



# Bath & West Community Energy

Working to reduce our dependence on fossil fuels by developing, financing and managing community-owned renewable energy projects.



## Annual Report to 31 March 2012



One of our key principles is the link with our community. We're leaving the next generation with a lot of issues to deal with and they're going to have to make the world a better place. To do that, they're going to have to work in partnerships and collaborate, so working with BWCE is a 'no-brainer' for us

**John Croker | Headteacher at Newbridge Primary School in Bath**

We support their aims of delivering local, sustainable energy and keeping the income from these projects in our community

**Councillor Paul Crossley | Leader of Council (B&NES)**

SSE has a strong track record of engaging with communities, but even for us this partnership with BWCE is breaking new ground. For the first time SSE is investing directly in the ambitions of community to own and control its own renewable energy resources

**Ian Marchant | Chief Executive, SSE**

**[www.bwce.coop](http://www.bwce.coop)**

Generating local energy

## CHAIR'S STATEMENT 2012

The guiding philosophy behind Bath & West Community Energy (BWCE) is community ownership and accountability. We offer local people the opportunity to invest in renewable energy and energy efficiency projects and receive a reasonable financial return on their investment. Surplus income will be re-invested back into the community through the establishment of a Community Fund. BWCE will further strengthen local economies by keeping income in the area through returns to the site owners, interest to our members, and a focus on using local suppliers whenever possible. Our Community Benefit Society structure ensures proper democratic control and a focus on the needs of the community. In short, BWCE offers a new way of doing business.

We are at the beginning of a journey that will see BWCE established as a financially sustainable community energy company. 2011/12 was a massive year for us. We moved from being an organisation with plans, to an organisation with successful projects up and running. We secured loan finance of up to £1 million from SSE and achieved the largest community solar share offer in the UK to date, raising £750,000 from nearly 200 members.

We established effective and supportive partnerships with both SSE and Bath & North East Somerset Council, which have played a vital role in establishing our community enterprise.

However, none of this would have been possible without the hard work and dedication of BWCE's directors. Founding directors Peter Harvey, Andrew Wyon and David Martin, who have now moved on to other things; Peter Andrews and John Lancaster who will be standing down at our AGM; Adam Walton who will be re-standing for election and finally Jeff Kenna and David Bunker who will be changing role to become executive directors. I would like to take this opportunity to thank them all personally and on behalf of our members, for the huge amounts of time and effort, often on a voluntary basis, that they have put in over the year.

A supportive legislative framework is important for any new concept and the introduction of the Feed In Tariff (FIT) and the Renewable Heat Incentive (RHI) has been the stimulus to start our enterprise. Subsequent changes have meant that FITs will yield less for new projects. However we are confident that we can modify our offer to ensure that returns to members are safeguarded and a flow of new business is maintained.

Our AGM represents the beginning of a new phase for BWCE with the elections for the first time of five non-executive directors, drawn exclusively from our membership. I look forward to welcoming them on board and working with them to take BWCE into a successful 2013 and beyond.

**Peter Capener**

Chair | Bath & West Community Energy

## TIMELINE – Bath & West Community Energy highlights

### MAY 2010

- Bath Community Energy (BCE) incorporated as an Industrial & Provident Society

### JUNE 2011

- BCE joins with Corsham Community Energy to form Bath & West Community Energy (BWCE)

### SEPTEMBER 2011

- £1M loan facility agreed with SSE
- Co-operation Agreement signed with B&NES Council

### OCTOBER 2011

- Launch of Share Issue at The Guildhall, Bath attended by over 250 people including leader of B&NES council Paul Crossley and CEO of SSE Ian Marchant
- First solar installation contract signed
- First solar installation completed



## OPERATIONAL STATEMENT 2012

Our first full year of trading has been an exceptionally exciting and busy one for the BWCE team. It became obvious early on that we would need to focus on solar photovoltaic installations for our first tranche of projects. To do so we looked at over 100 potential sites, mainly schools. About one quarter of these were suitable for an installation and eventually agreements were signed and work completed on 10, for a total generating capacity of 362 kW. An unexpected potential reduction in the solar feed in tariff on 12 December 2011 meant our plans for these installations had to be expedited. After much hard work by all concerned they were all completed just before the proposed deadline. It was particularly satisfying that two of the projects were installed by local teams, put together at very short notice.

