



## Community Share Offer

April 2012



You are invited to be one of the first investors in **Bristol Energy Cooperative**, a not-for-profit, community-owned enterprise, growing Bristol's local green energy supply and making the benefits of green energy open to all.

In a starter share-offer, we are seeking £87,800 from members across Bristol for solar on two community buildings in Bristol:

- to buy 20kW of the solar PV installation on the roof of Hamilton House in Stokes Croft, and
- to install 19kW of solar PV on the roof of Knowle West Media Centre.

We invite you to

- Join in the first stages of an exciting ethical energy investment community.
- Support Knowle West Media Centre and the Hamilton House community of inspiring organisations with free/subsidised green energy.
- Earn up to a projected 4% return on your investment.

The Hamilton House panels were installed just before the December cut-off date for the higher rate of Feed-in Tariff income (see Box 1).

The Knowle West Media Centre panels will be installed in June this year.

Each year, the systems together will provide over 28,000kWh and save 16 tonnes of CO<sub>2</sub>. This is enough to power six average houses (one and a half times as much as is used in Hamilton House) and save more than 400 tonnes of CO<sub>2</sub> over their 25yr+ lifetime.

Now we need you to help us get 19kW panels onto the Knowle West Media Centre, and bring the 20kW of Hamilton House panels into community ownership!

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Share offer open: **16th April 2012 – 18th May 2012**

Amount sought: **£87,800**

Minimum investment: **£50**

Maximum investment: **£20,000**

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The information contained in this Share Offer has been prepared under the supervision of the directors of Bristol Energy Cooperative, who take responsibility for its contents. To the best of their knowledge, all information is accurate.

The Bristol Energy Cooperative share offer is exempt from the Financial Services and Markets Act 2000 or subsidiary regulations; this means you have no right of complaint to an ombudsman.

A community benefit society is registered with but not authorised by the Financial Services Authority and therefore the money you pay for your shares is not safeguarded by any depositor protection scheme or dispute resolution scheme.

An investment in the shares offered in this Share Offer carries risks and you may lose the whole value of your investment. Please consider it carefully in the context of this complete share offer document and related information and, if needed, seek independent advice.

# 1 | THE PROJECT

## What is Bristol Energy Cooperative?

**Bristol Energy Cooperative** is a community-owned social enterprise, aiming to support and finance democratic, community-owned renewable energy and energy efficiency projects in Bristol.

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We are working to make Bristol's energy supply:

- **Community-owned:** Using a co-operative model democratises energy ownership: one member one vote irrespective of shareholding, open membership subject only to a minimum shareholding of £50, and a strong participatory ethos ensuring that the interests of Bristol's communities come first. Bristol Energy Cooperative is registered as an Industrial and Provident Society for Community Benefit.
- **Equitable, green and resilient:** Bristol Energy Cooperative will work with people, communities and businesses to support and finance green energy projects that would not otherwise happen, helping Bristol to significantly reduce its reliance on fossil fuels.

## What is the project?

In our first project, we aim to provide community finance to fund the installation of solar PV arrays on community buildings in Bristol, providing free or subsidised energy to community organisations and sharing the income received from the Feed-In Tariff (the government subsidy for Renewable Energy) between investor-members, partner buildings and the wider community.

## THE ROOFS

### Hamilton House



In December we partnered with installer Ethical Solar to install 20kW of solar PV on the roof of Hamilton House in Stokes Croft, a vibrant community hub run by Coexist CIC where art, music, enterprise and innovation cluster as a community rising to the challenges of today and tomorrow.

Ethical Solar financed the installation and have given us the option of buying the panels, and therefore the generation tariff income, from them.

The system consists of 85 x 230Watt Innotech panels and two 3 phase inverters. The total system size is 19.55kW.

**Tariff (annual):** £5,681

**Energy (annual):** 14,145 kWh

A separate, additional 20kW was installed by Bristol Power Coop at the same time.

### Knowle West Media Centre



KWMC Photography

Knowle West Media Centre (KWMC) is based in South Bristol and supports individuals and communities to get the most out of digital technologies, music, media and the arts. A 19kW solar PV array will be installed in June this year.

The system will consist of 82 x 230Watt Innotech panels and one inverter. The total system size will be 18.86kW.

