

Developing a Community Energy Renewables Project as a Director

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5 July 2019

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Start up/Idea



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Organisation Start Up

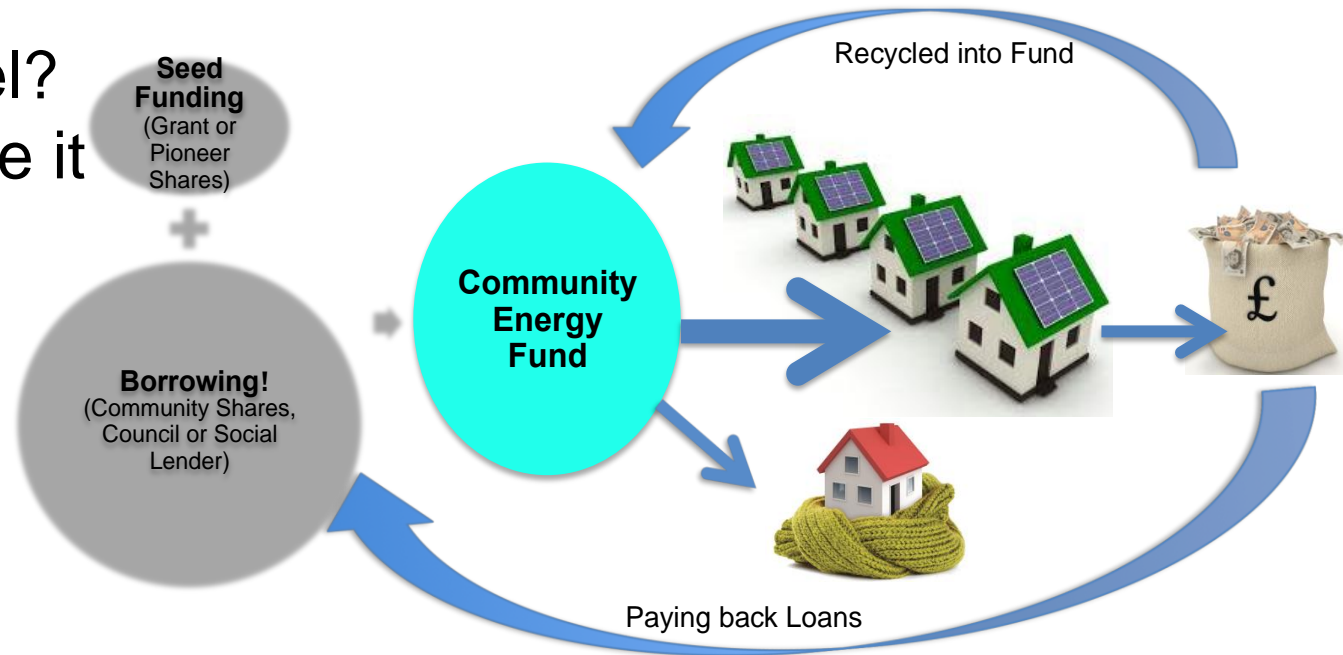
- Purpose and aims
- Rules
- Director recruitment & training
- FCA registration/CIC registration
- Office address
- Skills: Technical, Financial, Risk Management, Legal, Due Diligence
- Communications and engagement
- Stakeholders
- Often voluntary and un-funded
- Research & learning from others



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Initial Financial Assessment

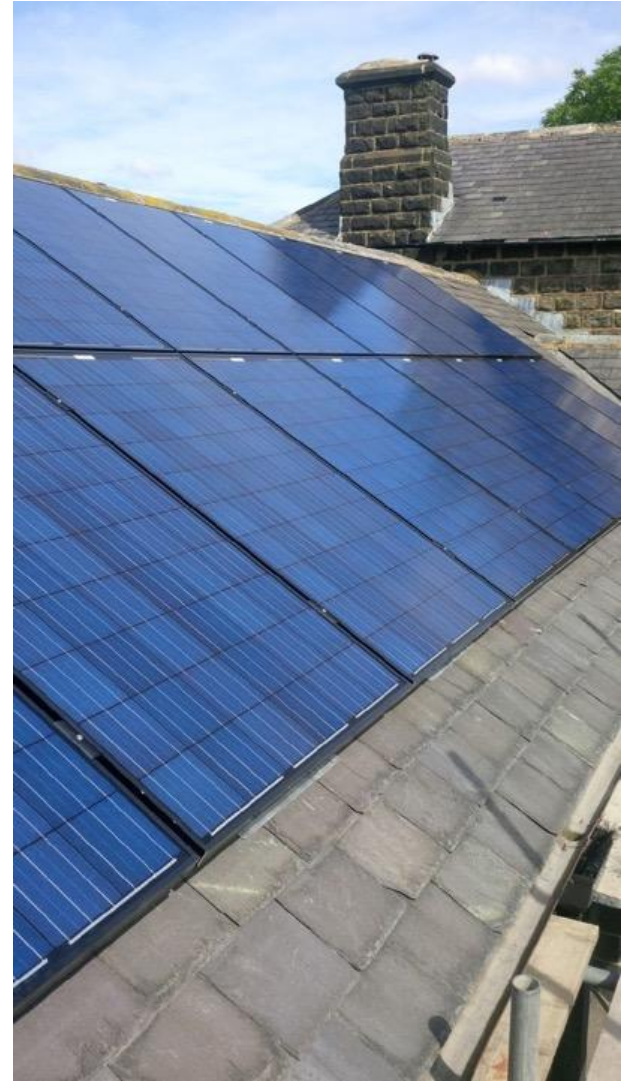
- Does it stack up financially?
- What's your funding model?
- Can you make it work?
- Will it still achieve what you want?