We are extremely grateful for the support we received from Carbon Leapfrog whose members provided pro bono work on the essential task of drafting and negotiating roof lease agreements with our site owners.

As part of the installations in the schools BWCE provided them with large display meters which link via an on-line data logger to our web site. This means that their electricity generation can be seen, in real time on an hour-by-hour basis. This facility is proving extremely popular with members and pupils.

I am pleased to report that our first tranche of projects are performing well, giving on average a more than 10% greater output than forecast in our financial models.

While the focus has been of necessity on solar pv we have not neglected other technologies. Several hydro sites have been looked at and two examined in detail, one of which is at Bathampton Weir where the owners are keen to proceed.

We have also screened several sites for single turbine wind projects. We have identified a number of opportunities and are in early stages of discussion with landowners.

Improving the energy efficiency of our building stock is a big challenge. In January we were awarded a £37,000 local assessment energy framework (LEAF) grant. Our objective was to work out a model whereby improvements to the energy efficiency of school buildings could be funded by community finance. This would mean that BWCE invests in energy efficiency measures which are then repaid from the savings made by the school. This work is now complete and a range of opportunities have been identified. There are various legal hurdles to overcome to implement this project but we are hopeful that we can undertake a pilot project later in 2012.

An important part of our work is to support other community energy groups in our region. Last year we made links with 3 groups. One group, in Marshfield, also received a LEAF grant and paid us to do some project feasibility work. Our plan is to carry forward projects with these groups over the next year.

Our own development plans for 2012/13 are to make progress on the hydro and wind projects, install more solar pv and implement our first renewable heat project. To meet our targets we will need to invest a further £1.5m in these projects.

We are looking forward to another successful year, our first full year as a generator of local, community owned, renewable energy. We are fortunate in having a dedicated and enthusiastic team and I would like to thank everyone for the hard work that they have put in during the past year.

**Jeff Kenna**

Managing Director | Bath & West Community Energy

### NOVEMBER 2011

- Nine further solar installations are completed

### DECEMBER 2011

- Share Offer closes with £721,350 raised from 197 members
- All 10 solar installations commissioned before 12 December deadline

### JANUARY 2012

- 80 members attend EGM to ratify new rules and hear presentations from the Board

### FEBRUARY 2012

- Successful bid for LEAF grant to continue work with schools

## FINANCIAL REVIEW 2012

The financial results for 2012 reflect the activity during the year. Funds were raised through our share issue and a long term loan from SSE. The bulk of our income has come from repayment of development costs from the successfully installed projects, two feasibility study grants from central government and electricity generation. Throughout the year we have controlled our development costs carefully and tried to keep overhead costs to a minimum.

The main development work is carried out by Bath & West Community Energy, but the completed projects are held by designated subsidiary companies, Bath & West Community Solar and Bath & West Community Solar 2.

The accounts allow for the interest which has been paid on our long term loan and allow for payment of interest to our shareholder members at the rate of 7% for the period up to 31 March.

The combined trading results are summarised below. These show a modest surplus of £6,931. There is no Corporation Tax immediately payable on the surplus because of tax allowances claimed on our capital installations, but we have made a provision for the Deferred Tax Liability which will eventually arise.

**David Bunker**

Finance Director | Bath & West Community Energy

<b>Combined Financial Results</b> (based on audited accounts for year ended 31 March 2012)		
	£	£
<b>Income</b>		
Renewable Projects Developed		157,902
Feasibility Study Grants		55,011
Electricity Generation Income		20,108
		<hr/>
		233,021
<b>Expenditure</b>		
Operating Costs	178,147	
Administration Costs	11,473	
Depreciation	10,715	
		<hr/>
		200,335
<b>Operating Surplus</b>		<hr/>
		32,686
Interest Payable on Loan Finance	12,595	
Interest Payable to Members	13,160	
		<hr/>
		25,755
<b>Surplus Before Taxation</b>		<hr/>
		6,931
<b>Assets</b>		
Solar Photovoltaic Installations		1,058,523
Cash at Bank less creditors		480,165
		<hr/>
		1,538,688
<b>Liabilities</b>		
Long Term Loan		779,715
Deferred Tax		3,306
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<b>Value of Assets owned by Members</b>		<hr/> <b>755,667</b> <hr/>

