

Community Connects

Community
and local
energy
workshops

electricity
north west

Bringing energy to your door

Community Energy Project
Management Without (too many) Tears

Led by Quantum Strategy & Technology Ltd

5 July 2018

Stay connected...



www.enwl.co.uk

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Bringing energy to your door

Welcome & Introductions

Project Ground Rules

Host Site Liaison & Project Activities and Steps

Break at 11.00

Financial Practicalities

Nearly there... making the project happen

Operational Planning Summary & Review

Close: 12.45 and Lunch to follow

Introductions

What is Community Energy?

- Community led renewable energy
- Energy demand reduction/supply
- Wholly or part-owned by the community in partnership with public sector/private sector
- Community shares & social finance
- Democratically controlled
- Profits for community benefit eg energy efficiency/fuel poverty
- Active local involvement
- Mainly voluntary





Workshop assumes you have:

- Identified a project
- With a willing land or site owner
- Aiming for a lease and PPA (Power Purchase Agreement)
- Finance to be raised all or in part by Community Shares
- You have capacity to manage the project

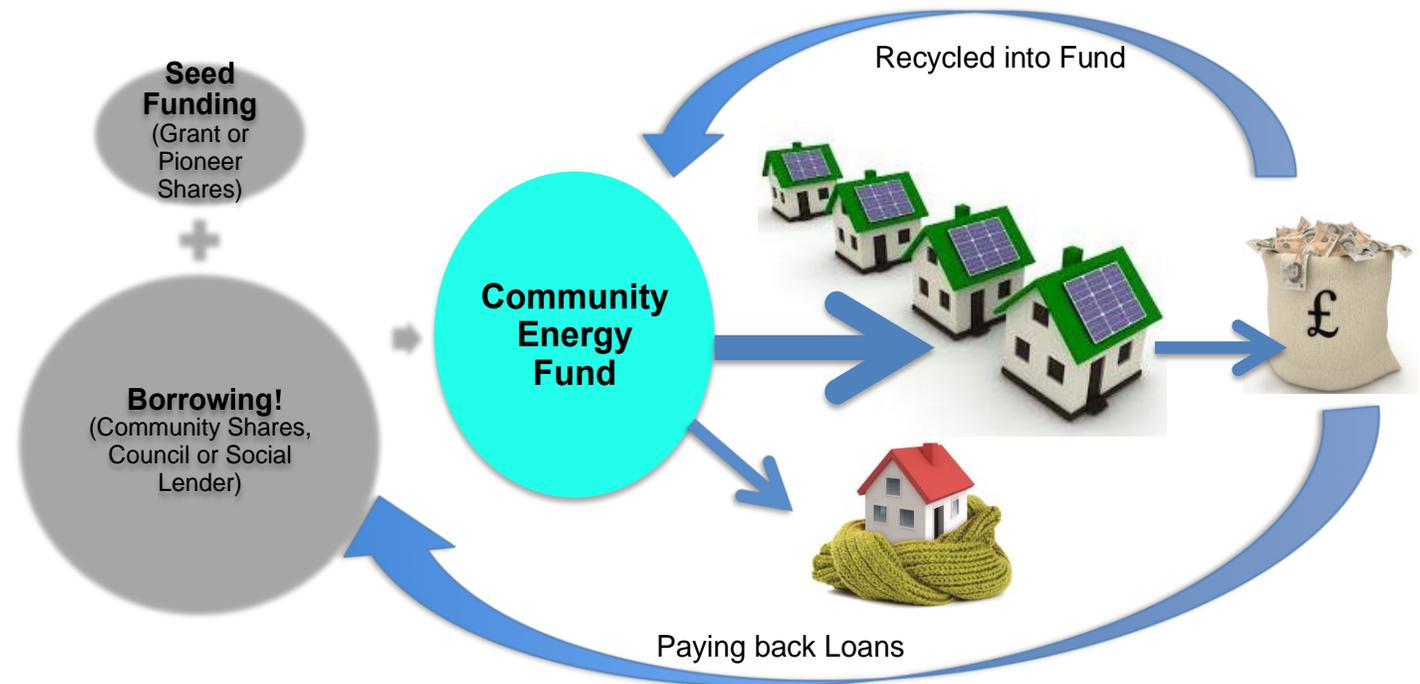


Setting the Foundations

- What are you trying to achieve?
- Who will benefit from the project?
- Is a community energy scheme the best way to achieve those aims & benefits?

