These opportunities are clearly of interest to other developers which in many ways confirms their commercial viability. However, following careful consideration we feel there are many benefits in 3R Energy taking these projects forward, as a local business, helping to sustain our existing employment levels, maximise local benefits, and ensure a more coordinated approach to the future development of the Douglas West and Hagshaw Hill sites.



The benefits from a physical perspective include the ability to develop a coordinated layout, phasing, access, grid connection and landscape strategy which takes account of future plans for the adjoining Hagshaw Hill and Douglas West Wind Farm schemes. A coordinated strategy for the development of the Hagshaw Hill Repowering and Douglas West Extension schemes would allow for:

- delivery of an outcome which is better designed in landscape terms, more strategically efficient and cost-effective;
- better coordinated habitat management proposals;
- a more efficient use of existing grid assets and local grid improvements;
- consideration of energy storage options;
- better public access delivery across multiple sites; and,
- a significant Community Benefit package which would generate a 30-year income stream to fund a Community-Led Investment Strategy for the Douglas Valley post-mining.

Together the two projects would represent a £212m+ investment in the Scottish and South Lanarkshire economies, producing enough

electricity to power over 120,000 homes and displace 210,000 tonnes of CO₂ each year.

In line with the Scottish Government's Onshore Wind Policy Statement (2017), our aim would be to minimise the impacts of both schemes on the environment and local residents, while obtaining the greatest amount of renewable generation and community benefit from two existing wind farm sites.

5.3.2 Hagshaw Hill Wind Farm Repowering

As noted in the Scottish Government's Onshore Wind Policy Statement (2017), many established onshore wind sites will be coming to the end of their consented life during the coming decade and beyond. As the need and demand for renewable power increases, the Scottish Government expects developers to review the potential for "repowering" at existing sites. This could be in the form of measures designed to extend the life of components and turbines at such sites, or replacing and replanting existing turbines with new turbines.

The Scottish Government's position remains one of clear support in principle for repowering at existing sites. This is on the grounds of its potential to make the best use of existing sites, and – through the continued use of established infrastructure, grid connections and strong wind resource provide a cost effective option to deliver our renewable and decarbonisation targets.

The two projects would represent a £212m investment in the Scottish and South Lanarkshire economies.



Scotland's first wind farm at Hagshaw Hill is one such site that is now nearing the end of its useful life, and the opportunity to repower the wind farm with the new generation of turbines presents itself. As landowners of Hagshaw Hill we propose to repower the existing wind farm as part of a phased programme over the next 5 years which aims to replace the aged machines in the existing wind farm with new modern and more efficient machines which will maximise the strong wind resource available at this site and ensure its viability going forward.

Wind turbine technology has developed greatly since Scotland's first wind farm was built at Hagshaw Hill in 1995. The much shorter separation distances between the smaller machines that were erected at that time mean that the existing lease area for the original wind

farm is not of a sufficient size to accommodate the wake separation distances for the modern, larger turbines that would be required to support the site's continued viability in a subsidy-free market. It is therefore proposed that the existing lease area which Hagshaw 1 occupies be extended to the south to take in an area of the hill that is flanked on either side by the later Hagshaw Hill Extension area (see Figure 2, P23). This will ensure sufficient land is available to repower the site with new, modern machines to maximise the renewable generation potential of the site. We propose to remove the 26 original turbines and replace them with 14 new modern machines capable of generating up to 84MW of power. **The revised repowering site has the potential to deliver more than 6 times the amount of power and 14 times the community funding from just over half the number of turbines.**

It is intended to commence development in the first phase, to the south of the existing lease area, in advance of the decommissioning of the existing Bonus 600kW turbines on the current Hagshaw 1 site. This will enable us to phase the grid connection capacity and finance of the project. A 30 year operational lifespan will be sought.



5.3.3 Douglas West Wind Farm Extension

As noted above, an opportunity also exists to extend the permitted Douglas West Wind Farm onto the adjoining eastern block of Cumberhead Forest to 'infill' the remaining gap between Douglas West, Hagshaw Hill and a number of other consented or constructed wind farms on the north side of the Douglas Valley. The proposed extension area scores well in SLC's new guidance for taller turbines and would be a viable project in the subsidy-free world.