**Tariff (annual):** £2,442

**Energy (annual):** 13,437 kWh

The panels will be used in the coming months in an exciting trial by Western Power Distribution involving DC networks and battery storage, to increase the amount of energy coming from the panels into the building, improving efficiency and creating further energy savings.

## 2 | INVITATION TO INVEST

**Bristol Energy Cooperative** is offering ordinary withdrawable shares for purchase. Membership is open to British Citizens and/or UK residents aged 16 or over, corporate bodies and voluntary organisations. The minimum shareholding is £50 and the maximum is £20,000.

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**Bristol Energy Cooperative** has received a start-up grant from the Bristol Community Energy Catalyst Fund which has covered all preparatory work including incorporation, preparation of roof leases, obtaining planning permission and publicity costs. A large amount of volunteer time has been contributed to the project by its directors, supporters and advisors.

### Why we are seeking investment

**Bristol Energy Cooperative** will use the £87,800 raised to cover the capital costs of purchasing 20 kW of solar PV (electricity) panels on the roof of Hamilton House, and funding the installation of 19kW solar PV on the roof of Knowle West Media Centre.

- Hamilton House will continue to receive free clean electricity for the lifetime of the system (over 25 years) at point of generation, reducing energy bills for Connolly and Callaghan Ltd (owners) and helping to support the Coexist community of organisations which use the building. Knowle West Media Centre will receive highly subsidised green energy for the lifetime of the system at point of generation, substantially reducing their energy bills.
- **Bristol Energy Cooperative** will receive income from the government incentive for generating sustainable energy, the 'Feed-in Tariff' (see Box 1), from which we will
  - o provide a return on your investment (up to a projected 4% - see 'payment of interest on shares')
  - o reinvest surpluses in further renewable energy installations and energy efficiency measures on a similar basis, building a resilient, local energy supply.

**Bristol Energy Cooperative** will own and maintain the installation for a period of 25 years. At that point, ownership of the installations will transfer to the buildings' owners (Connolly and Callaghan Ltd, and Knowle West Media Centre) who will benefit from further free electricity generation.

## BOX 1: WHAT IS THE FEED-IN-TARIFF?

The Feed-in Tariffs scheme is a government programme intended to incentivise the generation of renewable energy technologies. There are two main parts to it:

### The generation tariff

This tariff pays a set rate for each unit (or kWh) of electricity generated by the system, regardless of who uses it.

### The export tariff

Once up and running, the system feeds electricity first to the building it is wired into. But if the building cannot use all of the electricity generated by the system, the remainder gets exported to the National Grid and an extra amount is paid for each unit exported. This is the export tariff.

Once the system has been registered, the tariff levels are guaranteed for the period of the tariff (25 years for Solar PV) and are index-linked to the Retail Price Index (go up each year with inflation).

The FiT scheme is in constant review. The tariff rates have been reduced since December and are planning to be reduced again at the end of June. But when the system is commissioned (installed and registered to receive FiTs) the rate paid for that system is guaranteed for 25 years. The Hamilton House system was registered before the 12th of December 2011, and so has a 32.9p/kWh rate of Feed in Tariff guaranteed for 25 years. The Knowle West Media Centre installation will be registered before the end of June and safe from future reductions and changes and will receive a rate of 15.2p, safe from future reductions.

## Democratic Ownership

Bristol Energy Cooperative is registered as a Cooperative for Community Benefit. By investing, you become a member and receive voting rights at our annual general meeting. Each member receives one vote regardless of how much they invest. Through general meetings you will have an equal say on the strategic development of the Society, the distribution of annual profits and future projects the Cooperative engages in, and can get further involved through joining working groups and standing for election to the Board.

## Payment of Interest on Shares

We aim to provide member-investors with an annual interest payment of 4% on their investment, but we cannot guarantee the rate of annual interest.

The expected annual interest payment is based on the project income and expenditure over the life of the solar arrays using assumptions outlined in the financial model below. We are likely to re-invest capital in a range of other renewable energy and energy efficiency measures that will provide an overall comparable return (see 'the future'), and your investment will be exposed to the risks entailed in those projects also. We have outlined a range of identified risks, and you should consider these assumptions and risks carefully before applying for shares.