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?



Initial Risk Register

- Key risks at different stages:
 - Development
 - Funding
 - Construction
 - Operation
- Are you able to manage / happy to accept?
- Host site?

Risk	Impact	Likelihood	Impact	Action
Governors delay decision to proceed until after summer	Medium	High	Delay potential to miss FITs	Prepare project in advance of agreement
Roof structure not suitable	High	Medium	Unable to complete project	Complete structural survey
Unable to raise funds	High	Medium	Unable to complete project	Multiple grant applications; sound out potential donors; advance local publicity if share offer proposed
Installation costs increase	Medium	Low	Adversely affects financial viability	Obtain several installer quotes
Accident/injury during construction	Medium	Low	Potential delays. Affects relationship with SKS and potential future projects.	Ensure installation contractor carries out risk assessment. Check insurance. Agree H&S procedures & method statement with school.
System causes damage to other property (e.g. fire, storm, roof)	Medium	Low	Damage/destruction of system. Damage to building. Depending on severity, short or long term loss of income. Affects relationship with school and community	Ensure designed for local weather. Check meets roof warranty criteria. Check installer meets electrical safety standards. Maintenance contractor available.
System failure under warranty	Low	Low	Short-term loss of income/savings	Check warranties. Ongoing relationship with installer.
Installer goes out of business	Low	Medium	Potential loss of warranties	Find another company to take on repairs. Use of established long-running installer to lower risk

Stakeholders and Decision Makers

- Your team
- Host site team
- External players
- Early meetings



Decision Making Process & Timetable

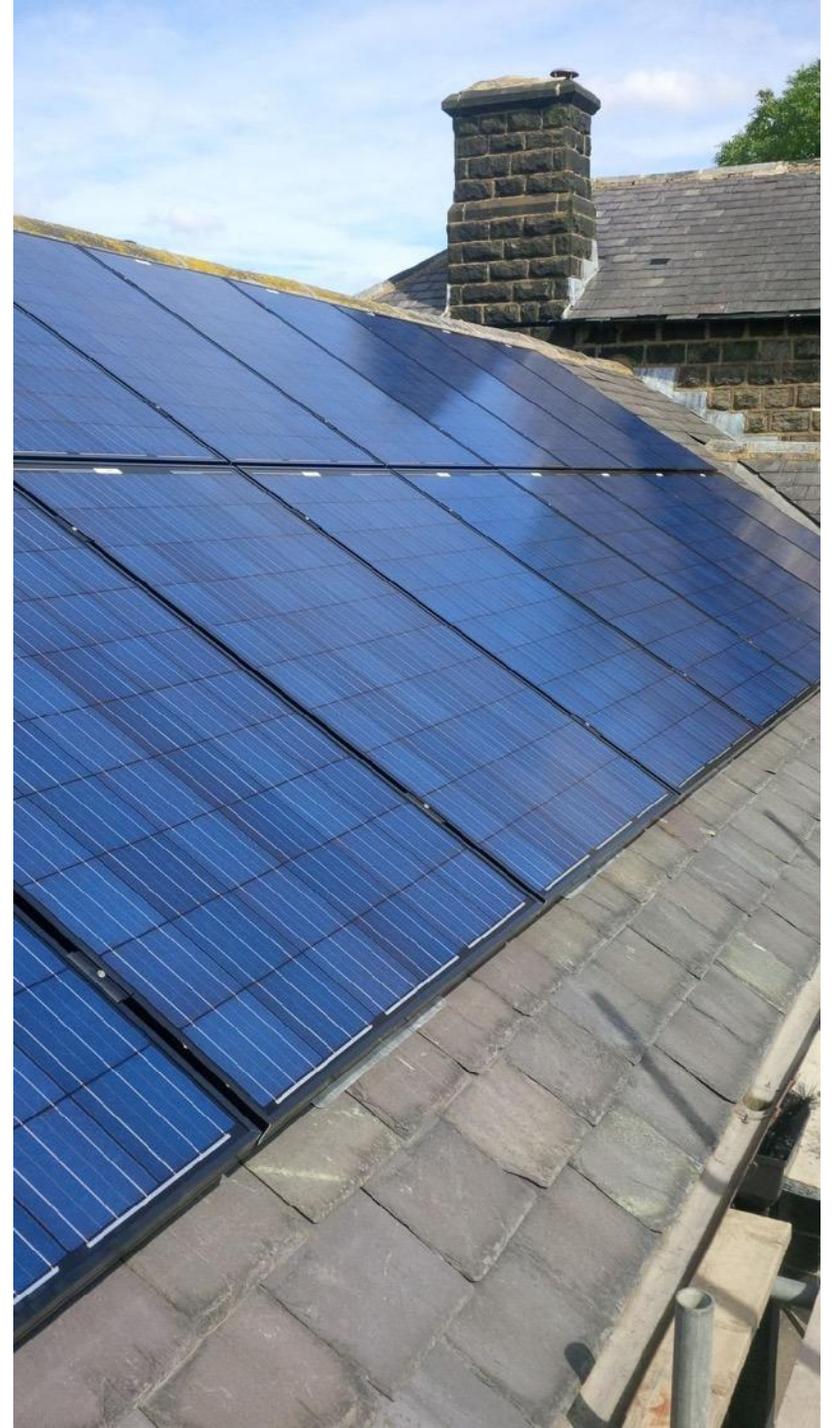
- Building trust & going at the right pace
- Clarifying the host site decision process:
 - Who, how, when
 - Local vs top-level decisions
- Communication methods
- Managing expectations
- Going public (or not)
- Time-line constraints (FITs deadline, planning permission, holidays, key meetings)

