

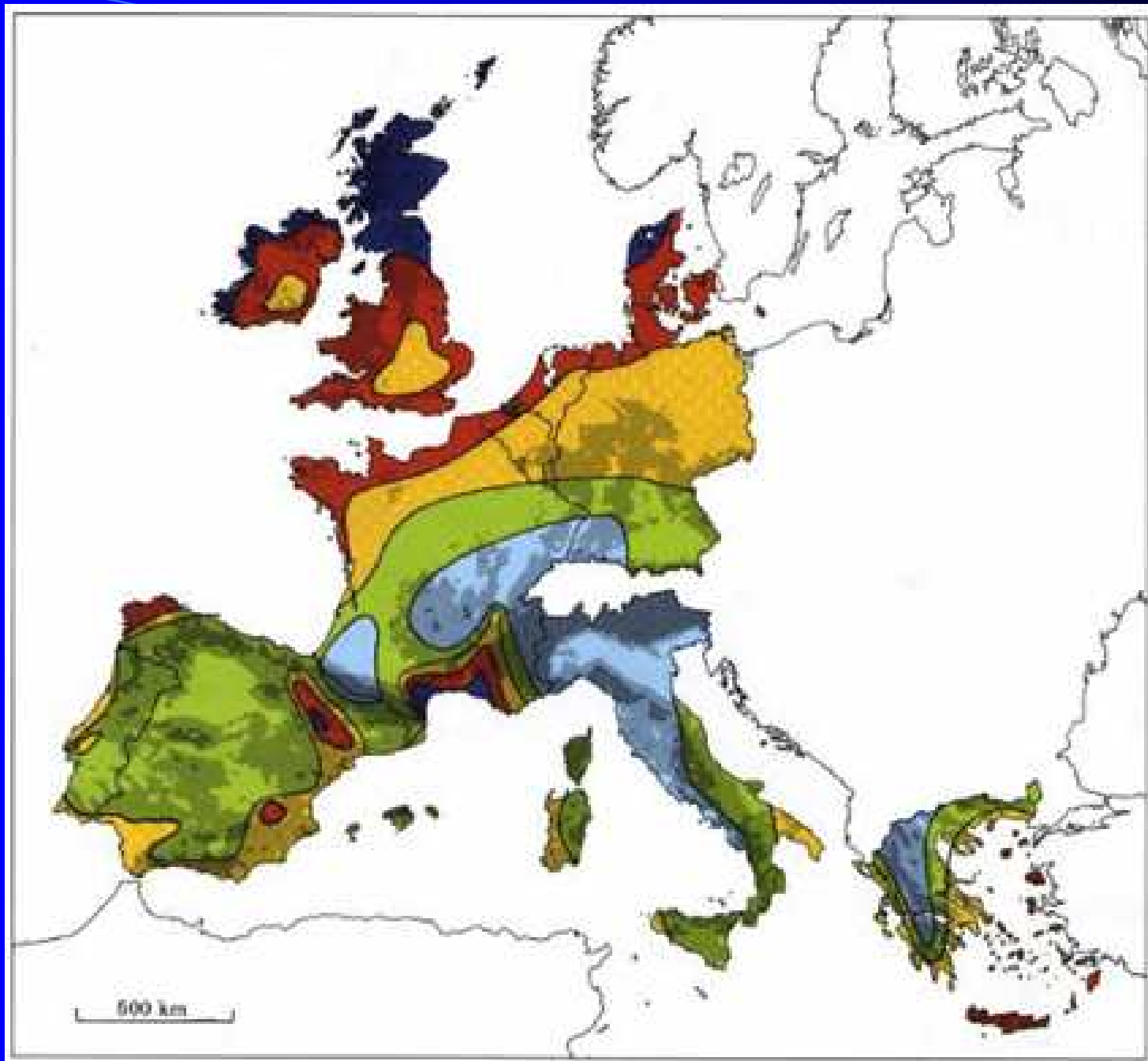
# Community Ownership without Grants? – The Energy4All experience