Initial environmental screening work has been carried out which has not identified any environmental issues that could not be overcome through careful site design or the use of mitigation measures. The project does not increase the lateral spread of turbines in the Douglas Valley, but rather infills a blank spot in the centre of the turbine cluster on the north side of the Valley. There is logic in this infill project being taken forward as an extension to our consented Douglas West Wind Farm.

Initial wind yield assessment work has demonstrated a viable site comprising of 13 machines generating up to 78MW of power. An indicative site layout has been prepared which ensures consistent turbine spacing with adjoining schemes (including Douglas West and Hagshaw Hill Repowering) and is shown in Figure 3 (P23). A 30 year operational lifespan will be sought.

5.3.4 Wind Farm Design

The Hagshaw Cluster forms an existing wind farm landscape and SLC's new tall turbine guidance (Tall Wind Turbines: Landscape Capacity, Siting and Design Guidance, September 2017 (TWT 2017)) recognises the economic requirement for the industry to look at increasing turbine heights for new projects, in the right places, if wind power is to continue to deliver renewable electricity post-subsidy. This reality is further supported by the Scottish Government who are committed to working towards "normalcy" around higher tip heights, as explained in Section 4 above.

The TWT 2017 provides brief guidelines with regards to the location of tall turbines (defined as 120m to 200m) but does not provide guidance on landscape sensitivity. Notably in relation to repowering the guidance states that:

"Most of the areas in which the [tall] turbines could be most comfortably located either already host substantial wind energy development, or have similar developments consented. Turbines vary between 55m and 149.9m height. The addition of larger turbines could therefore often be, or at least perceived as, an extension to an operational or consented windfarm, or would be a repowering exercise, replacing existing turbines at the end of their commercial or consented life".

A combined landscape and visual design exercise in relation to both the proposed Douglas West Extension and the Hagshaw Hill Repowering projects undertaken by Pegasus Group, concluded that turbines of up to 200m

to tip could be accommodated for both projects.

Using a number of key viewpoints in the surrounding landscape, and consideration of all other environmental and economic factors, the landscape review concluded on the layouts shown in Figures 2 and 3, as follows:

- Douglas West Extension: 13no. turbines
- Hagshaw Hill Repowering: 14no. turbines

The Hagshaw Hill Wind Farm would be repowered in two phases. The first phase (7no turbines) would be constructed prior to the decommissioning of the existing 26no. Hagshaw Hill turbines, with the second phase (7no turbines) being constructed following / in parallel with the removal of the existing turbines.

The existing Hagshaw Hill Extension turbines (20 turbines in two groups - 9no. to the west of the site on Avemarks Hill and 11no. to the east of the site near Burnt Rig) would not be included as part of the repowering and any schemes would be required to work with these turbines continuing in situ.

From a review of the overarching characteristics of the landscape in the area around the Hagshaw Cluster, it is considered that the landscape in which the proposed developments would be located does have capacity to accommodate infill and repowering development of the type proposed. This matter will be considered in detail through the Landscape and Visual Impact Assessments which will support each application.

Weighing the landscape considerations against the commercial reality of developing windpower in the post-subsidy era, we consider that the Hagshaw Cluster presents a strategic opportunity for South Lanarkshire, and Scotland, to lead the way in repowering a first generation wind farm with modern, state of the art, turbines.

Our combined plans for the Hagshaw Cluster have the potential to increase the renewable energy output from the Hagshaw Hill and Douglas West sites from 42MW at present to 238MW by the mid-2020s, and increase the community benefit contributions from £55,000 p.a. at present to £1.08m p.a. by the mid-2020s.

5.3.5 Local Grid Improvements and Storage Opportunity

Global energy markets are rapidly turning away from fossil fuels towards wind and other competitively priced renewable sources. As renewables' role in power generation expands, technology becomes an important enabler. Renewable energy storage solutions are developing fast and have significant potential to provide the efficiency and flexibility needed to accelerate the global transition to a renewables-led energy mix. As part of the local grid improvements to be facilitated through these projects, as discussed below, we propose to include energy storage provision on the landholding as part of a coordinated strategy for delivery of both Douglas West Extension

and Hagshaw Hill Repowering in a subsidy-free world.

