



**Morecambe Bay Community Renewables
AGM 17th May 2014
Chair's Report**

Performance

In their first full year of operation, to July 2013, the solar PV system at Forge Bank generated 38,666 kWh of electricity, slightly down on the predicted 40,000 kWh. This was due to the problems with the inverter on Terrace C – which failed completely and had to be replaced in April 2013 – and generation of the mill system being affected by Lancaster Cohousing's contractors not re-instating the electricity supply correctly after turning it off. In the last few months the mill system has been underperforming compared with the other two systems (on Terrace C and F) and the inverter there has been replaced. Over the calendar year (also our financial year) of 2013 these problems, along with the less than sunny autumn, meant generation was down more substantially, at 36,000 kWh. Problems with the performance of the PV system have convinced us of the importance of installing remote monitoring, so that we are aware of issues more quickly than is revealed by the monthly readings of generation meters, currently undertaken for us by Lancaster Cohousing under the terms of our lease with them. Our new project (see below) will include installation of a web monitoring system to the new and existing arrays, so we can remotely monitor performance.

Share Interest, community benefit payments and capital fund

Despite problems with the performance of the PV system, we were able to pay share interest of 2% to members, as outlined in our initial share offer. In line with our rules we also made a payment of a quarter of that paid out in share interest, amounting to £535, to LESS, for their home energy service. We returned £1000 of shares to the estate of a member who died during the year, plus we have put aside £3,000 in a long term savings account (with the Melton Mowbray Building Society) for repaying shares.

Horton pellet biomass boiler project

In September 2013 we were approached by a trustee of the Horton Women's Holiday Centre as to whether we could finance a replacement boiler for their coal-fired Rayburn which had broken down. Horton Women's Holiday Centre (WHC) is a charitable co-operative, providing affordable holiday accommodation for women and children and we were very pleased to be able to help them out. We launched a share offer in November and received applications for 19500 shares in just three weeks. Directors decided to accept all these applications, though our capital outlay for the Horton boiler was just £15100, so as to have capital to use in future projects.

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The pellet biomass boiler was installed by the Carnforth-based company, Sustaburn in early December – in time to provide the Centre with a warm Christmas. It has been working well and the Centre staff are very pleased with it.

MORE Renewables has a shared ownership agreement with Horton WHC under which Horton WHC are responsible for buying the pellets and operating the boiler. After three years Horton WHC can, if they wish, fully purchase the boiler for an amount equal to our project costs less our net operating income from the boiler (RHI payments plus a small charge made for every kWh of heat produced less our operating costs including share interest and community benefit payments) up to the date they purchase it. We think this is a model which provides a fair share of benefits and risks to both sides and could be replicated for other projects.

Tax relief

We were successful in obtaining SEIS tax relief for most investors in our first share offer. Community biomass projects in other parts of the country have had problems in obtaining tax relief for investors because HMRC consider providing a boiler in exchange for a charge made for the heat it produces to be a leasing activity, and leasing is not an eligible business activity for EIS or SEIS. We were hoping that this issue would be avoided by having a shared ownership agreement for the boiler, but HMRC did not agree. However, they have allowed investors to claim SEIS for our November share offer as provision of biomass boilers was mentioned in our original share offer document and the Horton project forms less than 20% of our income. This means that to do more biomass projects we also need to do more electricity-generating projects, and ensure that the biomass projects are less than 20% of our portfolio.

Companies are eligible for SEIS (which gives investors 50% tax relief) if they have been trading for less than 2 years. MORE Renewables started trading at the end of July 2012 so we are hoping that the first £40,000 shares (bringing us up to the maximum of £150,000 SEIS-compliant shares) that we issue under our current share offer will be eligible for SEIS.

Administration

We continue to use the LESS office as our office address. The LESS finance officer, Debbie Mace, does our VAT returns and our annual accounts. Most other admin is done by our Chair, Anne Chapman. MORE Renewables is now paying Anne for this, at a rate of £15/hour for 5.5 hours a month.

New share offer

We have now launched our third share offer: for £50,000 to fund a further 39 kWp of solar PV on terrace D at Forge Bank. The offer was opened on 1st May 2014 and closes 30th June 2014. To ensure that the system is installed before mid-summer – so we get the current feed in tariff rate (which is due to go down on 1 July) and the sunshine (we hope!) a member of Lancaster Cohousing has agreed to make a short term loan to us so we could pay the deposit for the panels before launching the share offer. Our contractor is the Better Roofing Company, who installed the previous system. Installation should start in the last week of May and be complete in 2-3 weeks. The roof is south-facing and already has brackets fitted for a PV system.

Future projects

We are actively looking for new projects, both solar PV and wind, but it is much harder than might be thought to find them. We spent quite a while talking to residents of Sunderland Point about the possibilities there for renewable energy (it is windy and

sunny), but after discussion they have decided that they do not want us to proceed with a project. We are currently talking to two local businesses with possible sites for wind turbines. We have approached both universities, Myerscough College and a number of schools. Following the launch of the government's community energy strategy we wrote to all the local authorities around Morecambe Bay. We will continue to actively search for more projects and would be grateful for any contacts that members may have with organisations with suitable roofs for solar PV (who also have a big energy use) or landowners who may have sites suitable for a wind turbine.

Anne Chapman
8 May 2014