## What are the benefits, and how are they shared?

<p><b>Social</b></p>	<p>Sustain the Coexist community in Hamilton House and Knowle West Media Centre with free or subsidised green energy.</p> <p>Help create a Community Benefit Society owning renewable energy infrastructure in Bristol, supporting the local green energy economy and making sure communities and investors in Bristol benefit from the opportunities of green energy generation.</p>
<p><b>Environmental</b></p>	<p>39kW of solar will offset 16.6 tonnes of CO<sub>2</sub> each year, adding up to a minimum of 400 tonnes over the lifetime of the panels.</p>
<p><b>Personal</b></p>	<p>Receive an annual projected 4% interest on your shares.</p> <p>Be one of the first members of our new, community-owned energy company for Bristol.</p> <p>As a member you will have an equal say on the strategic development of the Society through general meetings and can get further involved through joining working groups and standing for election to the Board.</p>

## The Future

Bristol Energy Cooperative intends to make other investments in renewable energy and energy efficiency projects through re-investment of capital. We would like this to be the start of a democratic investors' cooperative able to assess and invest in viable projects which contribute to the aims of the Cooperative. The directors intend to invest in future projects with the agreement of members and where the return to members is in total at least comparable to what we anticipate being able to provide in this share offer.



KWMC Photography

## 3 | FINANCIAL MODEL

This gives an illustrative overview of the financial model for this project. Figures will change each year with inflation. A fuller financial forecast can be downloaded from our website.

### Capital Costs

**Hamilton House:** The cost of the purchase and installation of 20kW of installed capacity on the roof of Hamilton House was £56,329, including VAT. The 20kW installation was installed and registered in December 2011, and Bristol Energy Cooperative is able to buy all or part of the installation, and the associated Feed-in Tariff income, from Ethical Solar.

**Knowle West Media Centre:** We have received a quote for the purchase and installation of 19kW installed capacity on the roof of Knowle West Media Centre at £31,502, including VAT.

**Solar Readiness Fund:** Because the government plan to cut the Feed-in Tariff rates further at the start of July, we would like to be able to support similar projects at a community or domestic scale before the end of June. If we are able to raise substantially more money than we are asking for in this Offer, we will consider using the excess to fund those projects where they are achievable within the timescale, offer a comparable rate of return, and do not materially change the terms of this Offer.

### Indicative Revenues from the Project

The amount of revenue generated by the project will depend on the amount of sunlight for any given year which, in practise, will vary from year to year. Our estimations are based on conservative models. We have assumed a loss of efficiency of 1% per year.

### Annual revenue from these installations will consist of

- a) Feed-In Tariff payments for all energy generated. From the already commissioned Hamilton House installation this is at the higher rate of 32.9p/kWh, an estimated £4,900 yearly, and from Knowle West Media Centre at the new rate of 15.2p/kWh, estimated at £2,150 yearly.
- b) Feed-In Tariff payments for energy exported from Knowle West Media Centre (The export tariff from the Hamilton House installation has been assigned to the building's owners, Connolly and Callaghan Ltd). Without installing an export meter, this is estimated to be 50% at 3.1p/kWh, totalling around £220 per year.
- c) A contribution of £100 per year from Knowle West Media Centre out of energy savings made. This has been set at a level that still ensures significant energy savings for the Centre.

### Ongoing expenditure associated with the installation

Costs necessary to sustain the basic running of the Cooperative at not more than £1100 per year. This includes the cost of administering shares and distributing interest payments, preparation of annual reports and holding our AGM.

Insurance and maintenance cost of the systems at not more than £700 per year. We will be insuring the panels against damage, loss of income and public liability. The panels have a manufacturer's guarantee, and are very low maintenance but will require occasional checking.

Removing and replacing 10kW of the Hamilton House panels once to enable building works – a one-off cost of at most £4000.

The inverters will need replacing once over the lifetime of the systems. We will set aside a sinking fund for their replacement out of annual income, at just over £600 per year.

## Distribution of Annual Profits

After these costs, we anticipate an annual profit from this project of around £5000 per year. The members will determine at each annual general meeting how to distribute these profits. The Directors propose that this annual profit is used as follows:

- a) Provision for payback of initial invested capital, either direct payback through shares withdrawn, setting aside capital in fixed-term deposits, or re-investment.
- b) The remainder to be divided between interest payments to all member-investors of up to but not more than 4%, and put towards furthering the aims of the Cooperative.