Energy storage provision will play a role in unlocking the future renewable energy potential of these sites as part of this area's contribution to our transition to a flexible, smart low carbon economy.

On the grid connection proposals, we have been working with ScottishPower Distribution to explore an innovative solution to connect the above projects to the local distribution network on our landholding. In order to facilitate this connection, local grid upgrades would be required.

There are also opportunities to share existing grid connection infrastructure with adjoining projects to connect the new developments to the Transmission Network. We continue to explore the optimum grid connection options with Scottish Power and National Grid.



5.3.6 Community Benefit, as part of a Community-Led Investment Strategy

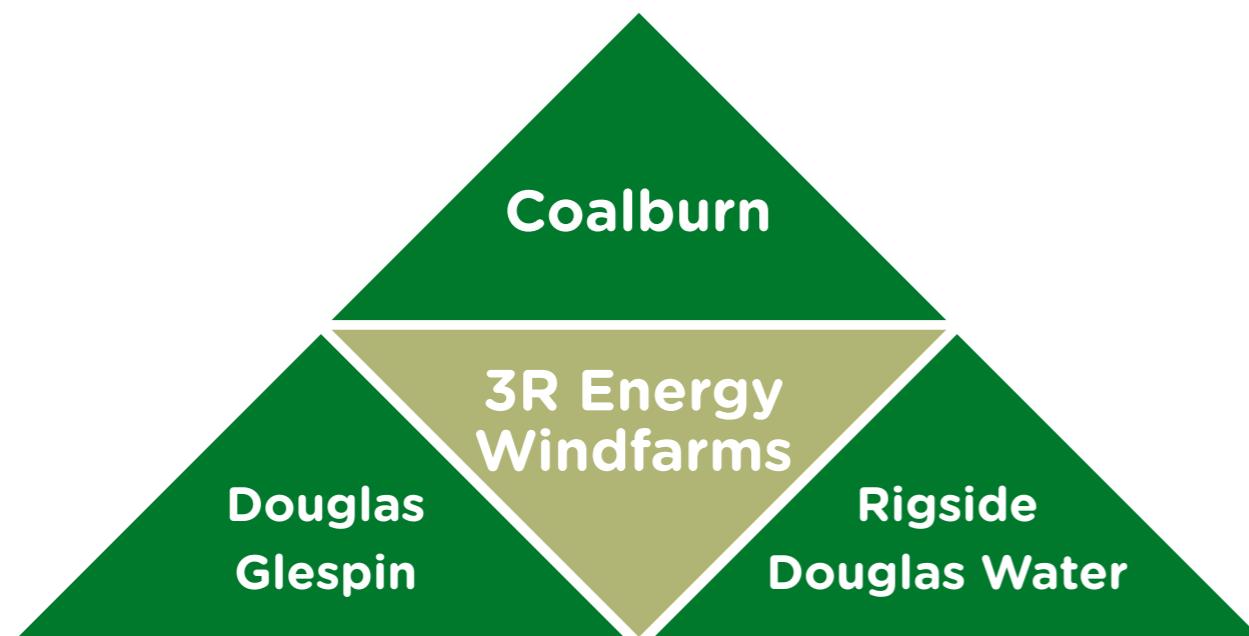
We would like to consult on community benefit opportunities from both our project at Douglas West Extension and Hagshaw Hill Repowering. In this regard we intend to engage with the local community in Douglas, Glespin, Coalburn, Rigside and Douglas Water to explore the potential to establish a Douglas Valley Development Trust which would receive income from both projects (in addition to/instead of the traditional REF community benefit arrangements) which would yield the financial resources to deliver a Community-Led Investment Strategy for each village. The Strategy would seek to deliver on the aims of the Coalburn, Douglas and Glespin Community Action Plan (August 2016) and the Rigside and Douglas Water Community Action Plan (2018 - 2023) in the first instance.