Memorandum of Understanding (MoU)

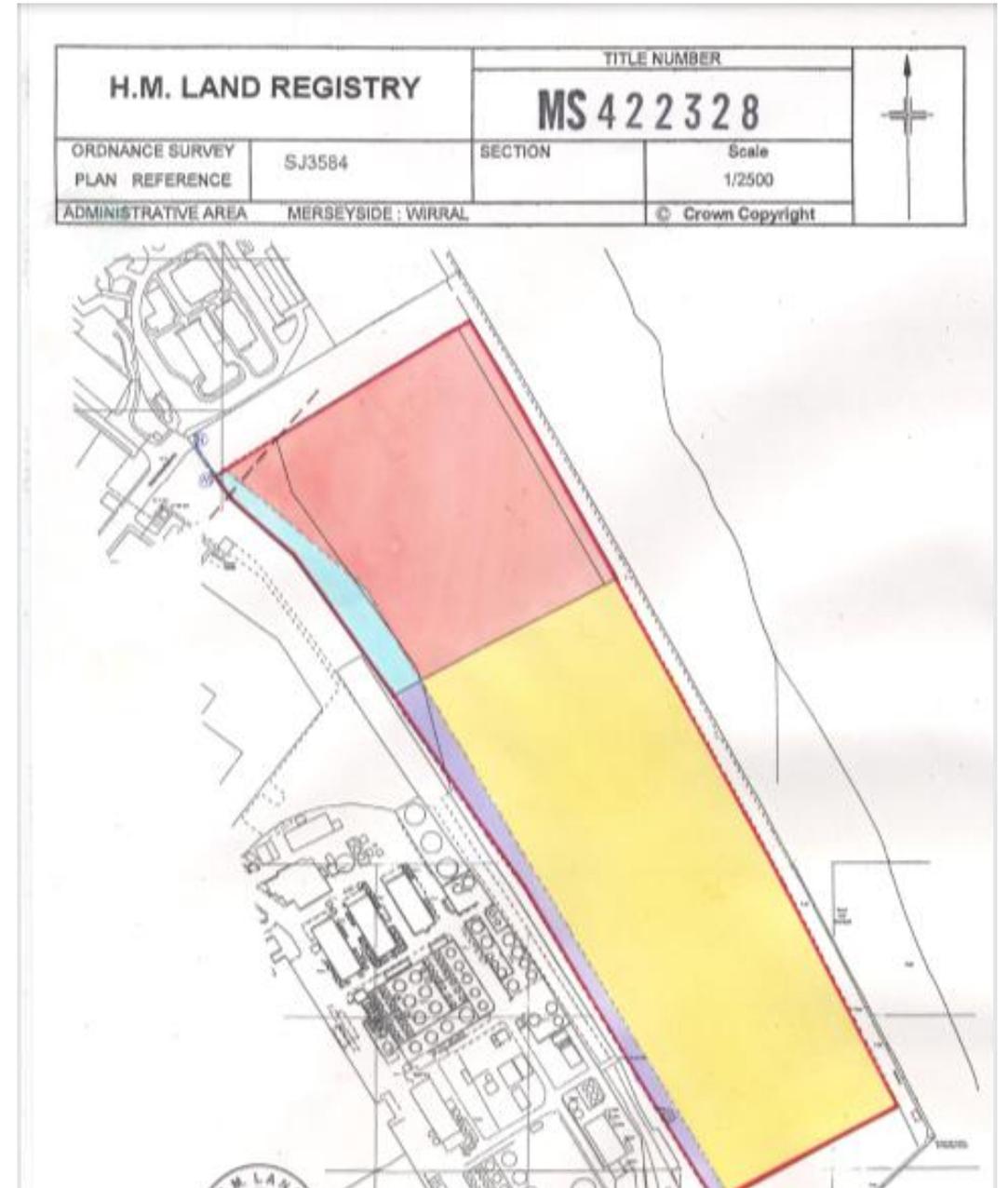
- Agreement to work together to progress the project
- Exclusivity (time period)
- Aims & expectations
- Outline terms for lease & PPA
- Data sharing & confidentiality
- Communications
- *Not legally binding*

