

BWCE Board Report 2014-2015

Principal Activities

In this year, the principal activities of the Bath & West Community Energy (BWCE) Ltd group included the development, financing, commissioning and operation of community solar PV, wind and hydro projects, working for the benefit of communities in Bath and surrounding area.

During the year BWCE:

- Raised £2.2 million from its own community share offers plus a £500,000 loan from Bath & North East Somerset Council, to build a 2,340 kW solar array south of Bath. The Wilmington Solar Array was commissioned just before the year end
- Installed 110kW of solar PV on three buildings, including B&NES Council Offices at Lewis House, with funds BWCE raised in the previous year
- Secured planning and Environmental Agency approval for a small hydro scheme at the Old Mill Hotel in Bathampton. The project will be built out during the coming year.
- Supported Low Carbon Gordano to raise nearly £2.2 million for the installation of its 1,870 kW solar array near Avonmouth that was then commissioned during the year
- Supported Wiltshire Wildlife Community Energy to raise £2.9 million towards the installation of a 5,000 kW solar array. The project has a build out planned during the second half of 2015
- Helped Frome Renewable Energy Company set up, develop 200kW of roof mounted solar PV and prepare for its first share offer. The projects will be installed in the second half of 2015
- Helped Chelwood Community Energy set up and develop a 5,000 kW solar array south of Bath. Subject to a successful fundraise, the project has a build out planned for the second half of 2015

In addition BWCE was named Community Energy Company of the Year 2014 at the UK Community Energy Awards ceremony.

BWCE's project development activities have grown rapidly during this year and last. There was significant and increasing demand from other community groups looking to draw on the experience BWCE has gained to date. So much so that during this year the decision was taken by the board, following discussions with members, to transfer BWCE's project development activities into a separate cooperative company, Mongoose Energy. Mongoose energy will be owned in part by BWCE and the other community benefit societies it supports. By separating out the development activities this will:

- reduce the risk profile in BWCE as the liabilities associated with project development will be passed on to Mongoose Energy, whilst retaining the ability for BWCE to earn a dividend from Mongoose Energy in line with its level of trade.
- enable Mongoose Energy to work across the country and so build the scale necessary to draw in the commercial finance required to grow the sector.
- enable BWCE to focus on its delivery in Bath & surrounding area and the building out of the rest of its mission, including energy efficiency and local energy supply

In total, from setting up in 2010 to the end of March 2015, BWCE has:

- Commissioned, or supported other community benefit societies to commission, nearly 6,000kW of community solar PV, generating enough electricity to meet the equivalent annual demand from 1500 typical homes and will reduce carbon emissions by around 3,850 tonnes per year
- Helped develop a further 10MW of solar PV for other community benefit societies in two large solar arrays, that when built out could generate enough electricity to meet the equivalent annual demand from 2,700 typical homes and reduce carbon dioxide emissions by around 4,150 tonnes per year

These figures assume Ofgem's estimate that the electricity demand from a typical home is 3,300kWh per year and the government's estimate for 2015 of 0.4623 kg of carbon dioxide emissions reduced per kWh of renewable electricity generated.

Community Benefit

During 2014-2015 BWCE set up an independent charitable organisation, the BWCE Fund, to which it donated £25,000 which was made up of BWCE's cash surplus plus member donations. After set-up costs £20,000 was

distributed during the year to local community projects that were either reducing carbon emissions or helping to alleviate fuel poverty. For more information on the projects supported see www.bwce.coop.

In addition to the community fund, BWCE's community ownership model has benefited the communities of Bath and surrounding area by ensuring that nearly 60% of project income from electricity generation, or in the order of £100,000, is retained within the local economy. This is money that would have otherwise left the area under a typical commercial ownership model. The balance of project income that still flows out of the area is made up of loan repayments and interest to out of area loan providers, primarily SSE, and interest on the investment that comes from out of area members.

The picture with regards project development and construction is more complex. Currently we rely heavily on out of area contractors and service providers, lawyers, EPC contractors etc. However, BWCE is keen to build up a clearer picture of this area of activity and will work to increase the proportion that is retained locally.

Financial Position

The board of BWCE believes the organisation is in a strong financial position with a range of successful projects generating a good cash surplus with a growth of over £60,000 in net current assets during the year. This position has been strengthened by the installation of BWCE's largest solar array in March 2015. However, this multi-million pound project was commissioned just before year end and so benefits this year's accounts with only 6 days of income.

Following the recent policy announcements by central government with regards wind energy, the board believes it is far less likely that BWCE's development work on two wind energy projects will come to fruition. As a result, over £40,000 of Work in Progress has been written off, reducing the Profit and Loss Account by this amount.

A more detailed account of the financial position of BWCE can be found in the notes accompanying published accounts.