The communities in each of these villages have prepared Action Plans for how they would like to see their communities develop over the coming years and we would very much like our future projects to provide a dedicated stream of funding to deliver on the objectives of each Action Plan, and any other future projects identified. The overarching objective of the Development Trust would be to deliver real improvement to the physical and recreational environment of Douglas, Glespin, Coalburn, Rigside and Douglas Water.

In order to achieve this, we propose that the Douglas West Extension and Hagshaw Hill Repowering projects would fund a full-time

Local Development Officer who would be dedicated to the task of developing and delivering the Community-Led Investment Strategy for the area. This would include seeking out, developing and submitting grant applications on behalf of local groups for specific improvement projects in the above villages that would fulfil the objectives of each Community Action Plan. Each village would have a dedicated 'pot' of money ring fenced for their community by the Development Trust on an annual basis. It is proposed that this funding could be used as 100% finance for one-off projects, or as part of match-funding arrangements for larger schemes. Revenue funding could also be considered for the right projects/facilities. It is initially proposed that the Local Development Officer would be based in Douglas, Coalburn or Lanark and would work closely with the South Lanarkshire Council Economic Development & Regeneration Team, and all local groups and third sector agencies in the Douglas Valley Communities.

The Development Trust would be established, formally constituted, and proposed to comprise of representatives of each local community, 3R Energy and South Lanarkshire Council who would all be appointed as Trustees. The Trustees would assess and decide on all funding applications put forward by the Local Development Officer, and each Trustee would serve for time-limited period only before re-election would take place. To ensure good governance, the Trust would be independently audited on an annual basis by an agreed firm of Chartered Accountants with a Year-End Report prepared and made publicly available.



5.4 Industrial Development Opportunities

In addition to the renewable energy strategy outlined above, it is equally important to the future of the business, and wider local regeneration strategies, that we build on the opportunity created through the construction of our Wood Gas CHP plant on the former opencast part of the landholding at J11 of the M74 by actively marketing our consented industrial area adjacent. We have now appointed national agents Rydan to market the site and various enquiries are now starting to emerge.

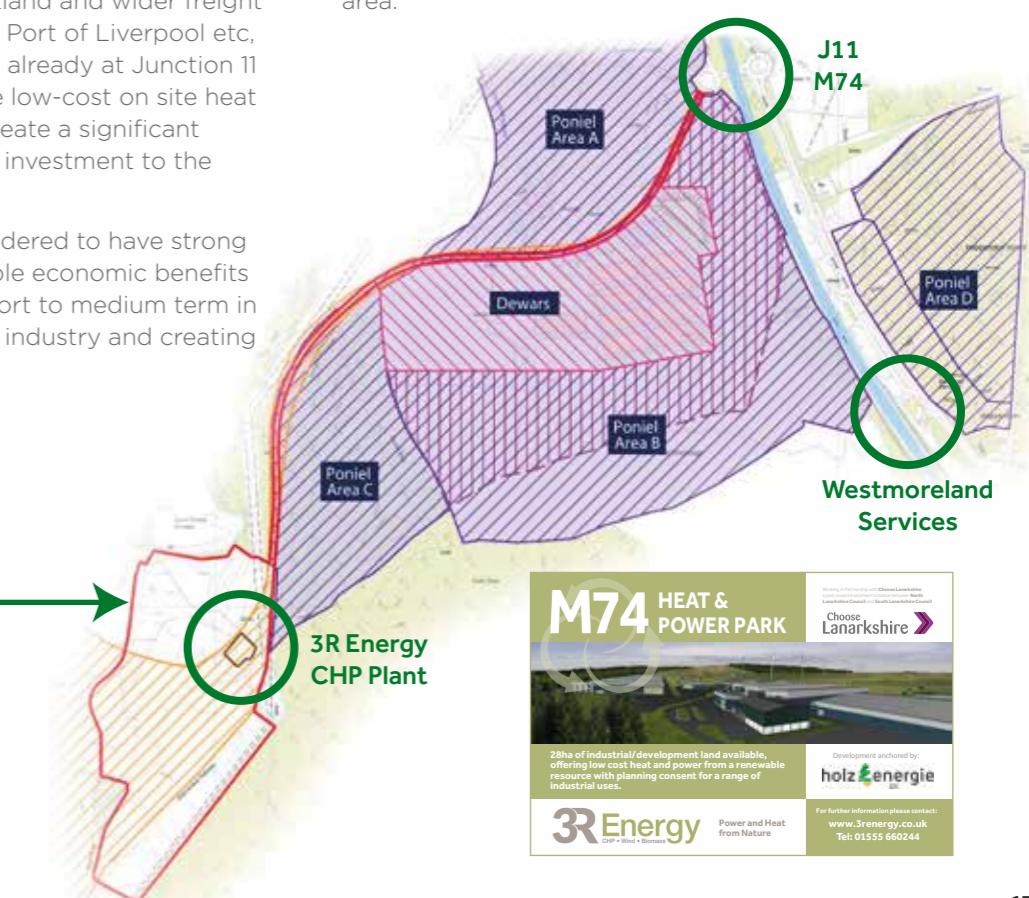
The location of the site on a key transport axis in central Scotland, the excellent infrastructure connecting the site to the M74 motorway, accessible drive times for logistics businesses to the central belt of Scotland and wider freight infrastructure such as the Port of Liverpool etc, the established occupiers already at Junction 11 (Dewars Whisky), and the low-cost on site heat and power, combine to create a significant opportunity to bring new investment to the area.

