



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

Bath & West
Community Energy

Annual Report to April 2014

www.bwce.coop

Generating local energy



Construction of the Chelworth Solar Array

Chair's Statement 2014



This was a big year for the community energy sector nationally. It marked the first time that the UK Government acknowledged community energy within energy policy, with the publication of the first Community Energy Strategy. We were directly involved as members of a ministerial advisory group and we carried out research, published alongside the strategy, that modelled the growth of the community energy sector to 2020.

The strategy has some good stuff in it, but we will need to see the outcomes of the plethora of working groups that have been set up since the strategy came out before we can judge how significant the changes will be in practice.

It's been an important year for us too. We've made major steps towards our goal of building a financially sustainable community business. To do this we need to invest over £10 million in community renewables projects and establish contractual partnerships with a family of community enterprises so we can build scale and critical mass without losing close community links.

To date we have working relationships with three community enterprises and are in discussions with several others. Through our projects and those we are developing with others we have over £3 million invested so far. We are supporting one of our community partner's fundraise for another £2.2 million and we have two more larger projects that we are looking to get to financial close next year. If that happens it would take us well over our £10 million target.

So at both national and local levels the foundations are being laid for another exciting year. By July 2015, depending on the number of projects we manage to deliver, projects owned by us and our community partners could be generating enough to meet the equivalent electricity demand of between 3-4,000 homes. In addition they could be recycling back into communities an average of £150,000-£200,000 per year over the 25 year life of the projects..

We are making major steps, but its only possible because of the support of our members and our partners and the hard work of our team. A massive thank you to all those involved.

Pete Capener

Chair
Bath & West Community Energy

TIMELINE

Bath & West Community Energy highlights

MAY 2010

Bath Community Energy (BCE) incorporated as a Community Benefit Society following a Transition Bath initiative

JUNE 2011

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



DECEMBER 2011

Share offer over-subscribed, £750k raised



OCTOBER 2011

Launch of first share issue at the Guildhall, Bath. First solar installation completed. Cooperation agreement with B&NES Council signed

FEBRUARY 2012

Successful bid for LEAF grant to continue work with schools

JULY 2012

First AGM, 5 non-executive directors appointed, 7% interest to members ratified

OCTOBER 2012

Development grant from B&NES

AUGUST 2012

Hartham Park Solar Array completed



JANUARY 2013

Kennet Community Energy formed with support from BWCE

APRIL 2013

Partnership agreement with Wiltshire Wildlife Trust to form Wilts Wildlife Community Energy



JUNE 2013

Planning approval for Chelworth. Low Carbon Gordano Share offer launched



Operational Statement 2014



Much of our activity last year was towards hitting our 2015 target of building £10m worth of renewable energy projects. It was a year of weather extremes that was both good and bad news for BWCE. The good news was that the sunny summer months contributed to high outputs from our solar projects with revenues 5% over target.

In August we raised a further £385,000 with the objective of having funds immediately available for smaller roof top projects and also acquiring projects that were already permitted. Planning permission was obtained for a solar roof on the B&NES Council office at Lewis House in Bath and we are finalising lease agreements for a further two roof top projects.

We signed exclusivity agreements on three solar farms and are now supporting a fund raise for Low Carbon Gordano for the Moorhouse Farm Solar Array near Avonmouth. We plan to do a further two solar farm projects this year. If all these come to fruition we will exceed our 2015 target.

We supported the establishment of another two community benefit societies. Wiltshire Wildlife Community Energy (WWCE) was established in July in partnership with the Wiltshire Wildlife Trust. The WWCE share offer, in September, was very successful and raised nearly £1.3m. The extreme weather was not so helpful here though. The wet winter months contributed to delays in commissioning our largest project yet, a 1000 kW solar array at Chelworth, near Cricklade. This project is owned by WWCE but we were paid to develop and will now operate it.

We also supported Sustainable Frome and Frome Town Council to set up Frome Renewable Energy Company (FRECO). FRECO was awarded a WRAP grant and BWCE has been paid to identify and assess the feasibility of solar and hydro projects in the Frome area.