Host Site Liaison & Project Activities

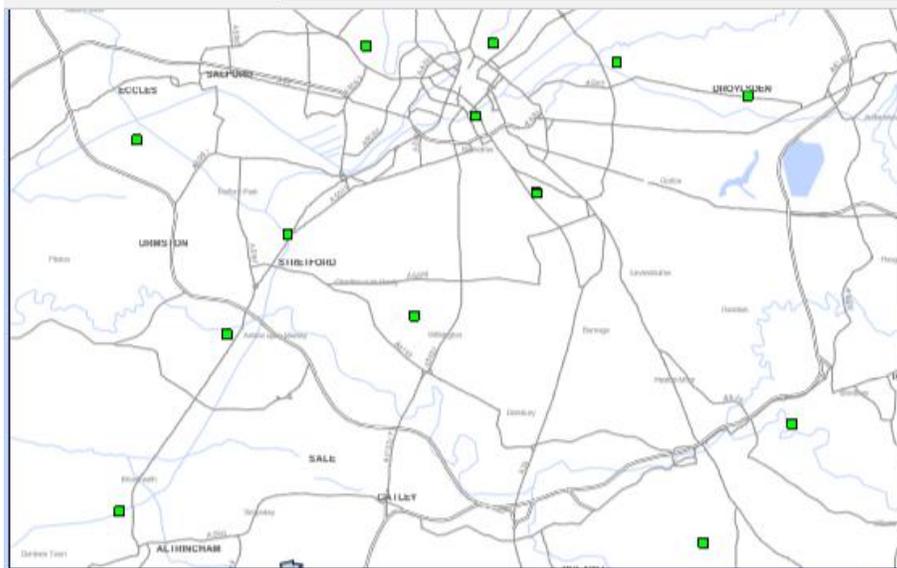
Site & Technical



Lease & PPA



Grid Connection



THEMATIC SUBSTATION SHADING

	UNLIKELY TO HAVE SUFFICIENT CAPACITY TO CONNECT DG WITHOUT REINFORCEMENT	(4)
	LIMITED SPARE CAPACITY CONSTRAINING THE ABILITY TO CONNECT DG	(0)
	AVAILABLE SPARE CAPACITY TO CONNECT DG	(62)