Memorandum of Understanding (MoU)

- Agreement to work together to progress the project
- Exclusivity (time period)
- Aims & expectations
- Outline terms for lease & PPA
- Data sharing & confidentiality
- Communications
- *Not legally binding*

Site & Technical



Lease & PPA

 **LuxNova Partners**
clean energy lawyers

 **Stephens[®]
Scown**

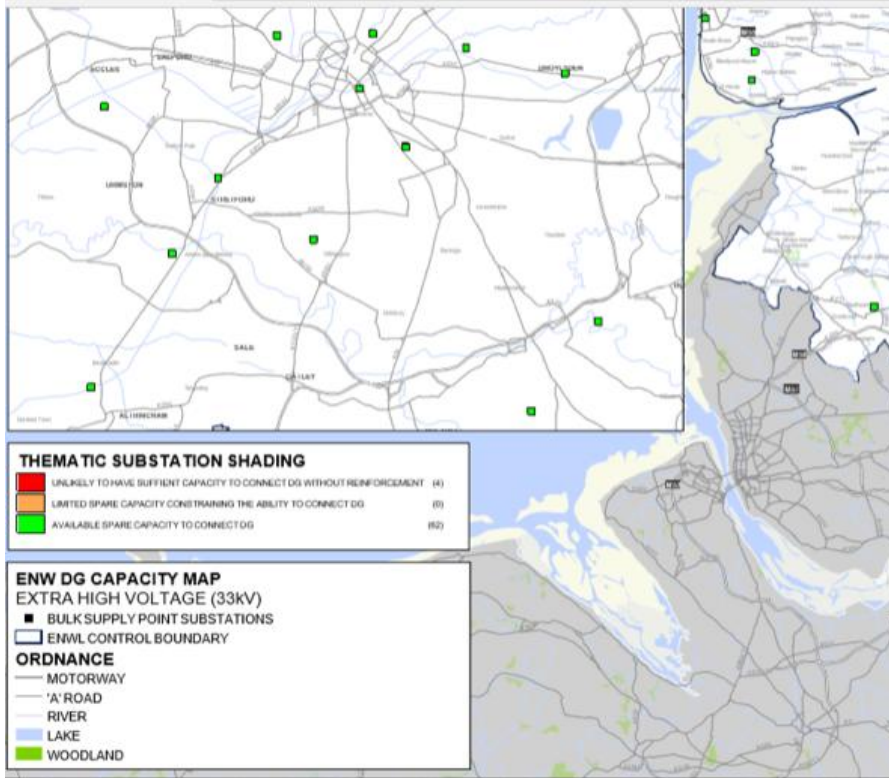
WRIGLEYS
— SOLICITORS —

 **DLA PIPER**

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Grid Connection



electricity
north west
Bringing energy to your door

Planning Permission



Installers & Contractors



Insurance



northern **alliance**



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Financial Viability

Financial model

- Scenarios
- Modelling output and onsite demand
- Ongoing revisions
- Business Plan
- As built version
- Input to management accounts

| Project | | Roof-Mounted | |
|--------------------------------|---------------|--------------|------------|
| Technology | | PV | |
| Capacity | 50 kWp | kWh/kWp | |
| Annual Output | 42500 kWh | 850 | |
| Output Degradation Rate Annual | 0.80% | | |
| Budget Capital | | Budget | Actual |
| Purchase Price | £6,250 | 0 | 725 |
| Grid Connection | £500 | | 0 |
| Total Capital | £6,850 | 0 | 737 |
| Budget Revenue | | | |
| Project Management | £2,000 | | |
| Planning | £2,000 | | |
| Legal | £1,000 | | |
| Surveys | £1,000 | | |
| Total Revenue | £7,200 | | |
| Total Project Costs | £4,050 | | |