All-Energy Conference  
Aberdeen 24<sup>th</sup> May 2007

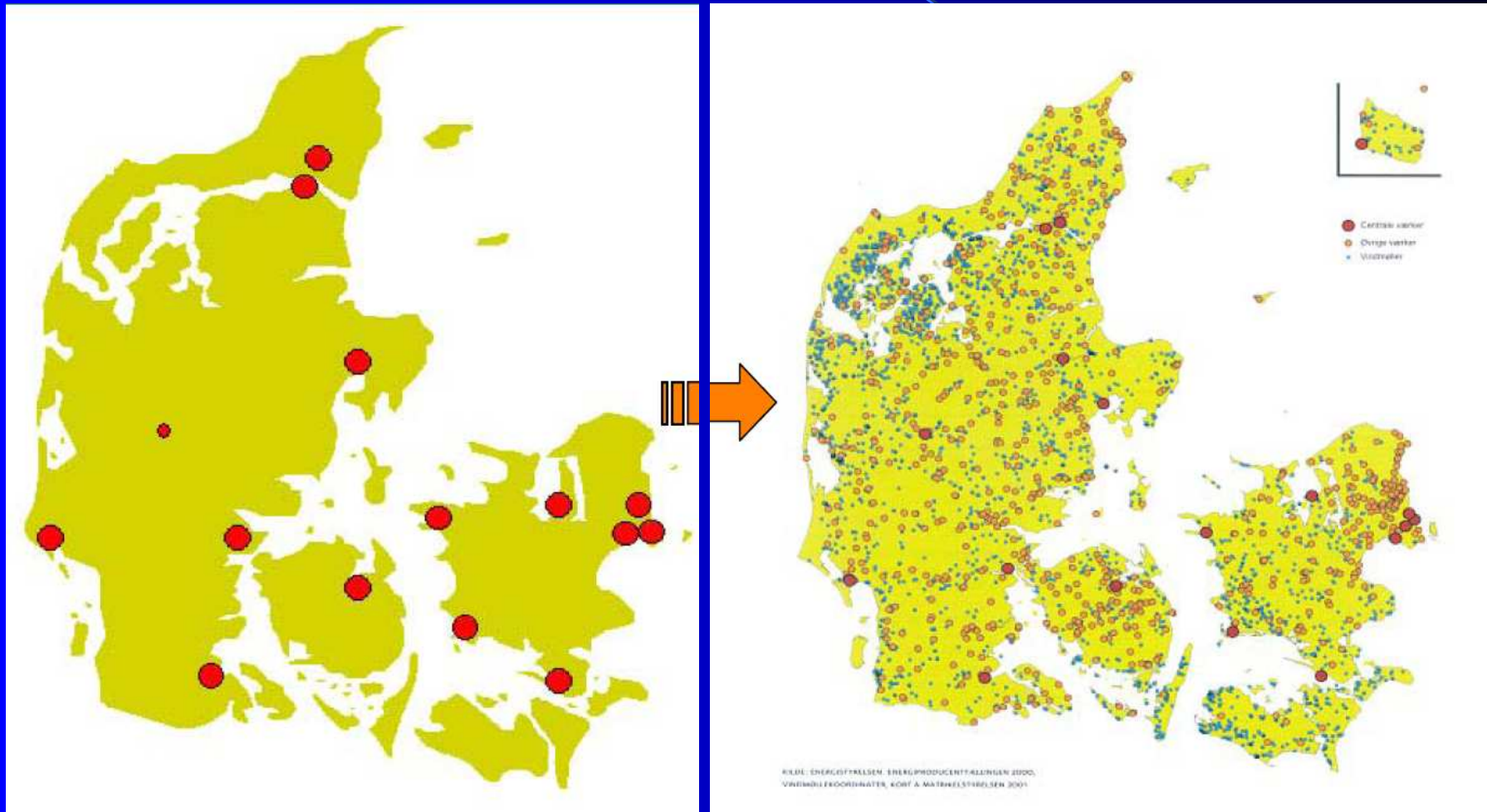
Andrew King  
Chairman – Energy4All Ltd

# Contents

- Community Ownership in UK
  - Baywind and the Co-op Model
  - Energy4All
  - Westmill
  - Findhorn
  - Conclusions
- Developer projects
  - Fenland
  - Boyndie and the Falck programme
  - Conclusions
- Summary