The industrial site is considered to have strong potential to deliver tangible economic benefits to the local area in the short to medium term in respect of attracting new industry and creating

**3R Energy
28ha Industrial
Development
Opportunity**



**3R Energy
CHP Plant**



new jobs. Specifically, the site has the potential to deliver up to 1.5m ft² of industrial/logistics floorspace and creating up to 1,800 new jobs for the local area (dependent upon make-up of end users) which would act as a major catalyst in the regeneration of the local area post-mining.

There is a clear opportunity for businesses to recruit a local workforce from the Douglas Valley, where there is currently a general shortage of employment opportunities following the demise of significant local industries and employers. Support for training and employability programmes also exists through SLC and partner organisations which will be helpful in attracting new industry to the area.

5.4 Farm Diversification Opportunities

5.4.1 Fruit Growing Clyde Valley Fruits

The Clyde Valley has a strong history and pedigree in fruit growing and was at one time one of the major fruit producing regions in Scotland. Commercial fruit growing in the Clyde Valley dates back at least to the early 17th century. It is estimated that by the end of the 18th century, over 300 acres of Lanarkshire were devoted to horticulture with around 75% of this on the banks for the Clyde and its tributaries. Production continued to grow over the next century with fruits including apples, pears, gooseberries, plums, strawberries and tomatoes all grown here.

As the population and industry increased in Glasgow and the Central Belt there was a growing demand for local fruit. Between the mid-19th century and the early 20th century the Clyde Valley was probably the largest commercial orchard area in Scotland. From around 1920, the fruit industry went into decline. This was mainly due to competition from global markets and the gradual expansion

of supermarkets that provided cheaper and readily available foreign fruits.

At Dalquhandy we have the land, and we have an abundance of heat from the CHP plant, to create the optimum conditions for fruit growing on a commercial scale. With people now much more conscious of food miles and recognising the benefits of local provenance, we see an opportunity to establish a business that heralds a return to commercial fruit growing in the Clyde Valley, initially focussing on commercial crops of tomatoes and soft fruits.

It is our intention to explore the potential to utilise an area of land adjacent to the CHP plant (within the industrial area consent) for the erection of a network of polytunnels to house the crops. The polytunnels will be heated by the warm, moist, CO₂-rich air from the adjoining CHP plant to create optimum growing conditions, at low cost. Adjacent to the polytunnels would be the opportunity to construct a processing and warehouse building to accommodate a cold store (also powered by the CHP Plant) to hold the fruit once picked, packaged and ready for market.

This venture has the potential to create a small number of local jobs in the management and operation of the new business, but is dependent on the outcome of a detailed Business Plan and Feasibility Study exercise which is currently underway.



