



## **AGM, 4<sup>th</sup> May 2016**

### **Chair's Report**

#### **Lancaster Boys and Girls Club**

In 2015 the Society added a 10 kWp solar photovoltaic (PV) system and 1.86 kW solar thermal system to its portfolio of renewable energy systems. Both were installed at the Boys and Girls Club, a community centre on Dallas Road in Lancaster, in February. These systems were installed under a shared ownership agreement with the Boys and Girls club, based on that developed for our biomass boiler at Horton Women's Holiday Centre. The cost of these systems (approximately £15,000) were met using surplus funds raised in previous share offers and accumulated capital fund.

#### **Change to a community benefit society**

In June 2015 the Society converted from a co-operative society (under the Industrial and Provident Society Act 1965) to a community benefit society (under the Co-operative and Community Benefit Societies Act 2014). This change was brought about due to the Financial Conduct Authority (FCA) stating 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. The directors thus felt that our best recourse was to convert to a community benefit society

#### **Performance**

Overall, output of the solar PV systems at Lancaster Cohousing (89 kWp total capacity) was about 5% above the predicted output. However, the output for the system on terrace D, installed in 2014, was lower than expected because of problems with an inverter caused by damage to the inverter cabinets, possibly caused by children. This damage has been rectified and the design of the cabinets altered to prevent similar damage in future. The cost of the repairs and loss of revenue was covered by our insurers.

Our income is linked to inflation. In doing our financial modelling we assumed that this will be 2.5%, but in April 2015 the rate used to increase the feed in tariff rate was only 1.6%. Our income has been maintained by the above expected output of our solar PV systems, and above predicted income from the boiler at Horton. However, given the low inflation rate directors decided to pay share interest of 3.5%, rather than the 4% predicted in our share offers. The Society also gave £1,610 to the LESS Home Energy Service as a community benefit payment.

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### **Wider Community Energy Activity**

MORE Renewables has continued to play a role in the wider co-operative movement. It is a member of Co-operatives UK and Co-operatives North West (CNW). A director of MORE Renewables, Anne Chapman, is a director of CNW and organized the CNW annual conference, in Lancaster, in September. MORE Renewables has also been a mentor on the Energy Mentoring scheme run by Co-operatives UK. Four directors have assisted seven community energy groups in the North West with their projects, two of which ran successful share offers in 2015. We also were active in the campaign to save the Feed in Tariff scheme, in the autumn of 2015.

The Society received a 'Highly commended' in the Community Energy England awards, in the Community Heat project category.

### **Future Opportunities for Community Energy**

Various changes to the support regime for renewable energy made by the government since May 2015 have greatly decreased the viability of new renewable energy projects. At present it is difficult to see how projects of the type that MORE Renewables has done in the past will be viable in the near future. There is however some interesting work going on looking at the viability of solar PV combined with battery storage which could in the future be worth considering by MORE Renewables.

### **RHI Consultation**

A recent consultation on the renewable heat incentive (RHI) will likely result in the tariffs being cut drastically. The government has decided that for biomass schemes they want to focus their funding on large boilers and the tariff will drop from 3.76p (< 200kW) and 5.18p (200kW to 1 MW) to around 2.5p per kWh for all systems regardless of size. They are also suggesting that support for solar thermal will be withdrawn completely. Based on what happened during the FITs consultation these proposed changes are likely to be approved and make it unrealistic for us to invest in a biomass boiler / solar thermal system in the future

### **Share Capital Withdrawal**

It should be noted that our financial model does require shares to be withdrawn throughout the life of a project so that we can maintain our anticipated interest payments to members. If a member wishes to withdraw their shares they must write to MORE Renewables requesting to do so. At present class B shares issued in our first share offer, in 2012, can be withdrawn and those issued for the biomass boiler project in 2013 will be withdrawable from December 2016. Class A shares can be withdrawn at any time. If there are insufficient requests for withdrawal of shares the Directors have the right to return capital to members who have not made such a request.

Steve Wrigley

April 2016