# Denmark mid 1980s to Present Day



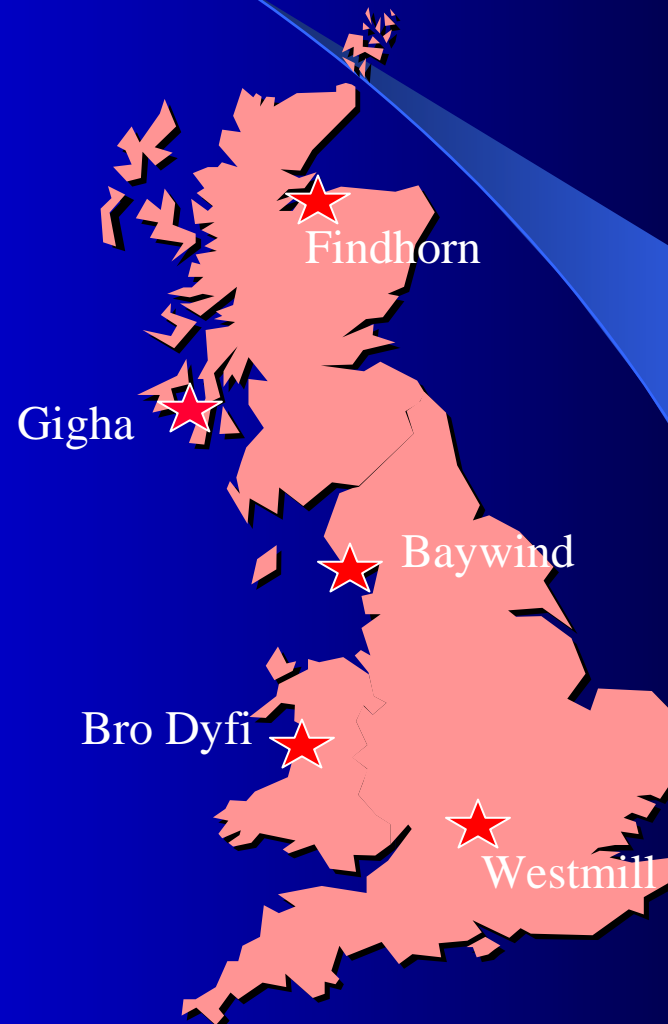
# 100% community owned wind farms in UK

Note:

Gigha and Bro Dyfi  
grant aided

Energy4All roles:

- Advisor
- Facilitator
- Developer
- Manager



# Why so little community ownership in U.K?

- o Land ownership issues
- o High risks pre-consent (£150k)
- o Capital costs (>£1m per MW)
- o Cultural issues
- o Financial structures
  - o No community tax breaks etc
  - o No preferential pricing
  - o No grid obligation etc.
- o Specialist skills & management needed
- o Long lead times / planning delays

Result: -

Very few community sites in UK



# Case study 1

## Baywind Co-op

- Established 1996
- Six wind turbines in Cumbria
- Development Risk?
  - Taken by Swedish Developer
- Capital?
  - Provided by developer, with option to community to buy out
- Baywind
  - 1,350 Members
  - Raised £1.9 m through two public share offers
  - Co-op Bank loan of £1m to complete purchase



# The Co-op model - How does it work?

- Co-operative principles (Industrial & Provident Society)
  - One member, one vote
  - Volunteer Board, elected by members
    - Expenses + nominal fee only
  - Social ethics – responsibility, equality, fairness
  - Supports environmental and social goals
- Financial rigour
  - Run as robust business; not a charity.
  - Governed by FSA rules
  - Capital from approved share offers (+ borrowing?)
    - £20k max; £250 minimum, for membership.
    - Capital limited by wealth and population
  - High set-up costs for share offers
  - Typically pays out all net profits to members as ‘share interest’

# Energy4All

Facilitating community ownership of renewable energy

## Structure

- Created by Baywind
- A social enterprise
  - Limited company but not profit maximising
- Owned by the co-ops it creates
  - Any surplus ploughed back into business or returned to co-ops