| Project Summary | | |
|---|----------------|-------------|
| Capital Repaid Final Capital Fund | £48,326 | |
| Community Benefit Paid Out | £8,733 | |
| Surplus Available for Community Benefit | £4,276 | |
| Total Community Benefit | £13,009 | 26% |
| Total Share Interest | £18,897 | 38% |
| Total Host Site Benefit | £18,007 | 36% |
| Total Benefit | £49,913 | 100% |
| CB % of Project Costs | 20% | |
| CB % Share Interest | 69% | |
| Internal Rate of Return | 5.5% | |
| CO2 Savings | | |
| Year 1 | 8 tonnes | |
| 20 Years | 25 tonnes | |

Funding & Finance: Capital Finance

- Consider the platform costs and bank/card transaction costs
 - Note that due diligence/arrangement fees cost
 - Cost of Share Offer development
 - Fees for Community Shares Standard Mark
 - Publicity and administration costs
- Directors' time and capacity...



Funding Plan

- **Business Plan**
 - Aims, income & expenditure, benefits, risks
- Grant funding
 - deadlines, amounts, match, requirements
- Donations
 - Targeting, benefits, message, external platform?
- Community shares/bonds
 - Share offer document, (Standard Mark?), timetable, publicity, external platform, launch, risks/plan B?
- Social investors / Bank loan
 - Their aims, scale, returns, repayment, terms, fees, due diligence, loan offer, funds release

- *Repayment priorities*



BURNESIDE COMMUNITY ENERGY

£250,000 Share Offer

Opens 6.00pm November 10th 2015
Closes 5.00pm December 10th 2015 (or until target reached)
Deadline for EIS & SEIS Tax Relief Eligibility 5.00pm 26th Nov 2015

Minimum Share £250;
Maximum Share £50,000

5% Projected Annual Interest Payment over 20 Years



James Cropper Plc, Burnside Mills, Kendal, Cumbria
Site of the 250kw Community Owned Solar PV project

Community Engagement



Installation Plan

- Agree an installation plan in detail
- With installer, site contacts, project coordinator
- Check everything has been signed (PPA, lease etc)
- Review the dates, logistics, H&S requirements, access issues, (keyholder), emergency contacts
- Clarify handover requirements – electrical checks, inspection, warranty paperwork, instruction manual, maintenance contract
- Go to the site on the day to check progress
- Installer will register the system
- Ensure FITs registration is done (if relevant)

Celebrate!



Community Energy North / Ellergreen Partnership

- Five businesses in Cumbria being investigated: potential 2MW solar at 20+ sites
- FITs pre-registrations under the community energy extension
- Packaging individual sites together to make a viable investment in CEN as a whole, rather than cherry-picking best sites
- Watch this space....

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Workshop Session

1. Map the existing support, funding, finance & resources at each stage of project development

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2. Where are the gaps?

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2. Where are the gaps?
3. Identify opportunities and potential support in the NW to scale up delivery and size of CE sector

Feedback

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Start-up Development Funding

- Support programmes – REACH Access fund (£15k for investment readiness)
- Booster (Commshares/PtoC)
- Next Generation (PtoC)
- Crowdfunder – match funding up to £6k for share offer prep.
- Naturesave Trust
- Support from The Hive
- Powering Communities (ENWL)
- RCEF (reopening Sept 2019)
- Shared ownership models or refinancing after development has been built
- Sweat equity
- Build development costs into financial modelling
- Sector needs: a revolving grant/loan fund – if successful loan is repaid

Funding & Finance: Capital Finance

- Construction bridging loans eg Pure Leapfrog's Bridge Fund 6 – 9months 6.5%
- Triodos
- Thrive Renewables
- Loans (Debt) (useful at the start of the project, to avoid paying back shareholders too soon)
- Arrangement fees/Due Diligence Costs c1% and higher interest rates e.g. 6 -9%
- Local Authority loan on good terms
- Community Share Offers
- Bonds (shorter fixed term and fixed interest rate, paid back before Member share interest/capital)
- Social / ethical investment funds
- Pension funds

Workshop Session – Devising Solutions

1. What can we set up and how can we deliver it?
2. Do we need to formally ask (who?) for support?
3. Who can offer support at this stage
4. Next steps