



## **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, that 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 west of Bath. Subject to a successful fundraise, the project has a build out planned for the second half of 2015

BWCE's project development activities have grown rapidly during this year and last, in response to significant and increasing demand from other community groups looking to draw on the experience BWCE has gained to date. During this year the decision was taken by the board, following discussions with members, to transfer BWCE's project development activities into a separate company, Mongoose Energy, majority owned by the community benefit societies it supports. 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

### **Community Benefit**

During 2014-2015 BWCE set up an independent charitable fund to which it donated £25,000 of its cash surplus. Of which, £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](http://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, money that would have otherwise filtered out of the area within 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.



### 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.

The accounts also take a prudent view on the profit from the development of two significant projects being developed for Wiltshire Wildlife Community Energy and Chelwood Community Energy that have consumed significant resources during the year but hadn't reached financial close by year end.

From a profit and loss perspective, the board notes the significant impact that accounting standards have on the depreciation of fixed assets for an asset owning business such as BWCE, taking just over £85,000 out of the profit and loss account for this year. This impact is offset by the revaluation of the project assets in line with their market value as opposed to their depreciated book value that reduces asset value on a straight line basis over 20 years. This year's revaluation is not nearly so large as last year's independent revaluation that accounted for the significant market value increase on commissioning of BWCE's projects. BWCE's 2,340 kW Wilmington solar array has not been revalued in this year's accounts, because although it had been commissioned 6 days before the end of the year, it had not then been handed over to BWCE by the contractors.

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 profits by this amount.

	2014-15	2013-14
<b>Trading Performance</b>		
Electricity Generation Income	180219	174943
Development Income	645227	218221
	<u>825446</u>	<u>393164</u>
Direct Costs	-610187	-235978
Other Operating Costs	<u>-148148</u>	<u>-99876</u>
Surplus Before Members' Interest	67111	57310
Members' Interest	<u>-70569</u>	<u>-54120</u>
	-3458	3190
Revaluation of Assets less Depreciation	<u>13678</u>	<u>297465</u>
<b>Consolidated Profit for the Year</b>	<u><u>10220</u></u>	<u><u>300655</u></u>
<b>Group Assets</b>		
Project Fixed Assets	4424460	1730000
Debtors less Creditors	185056	77798
Cash at Bank	<u>396154</u>	<u>440216</u>
	5005670	2248014
Less Long Term Liabilities	<u>-1272204</u>	<u>-794880</u>
<b>Net Assets at Year End</b>	<u><u>3733466</u></u>	<u><u>1453134</u></u>