5.4.2 Happendon Wood Holiday Lodges

With the Westmorland Group recently taking over the Cairn Lodge Service Station, and in the process of delivering a £3m upgrade of the Services to bring it to the same standard as the other flagship motorway destinations in the Westmorland Family, we see a great opportunity to develop a high quality woodland holiday lodge accommodation on our land on the opposite side of the B7078. Such a development would complement the Westmoreland project (which includes a farm shop), and encourage more overnight visitors to this part of South Lanarkshire.

Nestled in Happendon Wood, looking south over the Douglas Water and our farmland beyond, would be a great location for people to holiday that is in easy reach of Glasgow, Edinburgh, the Ayrshire Coast, New Lanark and the many other attractions that South Lanarkshire has to offer.

Such an opportunity has the potential to create a small number of additional local jobs in the managing, running, cleaning, maintaining and servicing of the lodges, as well as indirect work for local contractors and trades. Again, an initial Feasibility Study and Business Plan exercise is being commenced to assess the scale and nature of the opportunity.

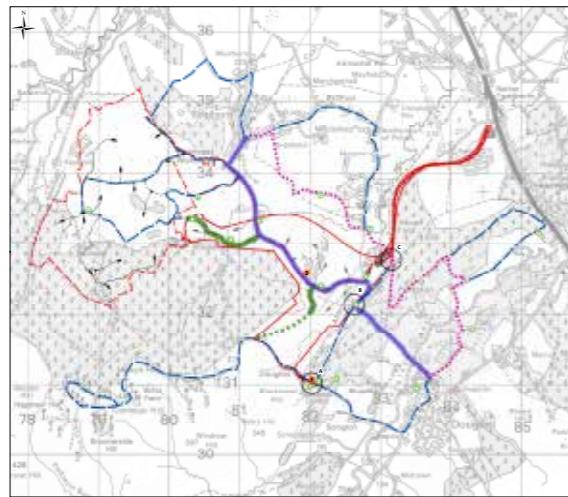


5.4.3 General Farm Diversification

Over the course of the next 5 years we will also seek to identify and deliver a range of other farm diversification opportunities such as steading conversions, commercial tree planting and farm-scale renewable energy technologies.

5.5 Public Access & Adventure Tourism Opportunities

A range of public access and outdoor recreation opportunities also exist on the landholding that we are keen to deliver as part of the wind energy opportunities highlighted above, including:



- Signposting and visitor information about local cafes in Douglas and Coalburn that are achievable as part of a walking circuit from the Visitor Welcome Area.
- Plans for promoting the walking and mountain bike offering around Douglas and Coalburn more widely throughout the local area, primarily within the revamped Cairn Lodge Services, and beyond, to increase visitor potential.
- Advertising local overnight accommodation options within the Visitor Welcome Area to encourage visitors to consider staying overnight in the area when they come to use the mountain bike and walking trails (following the model of Glentress and the spin-off benefits now enjoyed by Peebles and Innerleithen).
- Developing and enhancing the Public Access Strategy and Heritage Trail commitments that form part of the existing planning permission for the Douglas West Wind Farm.
- Creating a Visitor Welcome Area, car parking, and some (initially) basic visitor facilities on the landholding.
- Design and implement a range of mountain bike trails across the landholding incorporating Hagshaw Hill and adjoining areas which could be accessed direct from a new Visitor Welcome Area.
- A range of waymarked walking routes that take in the new Heritage Trail around Douglas and Coalburn that can also be accessed directly from the new Visitor Welcome Area.



6 Summary and Next Steps

During the course of 2018, 3R Energy will embark on a programme of community consultation into the main components of this Forward Strategy to ensure that the local community are aware of our emerging plans for the business and landholding going forward, and to ensure that we obtain comments and feedback from the local community on our proposals.

We will also engage closely with South Lanarkshire Council, Scottish Enterprise, our Agents, and others with a commercial interest in J11 of the M74 to "brand" the junction as a destination for industry/logistics and to formally market our offering.

We will progress the preparation of the Business Plans for both the Fruit Growing Enterprise and the Happendon Wood Holiday Lodges to better understand the economics and market conditions to develop each proposal.

We will engage a consultant to explore the potential to develop adventure tourism opportunities and some (initially) basic visitor facilities on the landholding.