Our wind and hydro projects have progressed more slowly but we have completed lease agreements for two hydro projects on the Avon, at Bathampton and Weston Island, and have two promising wind sites that are close to signing lease agreements.

Our long-term aim is to supply energy to local residents from locally generated power. The barrier to this is matching supply and demand at a community level, so we were pleased to be part of a winning bid to the Technology Strategy Board (TSB) for a grant to do a pilot study that will test software to control a smart grid at a community level. Corsham has been chosen for the pilot study and 15 households will participate on a trial of the control software.

In all, 2013/14 was a year of scene setting and preparatory work. We are looking forward to reaping the benefits of all this activity in what is proving to be a very busy 2014/15.

Jeff Kenna

Managing Director | Bath & West Community Energy

JULY 2013

BWCE AGM 7% interest to members ratified

OCTOBER 2013

Successful WWCE fundraise for £1.25million supported by BWCE closes

DEC 2013

Working with Sustainable Frome and Frome Town Council to set up Frome Renewable Energy Company (FRECo)

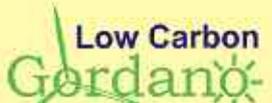


NOV 2013

Successful £350K mini-fundraise for BWCE

JANUARY 2014

Installation starts at Chelworth. Heads of Terms agreed with Low Carbon Gordano on Moorhouse Farm Solar Array



FEB 2014

FRECo wins WRAP grant for solar PV feasibility study, supported by BWCE

MAY 2014

Chelworth commissioned



JUNE 2014

Planning approval for Marksbury Solar Array



JULY 2014

BWCE AGM 7% interest to members ratified for 3rd year. £20K transferred to launch Community Fund

COMMENTARY ON THE 2013/14 ACCOUNTS

This year we have consolidated our accounts so they cover both the operational revenues and costs from our projects together with fees and costs on the projects we have developed. Overall turnover covering both operations and development was nearly £400,000, up from nearly £150,000 last year

The operational revenues were £175k and the operational earnings before interest and depreciation were £133k. This is a key figure since it shows the cash that we have generated in the year that is available to repay loans and make payments to members and into the community fund.

After deducting for depreciation the accounts show an operational loss of £29k before tax. Since the depreciated book value of our projects does not reflect the market value, we have had an independent valuation of our projects. They were valued at £1.73m, which is £358k more than the depreciated book value so has created a revaluation reserve of £358k. This together with the increased share capital means the reserves have nearly doubled to £1.45 million in the year.

We will continue to revalue our assets each year, though in future years the impact on the accounts will not be as large. This

year's one-off impact reflects the increased market value of income generating assets once they are operating, and more than offsets the depreciation that has occurred in this and previous years.

Development work is carried out by BWCE Development, a separate but wholly owned subsidiary of BWCE. Profit in this part of the business is not earned evenly over the course of a project and can only be accrued at financial close for successfully developed projects.

The development fees in the year were £218k and having taken a prudent approach to the value of the projects under development, we have written off expenses leading to a development loss of £25k.

This prudent approach, together with the need to invest up front resources before profit can be earned, leaves us confident about the out turn for this part of the business next year.

David Bunker

Financial Director | Bath & West Community Energy

BWCE GROUP FINANCIAL RESULTS 2014

INCOME	2014	2013
Income from:		
Electricity Generation	174944	125416
Development Activity	218220	23002
Total Income	393164	148418
Total Operating Costs	-388906	-147310
Operating Surplus	4258	1108
Less Interest Paid to Members	-54120	-13335
Less Donation to Community Fund	-4800	
Deficit Before Taxation	-54662	-12227
Less Deferred Taxation & Minority Interest	3040	2005
Deficit for the Period	-57702	-14232
Surplus on Revaluation of Assets	358357	
Total Gains Recognised in the Year	300655	
ASSETS		
Projects Installed at Valuation	1730000	1421238
Work in Progress	112767	147345
Cash at Bank and Net Debtors	405246	-33001
Net Current Assets	518013	114344
Long Term Liabilities		
Deferred Tax & Minority Interest	-33349	-19012
SSE Loan	-761531	-788,292
Net Total Assets	1453133	728278