PhotoViaMike

## 4 | WHO WE ARE

The founder members of Bristol Energy Cooperative are a group of individuals, from a range of professional and personal backgrounds, who care about the local economy, the global environment and believe in the power of the Bristol community to create alternative business solutions that effect real change. They have all put their time and energy into developing Bristol Energy Cooperative on an entirely voluntary capacity.

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**Thomas Beale** – Freelance social enterprise advisor, currently working in the Social Housing sector in Bristol, and as a grants assessor for the Local Food Fund.

**Emilia Melville** – Sustainability engineer at Buro Happold, with past experience of co-operatives as employee of a housing co-operative.

**Andy O'Brien** – Founder and former chair of Sustainable Westbury on Trym, part of Transition Bristol. IT project manager by day.

**Andrew Lee** – Architectural technician, New-Build Domestic Energy assessor, and Code for Sustainable Homes assessor at NOMA Architects Ltd.

**Daniel Oliver** – Independent social enterprise researcher, with 6 years experience of developing city partnerships in green business for Bristol Green Capital and Low Carbon South West.

**Mark Corbin** – Independent project consultant, specialising in online technology, social and participative design and ethical and equitable business models.

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Our project partners are: our installers Ethical Solar; Connolly and Callaghan Ltd, owners of Hamilton House; Coexist, tenant of Hamilton House; Knowle West Media Centre.



We are grateful for advice, time and support from a variety of other organisations and individuals across Bristol. In particular we would like to thank Hilary Sudbury (Cooperative Development Agency), Lachlan Atcliffe, Jim Brown (Baker Brown Associates), David Hunter (Bates Wells & Braithwaite), Philip Basin (Grant Thornton), Mark Leach and Graham Starmer (Bristol City Council), Bridget Newberry and Simon Roberts (Centre for Sustainable Energy), David Tudgey and the Bristol Energy Network, Bedminster and Easton Energy Groups, Helen Burley, The Converging World, Buro Happold, Paul Hardman (Gregg Latchams LLP), Peter Capener (Bath and West Community Energy Ltd), White Design, Daniel Narayanan, Inigo Uribechevarria, solar installers Ecocetera, AlterEco and SolarSense, and others who have helped us along the way.



Bristol Energy Cooperative is a member of Bristol Energy Network, an umbrella organisation for all grassroots initiatives broadly engaged in energy and sustainability issues within Bristol and the surrounding area.

## 5 | TERMS AND CONDITIONS OF SHARE OFFER

### Membership

Membership is open to individuals, corporate bodies and voluntary organisations.

### Shareholdings

The minimum shareholding is £50 and the maximum is £20,000.

### The nature of the investment

This is a long term investment. It is unlike investment in a for profit enterprise where the investor seeks to share in profits through dividends and make capital gains from an increase in the value of shares held which are freely marketable.

- The shares in a Community Benefit Society are not transferable, and the value of any shares cannot increase beyond their nominal £1 value and may be reduced if liabilities exceed assets.
- Shares cannot be sold. Shares can be withdrawn by giving 3 months notice of withdrawal to the Society. This cannot take effect until 1 year has elapsed from the date the Society begins trading. Withdrawal will be at the discretion of the directors who will judge if the Society is trading profitably and has adequate cash reserves to fund withdrawal.
- The Society cannot be sold for the benefit of its member shareholders, and there is a statutory asset lock.

### Payment of Interest

- Provision is made in the Rules for payment of interest on shares at rates sufficient to attract the required capital. The rate will be determined by members each year at the annual general meeting. The directors anticipate that the project will return up to 4% to investor-members.
- This investment should be considered as an opportunity to contribute financially to the community with the expectation of a social dividend rather than just a financial reward.
- Members have the option to waive part or all of their interest payment or assign it to a particular project.

### Voting rights

Each member of the Cooperative will have one vote regardless of the size and value of their shareholding. The sovereign body of the Cooperative is the general meeting, which will elect a Board of Directors to manage the Cooperative.