We intend to consult on and develop plans for the Development Trust and overall Community Benefit Strategy outlined above which aims to create a mechanism that will provide the funding to deliver the objectives of the Community Action Plans prepared for the villages Douglas, Glespin, Coalburn, Rigside and Douglas Water.

As local landowners, we plan to continue living and working in the local area for many years and generations to come, and we wish to develop future plans for the landholding that will help the area prosper as well as developing and sustaining our own businesses and employees. We look forward to working with all local partners in developing plans for the future that are mutually beneficial and create a positive and lasting legacy from renewable energy in the local area.

As local landowners, we plan to continue living and working in the Douglas Valley for many years and generations to come.



7 Plans and Figures

Figure 1

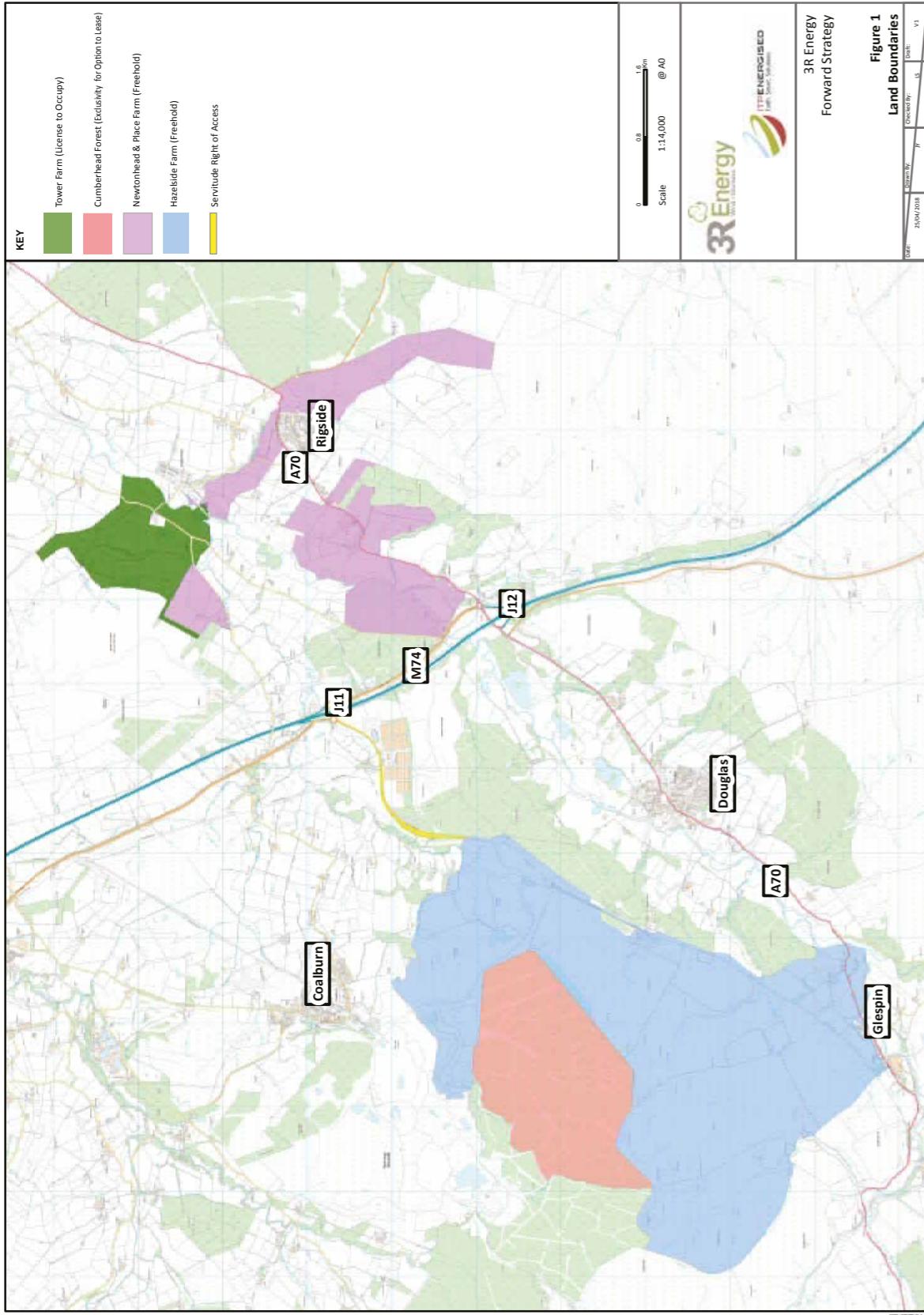


Figure 2

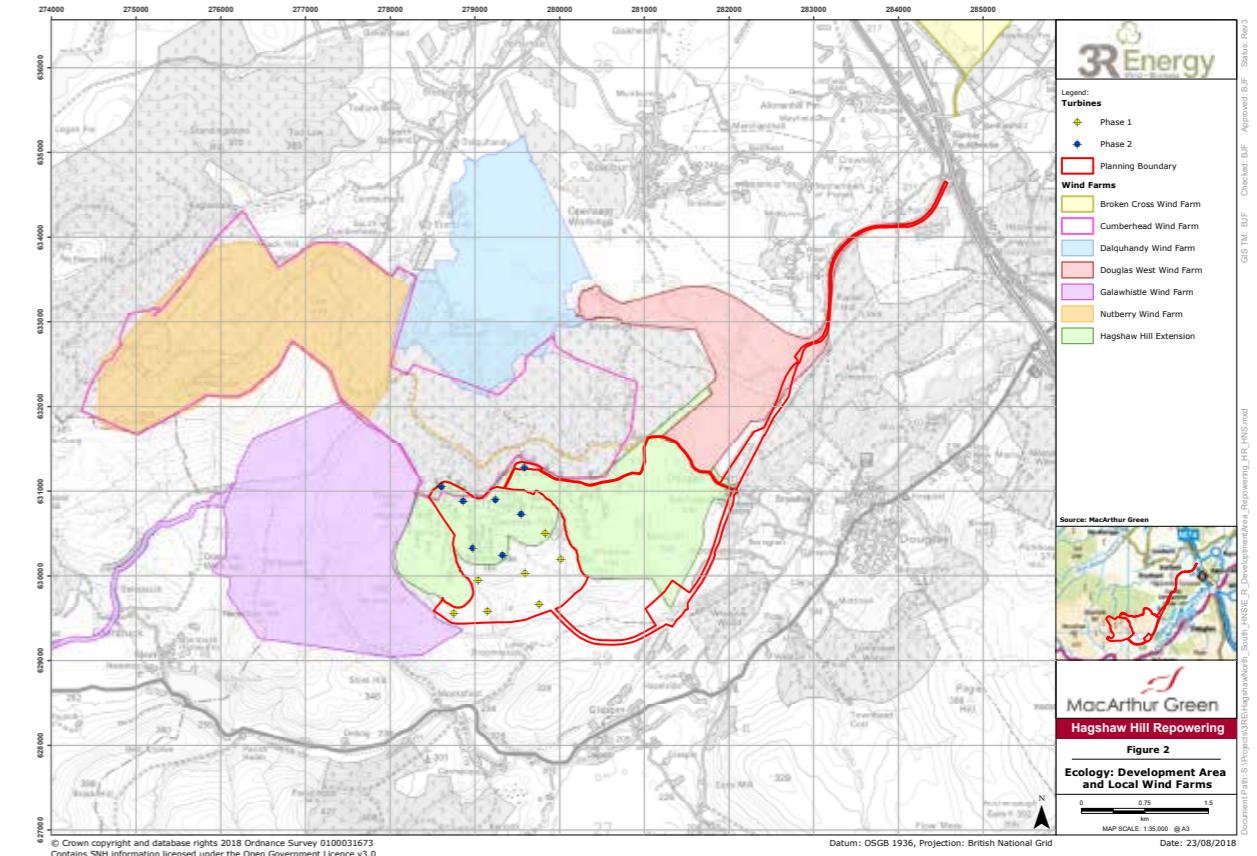


Figure 3