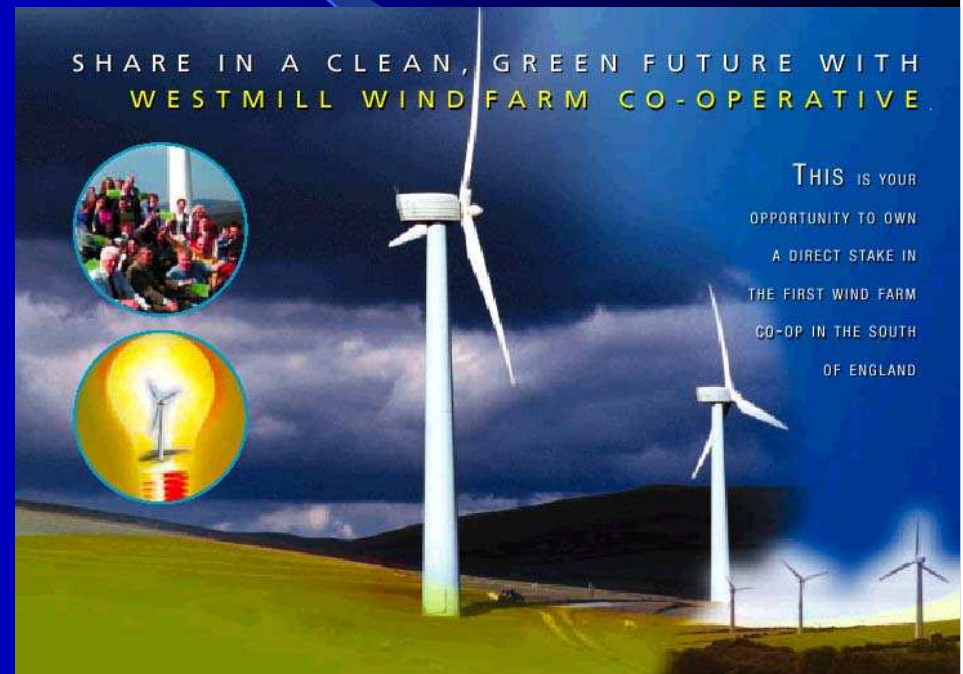
## Aims

- Facilitate community ownership in renewable energy projects
- Develop community programmes
- Provide attractive ethical investment.

# Case study 2

## Westmill Wind Farm Co-op

- Plans for first wind farm in SE England – 5 x 1.3MW turbines
- Development Risk
  - Taken by farmer - £150k?
  - 14 years to get planning
- Capital
  - Raised by co-op share issue - £4.4m
- Serious delays re. turbines etc
- Current plans to build end 2007



# Case study 3

## Findhorn Eco Village

- Well established community near Inverness
- Private wire system - Now 4 small turbines - Operational April 2006
- Developer Risk?
  - Taken by community
- Capital?
  - Provided by community, supplemented by Baywind loan
- Community 'self-sufficient in power'
- Eco houses and high energy efficiency standards



# Conclusions re community projects

- Suitable sites / organisation?
- Developer Risk?
  - Costly
  - Risky
  - Time consuming
  - Requires skills
- Capital?
  - High requirement
- Rare
- Communities
  - ill equipped
  - Under resourced
  - Lack skills
- Capital
  - Equity from share holders
  - Commercial borrowing