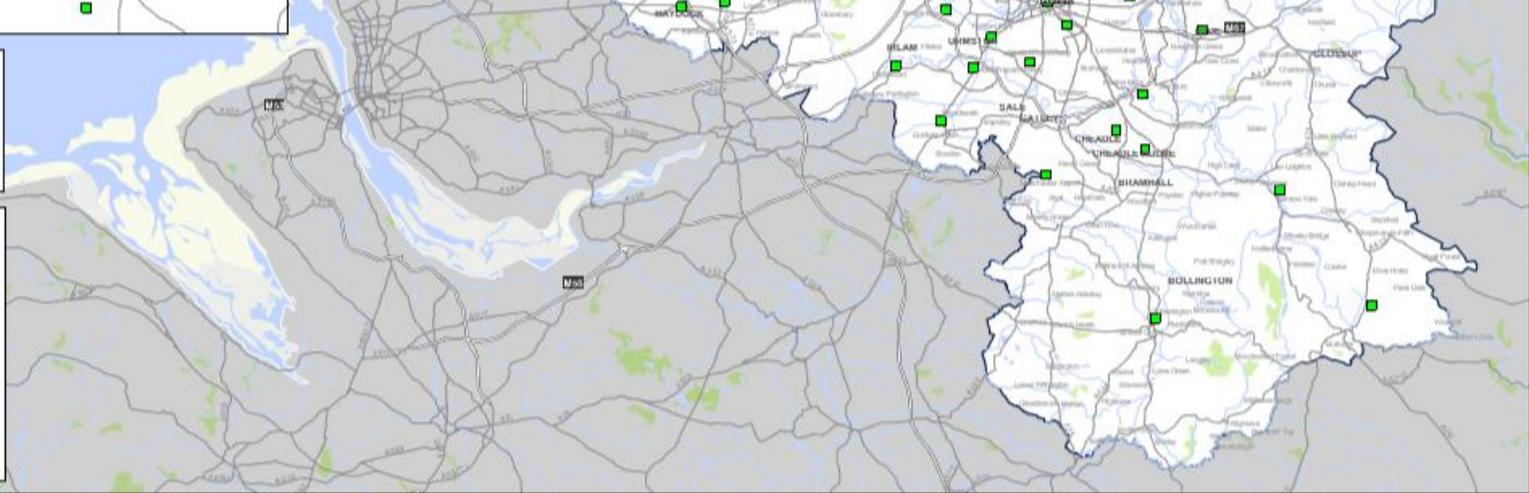
ENW DG CAPACITY MAP

EXTRA HIGH VOLTAGE (33KV)

- BULK SUPPLY POINT SUBSTATIONS
- ENWL CONTROL BOUNDARY

ORDNANCE

- MOTORWAY
- 'A' ROAD
- RIVER
- LAKE
- WOODLAND



Planning Permission



Installers & Contractors



Insurance



northern **alliance**



NB this photo is from a big storm in another country ... not in the UK!

Break

Financial Planning

Financial Viability

Financial model

- Scenarios: how to break it
- 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	£/kWp 725
Grid Connection	£600		0
Total Capital		£6,850	0
Budget Revenue			
Project Management	£2,000		
Planning	£200		
Legal	£4,000		
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 as % of project costs	20%
CB as % share interest	69%

Internal Rate of Return	5.5%
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CO2 Savings	
Year 1	8 tonnes
20 Years	25 tonnes

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

Financial Management

- Who's responsible? Back-up?
- Reporting to group – joint responsibility
- Reporting to funders
- Bank account access/management
- Operating & start-up costs
- Cash flow plan
- Construction finance & staged payments
- Finance raising timetable
- VAT registration
- Setting up management accounts

Nearly there...

Community Engagement

- Who is your community?
- Communications & publicity
- Key messages
- Routes to reach and enthuse
- Turning supporters into members
- Share offer for local people as well as wider stakeholders or interest groups
- Building a community of members



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
- Take some photos for publicity

Celebrate!



Operational Planning

Managing the Project

- Maintenance contract
- Meter readings
- Performance monitoring
- Invoicing
- FITs/RHI payments
- Ongoing contact with site
- Lease & PPA review
- De-commissioning

Managing the Organisation

- Board meetings
- AGM
- Financial management (accounts, payments, VAT, Corporation Tax, FCA returns)
- Communication with members
- Communication with funders
- Engaging with the community
- Managing community benefit
- New projects
- New board members

What have we forgotten...

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A 'whole place approach' to low carbon communities ...an introduction

Delivered by Cumbria Action for Sustainability

Tuesday 18th September, Kendal

Energy Efficiency for community and local energy groups

Delivered by Carbon Co-op and URBED

Wednesday 17th October, Lancaster