

Morecambe Bay Community Renewables
AGM 21st May 2013
Chair's Report

Lancaster Cohousing PV installation

2012 was our first full year of existence and we carried out our first project: the installation of a 50 kWp solar photovoltaic system on the mill building and on two of the terraces (F and C) at the Lancaster Cohousing development, Forge Bank,. For this we raised £107,000 of share capital, of which we have retained £4,000 in a savings account for purchase next year of extended warranties for the inverters (to extend the warranties from 5 years to 20 years). We have a good working relationship with Lancaster Cohousing and were very pleased to be working with them on this project. The system was installed by Lancaster-based, The Better Roofing Company, who we wish to thank for fitting in with the requirements of the main contractor, Whittles. Bad weather in early 2011 held up the work on the new terraces considerably, but thanks to Whittles, Lancaster Cohousing and Better Roofing working together, our system was installed and commissioned before the drop in the rate for the Feed in Tariffs at the end of July 2012.

Performance and expected interest payments

The PV panels have performed well, with output initially above expectations. However, in the last month we have had problems with two inverters, first on Terrace C, and then on the mill. The inverter on the terrace was quickly replaced, and we are currently in the process of remedying the problem with the mill inverter. We are also going to look at putting in place a better system for monitoring performance of the PV systems. These problems mean that, assuming average output for all the panels from mid May to the end of July is the same as that for Terrace F over April, the amount generated will be lower than expected over the year. However, the statement of our current financial position, attached to this report, suggests that we should still be able to pay share interest of 2% in the autumn, as predicted in the share offer document.

Tax relief

We have applied to HMRC for approval of our share offer under the Seed Enterprise Investment Scheme (formerly just Enterprise Investment Scheme, or EIS). This will enable members with Class B shares who meet various other requirements to claim tax relief on their investment. We are still in discussions with HMRC over this, though we expect to receive a positive response shortly.

New office and relationship with LESS

During our start-up phase in the autumn of 2011 LESS community interest company held funds for MORE Renewables until we had a bank account, and employed a project co-ordinator on our behalf. MORE Renewables has now entered into a memorandum of understanding with LESS community interest company, allowing MORE Renewables to use LESS's office as its registered address. We have agreed to pay LESS £500 per year for this, including LESS staff doing minor administrative tasks for MORE Renewables. For any more significant work, such as the work that the LESS finance officer, Debbie Mace,

does on our VAT returns and accounts, MORE Renewables pays LESS at cost plus 20%. We have no plans to employ our own staff, but intend to contract this to LESS if needed. Much of our administration currently, including minutes of meetings and bookkeeping, is done by Anne Chapman, on an unpaid basis.

LESS has just moved office from Ridge Square to St. Leonard's House. We have decided to discontinue having our own phone line and instead just use the LESS number. Our so our address and phone number has changed to:

c/o LESS

Room C9, St. Leonard's House

St Leonards Gate

Lancaster LA1 1NN

Phone 01524 66100

Anne Chapman is currently chair of LESS and of MORE Renewables, but she will be stepping down as a LESS director later this year. To maintain a link between the two organisations, and for his knowledge of community energy projects nationally, the MORE Renewables directors have asked Kevin Frea, who has recently become a director of LESS, to join the board of MORE Renewables as a co-opted member.

Future projects

The directors have been investigating possible future projects, including hydro, biomass, wind and further PV installations.

Hydro

During 2012 we applied for support from the Co-operative Bank to develop a hydro scheme on the Lune at Skerton Weir in Lancaster. Some feasibility work for this has already been carried out, funded by Bowland AONB. We got through to the interview stage and were told that they were very impressed with our team but had concerns about the feasibility of the project. Three directors recently visited Settle Hydro and heard about the legal battles they have had with fishing interests. Given this, and the problems being experienced by Halton Lune Hydro, we have decided not to pursue hydro schemes at the moment, at least until Halton Lune Hydro is up and running, and there is information on the impact it has on the Lune.

Biomass

The directors have considered investing in biomass boilers, as done by Woolhope Woodheat, a Co-operative in Herefordshire. They install woodchip boilers (which they retain ownership of) in hard-to-heat buildings and have a contract with the building owner to supply heat at a reduced price over fossil fuel. They aim to use woodchip from local woodlands (see <http://www.shareenergy.coop/woolhope>). These projects are much more complex and, directors feel, more risky, than PV installations. We are also concerned that woodchip boilers do not yet have sufficient reliability – most installations need a gas or oil back-up system, and the wood chip needs to be stored properly. We have been approached by one primary school which is off gas grid about funding a boiler and have

concluded that they should first do the insulation works they are planning and then we would look at funding a pellet boiler as replacement for their oil one (pellet boilers being more reliable than wood chip ones), once their lowered heating requirements have been determined.

Wind

Wind turbines are by far the most controversial type of renewable technology. It is much more difficult to find a suitable site for a wind turbine than it is for solar PV – because there are far fewer of them and it is less obvious whether a site has a good wind speed than whether it is relatively sunny. The work needed to get planning permission (now not needed for most PV systems) is onerous, particularly for the larger turbines. All this has meant that, so far we have not considered pursuing wind projects. However, the Better Roofing Company, our installer for the Lancaster Cohousing PV system, is currently involved in an EU-funded programme at the University of Central Lancashire helping small companies to install medium-sized wind turbines (around 50 kWp) and can get at least some of the feasibility work done for free. We are therefore currently looking for possible sites for such turbines. They are a lot smaller than the big turbines at the University, Garstang and Caton Moor, but larger than the domestic ones you often see at farms.

PV systems

The price of panels has come down significantly in the last year meaning that PV systems could be viable, provided we are paid a reasonable price for the electricity they generate. Having to charge for the electricity generated means that it would be more sensible to do large scale systems, which are also more cost effective. We need organisations with big roofs which use lots of electricity. We have therefore approached a number of secondary schools, Lancaster University and the University of Cumbria. It is proving a slower process than we would like to obtain responses from these organisations, but we are hopeful of having at least one project to bring forward in the next few months. In addition, Lancaster Cohousing has asked if we could fund a further PV system on Terrace D, which has just been constructed. We can do this and not affect the FITs rate we receive for our current system if the new one is installed more than a year after the initial one. We are therefore hoping to find at least one other large scale PV project or a wind project, so we could do a share offer for this along with the new Lancaster Cohousing PV system. Another possibility is that we approach commercial organisations with large roofs and large electricity requirements, such as factories or dairy farms. An advantage we would have, over these organisations doing such systems themselves, is that, as a community organisation, we can receive the higher FITs rate for PV systems on buildings that have an Energy Performance Certificate (EPC) of below D, as factories and farms generally do. Our initial aim in setting up MORE Renewables was to do renewable systems on community buildings of some sort, so working with purely commercial organisations would be a departure for us, though not disallowed by our rules. We would like members' views on the type of organisation they would be happy for us to work with.

Anne Chapman
17th May 2013