## Conclusion:

- It only works..... in exceptional circumstances

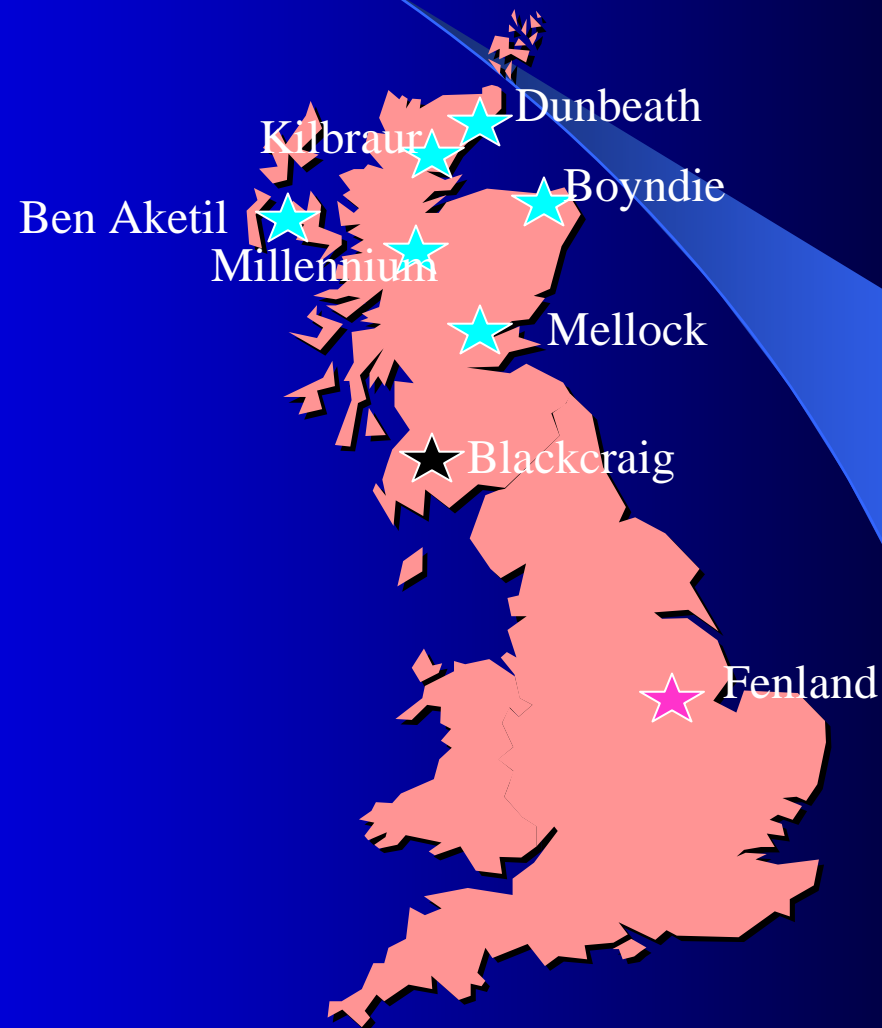
# E4All Projects Type 2: 'Developer' projects

★ Falck / RDC

★ SSE

★ EDF

★ Nuon



# What does E4All actually do?

- Negotiates agreements with Developer
  - General
  - Site specific
- Creates, supports and advises local co-op
  - Launch process
  - Routine operation
- Promotes Share offer
  - Legal and financial approval needed – FSA
  - Complex and expensive
- Management Services for operational co-ops
- No E4All, no co-ops.

# Case study 4

## Fenland Green Power Co-op



- Five sites in E Anglia owned by EDF
- Energy4All negotiated stake
  - Ownership of 2 x 2MW Re-power turbines
  - Est. value £4.2 m (€6.3m)
- Current position –
  - Site operating
  - Persistent delay in legalities
  - Co-op preparing for launch - July 2007?
  - Vibrant co-op and attractive return forecast

# Case study 5

## Boyndie (Banff) Co-op

- First Falck Renewables site
  - Seven turbines on WW2 airfield.
- E4A negotiated royalty share for locals with Falck.
  - Complex and difficult negotiations
- Co-op launched 15th May 2006.
- Raised £0.75m target locally in 3 months
- Support from Scottish Co-op



# Key features of Boyndie launch

- Experienced, committed board
- Media support
- Community support
  - + Co-op support
- Publicity (local to control membership)
- Professionalism
  - It won't launch itself!



# Features of Boyndie launch

## Project Finances:

- Raised - £750k
  - Returned - £20k
  - Charged costs - £80k
  - Purchase of stake - £650k
  - Predicted return - >10% p.a.
- 
- Result: A financially robust new enterprise

## Membership profile:

- 712 members
    - 100 children
    - 80% very local
    - 95% Scottish
  - Average investment £1k
- 
- Result: A truly local co-op; a focus for new initiatives

# Conclusions re community projects through Developers

## Developer benefits

- Supportive community - genuine stake
- Better informed community
- Long term relationship
  - Planning
  - Construction
  - Operation
- Very limited cost

## Conclusion:

- A Win-Win model .....

## Community benefits

- Developer takes Risk
- Developer provides construction Capital
  - Limited risk re. share offer
- Energy4All provides organisation / structures and advice

in the right circumstances

# Summary

## Community ownership of renewables in UK

- Possible with Grants
  - To cover development risk
- Limited potential for 100% ownership without grants.
  - Possible but rare
- Proven model for Developer deals
  - It works and it is profitable
  - It benefits everyone
  - Low risk to members and co-op
  - Good return and opportunities for activities
- All options Require Business Professionalism to be successful