### Risk factors for the Bristol Energy Cooperative

The directors consider this lower risk than many other long-term investments, as it depends on the Feed-In Tariff which is guaranteed by the government for 25 years. However there are a range of risks to consider, amongst which are

- The share issue may not raise sufficient capital (see section 'targets and contingencies' below).
- The levels of electricity generation forecast for the installation sites may not be achieved.
- The project may be delayed for technical, legal or financial reasons.
- There may be legislative changes which affect the payment of the feed-in tariff, although on commissioning of the systems they will be guaranteed by the government for 25 years.
- There may be damage to the site which interrupts the generation of electricity.
- Although the systems will be fully insured, the usual 'Acts of God' exceptions apply.
- Future projects that Bristol Energy Cooperative undertakes may affect its ability to pay interest. These projects will be approved by members, and it is the intent of the directors to advise that these projects in total provide at least a comparable rate of return with the initial project.

This list is not necessarily comprehensive and you should consider other risks which may impact upon your investment.

The Bristol Energy Cooperative board will endeavour to minimise these risks wherever possible whilst recognising that some of them will be out of their control.

### Enterprise Investment Scheme

We are working to ensure that our shares are eligible for Enterprise Investment Scheme (EIS) tax relief, which allows investors who do not withdraw their investment for **three years** from the start of trading to set up to 30% of their investment above £500 against income tax liability.

You should seek independent financial advice if you intend to claim relief under the EIS.

## Caution

Any trading activity is vulnerable to changing or unanticipated risk. The Bristol Energy Cooperative share offer is exempt from the Financial Services and Markets Act 2000 or subsidiary regulations; this means you have no right of complaint to an ombudsman. A community benefit society is registered with but not authorised by the Financial Services Authority and therefore the money you pay for your shares is not safeguarded by any depositor protection scheme or dispute resolution scheme. The whole of your investment will be at risk (although you will not incur a liability beyond your investment). Please consider it carefully in the context of the complete share offer document and related information and, if needed, seek independent advice.

## Applying For Shares

To apply for shares, fill in the application form and send it to us before the closing date of the 18th May. You can pay by cheque (payable to 'Bristol Energy Cooperative') or by electronic transfer (our bank details, together with a reference code to use, are on the share application form).

Please send the application form to:

Bristol Energy Cooperative  
Sevenside House  
129 Newfoundland Road  
Bristol BS2 9LU

You cannot withdraw your application for shares after we receive your application form. Membership is at the Directors' discretion and we may decide to issue you fewer shares than you apply for.

We would like as many people as possible to become members of Bristol Energy Cooperative, and will accept investment in such a way that strengthens the democratic reach of the Cooperative.

We will acknowledge receipt of your cheque and application. We may cash your cheque as soon as we

receive it, and we will hold that money on trust until we offer shares to you.

If we issue you fewer shares than you asked for we will return the difference, without paying any interest, within 14 days of the meeting of the Board of Directors which considers your application.

## You promise that

You, as an individual, are at least 16 years of age.

You are a UK resident and/or a British citizen.

You will supply us with proof of your identity and address if we ask for it (we may need this to comply with Money Laundering Regulations 2003).

## Targets and contingencies

Following the closure of this share offer on 18th May 2012, or later if the directors decide to extend the share offer, the Co-operative will identify the amount raised and proceed as follows:

- If the target investment of £87,800 has been raised, the installation of 19kW on Knowle West Media Centre will go ahead, and the purchase of the 20kW system on Hamilton House from Ethical Solar.
- If between £31,502 and £87,800 is raised, then the installation of 19kW on Knowle West Media Centre will go ahead, and we will purchase a smaller proportion of the Hamilton House solar panels.
- If the amount raised is between £28,185 and £31,502 is raised, we will purchase 10kW (half) of the Hamilton House panels.
- If the amount raised is below £28,185 we will return all investment.
- If significantly more than £87,800 is raised we may use the excess as a fund to install solar on other roofs on the same basis.

As the Knowle West Media Centre installation has only recently been confirmed, the Directors may extend the share offer at their discretion to allow more time to raise this larger amount of money.

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## Further information

A pdf of this share offer document can be downloaded from our website, along with copies of the Cooperative's rules, business plan, financial projection and our shares application form.

[www.bristolenergy.coop](http://www.bristolenergy.coop)

If you have further questions about this offer, email us at [invest@bristolenergy.coop](mailto:invest@bristolenergy.coop) or phone us on **07503 372 689**

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