



## **AGM, 23<sup>rd</sup> April 2015**

### **Chair's Report**

#### **Third share offer and new systems**

Our third share offer, launched in May 2014 successfully raised over £55,000 to fund a 39 kWp extension to the solar photovoltaic (PV) system at Forge Bank, Halton.

The system was installed in June and has been operating well. However, in the past few months there has been some damage to the cable going into the inverter, possibly caused by someone pulling on the cable above where it enters the cabinet containing the inverters. This is currently being rectified by our installer, The Better Roofing Company.

In the autumn of 2014 directors decided to use the excess capital accepted in our share offers, plus money put aside to purchase warranties for inverters (which is not needed until 2017) to fund a solar PV and solar thermal system (to provide hot water) at Lancaster Boys and Girls Club on Dallas Road. This was one of the systems we looked at in 2011 which we had to abandon after the government proposed to halve the feed in tariff rates. Costs of PV panels have come down, and the roof is south facing and easy to fix panels to, so our financial model suggested that a 10 kWp system, with the Boys and Girls Club paying 8p/kWh for the electricity it generated which they use, is viable. The Club had previously wanted to install solar thermal (to provide hot water) and already had a suitable hot water tank, but had been unable to fund the solar thermal panel. We agreed to fund this as well as the solar PV system, with revenue coming from RHI payment and a small payment of 3 p/kWh by the Club for the heat generated. Both systems were installed in January/February 2015. Rather than a lease, we have a shared ownership agreement with the Boys and Girls Club. This is based on the agreement that we developed last year for the Horton Women's Holiday Centre biomass boiler. HMRC considered that the biomass boiler project was not an eligible activity for the purposes of EIS/SEIS tax relief. However, we have written to them with the agreement used for the Boys and Girls Club and they have said that the project is an eligible business activity, so we could offer this form of agreement for other solar PV systems.

#### **Performance**

In 2014 the output from our solar PV systems was been 4-5% higher than expected due to a sunny summer after a rather gloomy start to the year, and problems with the inverter for the

Morecambe Bay Community Renewables Ltd. is an  
Industrial and Provident Society, registration no. 31421R

VAT number 136919389

Office: c/o LESS, PC22 The Storey

Meeting House Lane, Lancaster, LA1 1TH

01524 66100

[www.morerenewables.co.uk](http://www.morerenewables.co.uk)

Mill system at Forge Bank. Our pellet boiler at the Horton Women's holiday centre has also been working well, with income from that project 10% higher than projected.

We were able to pay the predicted 3% share interest in the autumn of 2014, plus gave £1400 to LESS, a local community interest company, to support their Home Energy Service. In addition we were able to pay off the loans for start up costs (including the 50% 'bonus', or risk payment) made by two non-directors in 2011 by issuing shares to them as part of our 2014 share offer.

### **Administration and office move**

Anne Chapman continues to do most of our admin, spending far more than the 5 hours a month she was paid for in 2014. Now we are a bit bigger this has been increased to 10 hours a month for 2015, still paid at £15 per hour. We continue to use the LESS office as our office address. This moved again in August 2014 to The Storey on Meeting House Lane. The LESS finance officer, Debbie Mace, does our VAT returns and our annual accounts.

### **Engagement with the wider co-operative and community energy movement**

The sixth principle of the International Co-operative Alliances Statement of Values and Principles says that co-operatives should strengthen the co-operative movement by working together through local, national, regional and international structures. MORE Renewables is a member of Co-operatives UK and Co-operatives North West and Anne Chapman is a director of Co-operatives North West. She is helping to organise their AGM in Lancaster, on 29<sup>th</sup> September this year.

Kevin Frea has contacts with a number of other community energy organisations and helped to set up Community Energy England, launched in June 2014. We were pleased to be one of the founder members of this organisation which promotes and lobbies for the community energy sector.

In October MORE Renewables became a mentor in the Energy Mentoring project run by Co-operatives UK. As one of the only community energy organizations in the North West which has done solar PV projects, we were asked to apply for this and four directors are now, between them, mentoring seven new community energy groups, with their time paid for by the Energy Mentoring project.

We have been actively promoting the development of the sector and the work of MORE Renewables by speaking at various events to promote community renewable energy, including the Powering Up North Conference, CLASP's Community Energy event, DECC/TCPA training on community energy for planners and the launch of Liverpool Community Renewables. MORE Renewables is also featured in the guide, "[Community Energy for Liverpool City Region](#)".

In 2014, Lancaster Cohousing, Halton Lune Hydro and MORE Renewables jointly won the Observer ethical award for the best community energy project.

We have continued to contribute to efforts to ease the restrictions on the sector nationally, by providing input to DECC, Ofgem and FCA consultations.

### **Financial Conduct Authority policy on co-operatives**

Since MORE Renewables was formed in 2011 the organisation responsible for registration of industrial provident societies has changed from the Financial Services Authority to the

Financial Conduct Authority (FCA). Another change has been the Co-operative and Community Benefit Societies Act 2014 which has consolidated and revised legislation on co-operatives. In 2014 the FCA ceased to accept applications for the registration of co-operative societies operating in the community energy sector. In autumn 2014 the FCA produced a consultation paper about how it proposed to discharge its duty of registering co-operative and community benefit societies, which stated that a co-operative should trade with their members, and thus community energy organisations which did not sell energy to their members (which is not normally possible) could not be co-operatives. MORE Renewables responded to this consultation, disagreeing with this very narrow interpretation of what a co-operative is, and with other elements of the guidance. In particular we objected to the suggestion that community benefit societies are primarily philanthropic organisations, in which people invested with 'little hope of return' (something the FCA substantiated by reference to a 1930s parliamentary debate!).

The changes to our rules agreed at the 2014 AGM have twice been rejected by the FCA, for different reasons, and the directors of MORE Renewables have concluded that, even though we disagree with the FCA view of co-operatives, we should convert to a community benefit society. Another factor leading us to convert is up-coming changes to tax relief rules which mean that EIS and SEIS will soon no longer be available to us, but a new tax relief, social investment tax relief (SITR), will be available to community benefit societies, but not co-operatives.

### **New projects and opportunities**

The directors continue to look for new projects. In the past year we have had discussions with Lancaster University, Lancashire County Council, Lancaster City Council, a local farmer and local businesses. We are currently waiting until the outcome of the election in May before doing any more work on possible wind projects. We are reconsidering some of the community buildings we looked at in 2011 for solar PV systems but at the moment we think that our greatest opportunity lies in large scale, ground-mounted solar PV.

A key plank of the government's Community Energy Strategy, published in January 2014, is that local communities should be offered an ownership share of large scale, on-shore renewable energy projects. And in the summer it said it would change the feed in tariff (FIT) rules so that a solar farm where part of the site was owned by a community organisation could be treated as two separate sites, even though the whole site has just one grid connection. As the limit for FITs projects is 5MW, and solar farms over 5MW are no longer eligible for the Renewables Obligation, partnering with a community organisation is a way in which commercial developers can build projects which are 5 to 10 MW – both can own up to 5 MW and receive FITs payments. There are a number of large scale ground mounted solar PV projects being planned in north Lancashire and we are in discussions with developers of these about shared ownership of these projects.

Anne Chapman

17<sup>th</sup> April 2015