



# Solar Bond Case Study

Andy Heald, Co-Founder,  
Generation Community

# Social finance for solar energy

## Gen Community

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Oxford

Andy Heald Director – Gen Community

Generating community energy for social impact

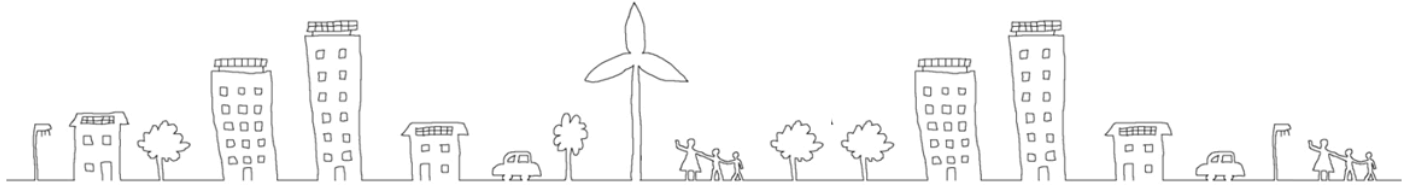


# Background

## Our journey

- £1m+ community investment – 2 Share Offers
- £0 marketing budget
- Design projects for maximum social impact
- REA 2014 Community Energy Award – “innovative finance”
- Cabinet Office funding to develop Solar Social Bond model
- Partnership with British Gas & Social Finance to scale
- Gen Com – energy, financial and legal professionals

# Vision



## **Objectives:**

- to significantly reduce local energy costs & carbon emissions whilst retaining maximum income for local benefit

## **Community energy:**

- helps address fuel poverty whilst improving community well being, inclusion & financial resilience

## **The model:**

- locally owned solar PV across residential and commercial rooftops
- fully funded – no capital required (option to invest if desired)
- community cash fund from year 1 for delivery of social benefit projects

# Social Impact

Accountable : Bespoke : Measurable



**Carol from Newport**  
“I love watching my meter go backwards, it makes me giggle!”



**“Energy bills explained”** drop in centre, funded by Gen Community delivered by NEA at Community House, Maindee in Newport



**Ms Dowd** from Newport has saved over £200 from her electricity bill since having solar PV installed by Gen Community.

# Our partnership

## Smart finance

Funding your savings



### Social Finance

- leading social investment intermediary (Peterborough and solar bond)
- solar social bond – to deliver £60m community energy projects
- aim's to source lowest form of capital in order to maximise social benefit

## Complex made simple



### Gen Community

- award winning community energy & social impact organisation
- investment professionals covering renewable energy, corporate finance, social enterprise & community benefit models
- developed UK's first dedicated fuel poverty community solar project

## Energy expertise

End to end peace of mind



### British Gas Solar

- leading energy service company part of the British Gas group
- blue chip solar PV installation and maintenance company
- quality assurance on install, performance guarantees & warranties

# Unlocking community solar

- Community share underwriting:
  - IGNITE - £2m
  - Social fund: £8m additional fund (TBC)
- Contractor
  - Construction risk (warranties – covenant strength)
  - Operations and Maintenance (performance levels)
- Low cost capital
  - Solar Social Bond - £60m+

# Stakeholder benefits

- **Local Authority / Housing Association**
  - ✓ Improved building stock, community engagement , third party funding, CO<sub>2</sub> targets
- **Local community**
  - ✓ Community fund to support social impact schemes in the area
- **Community Investors**
  - ✓ 6-8% IRR (+EIS relief) Index linked return with social and environmental benefits

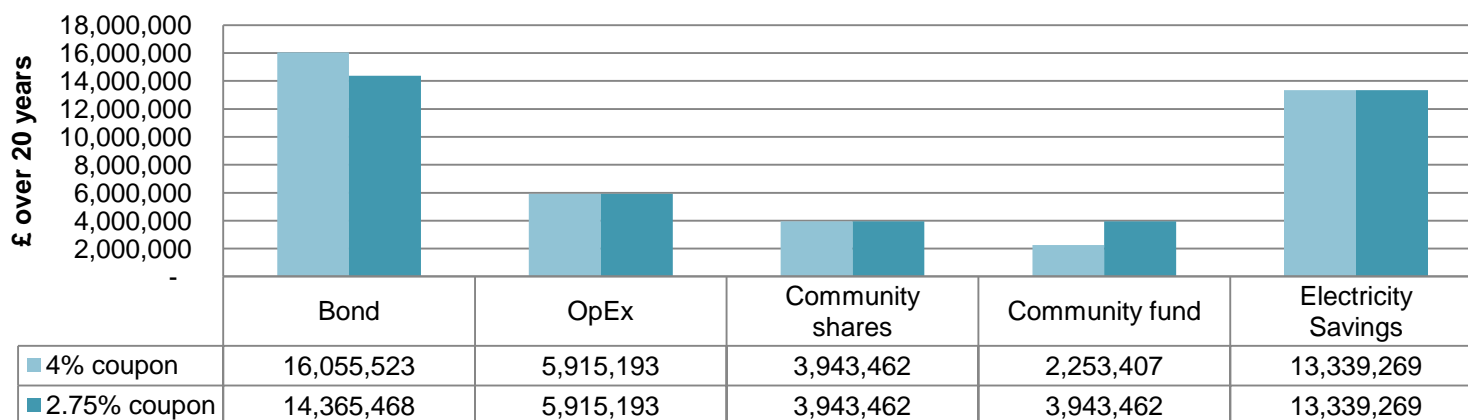


# Case study: Housing Association – 2600 homes + commercial buildings

- Will be the largest community solar project in UK
- 8MW: 2,600 houses & 2 x 500kW commercial installations
- Process:
  1. Initial meeting – presentation
  2. Executive meeting – legal, benefits, risk
  3. Final board meeting – approval & VEAT notice
- License agreement, tenant opt in, DNO capacity confirmation, build commences

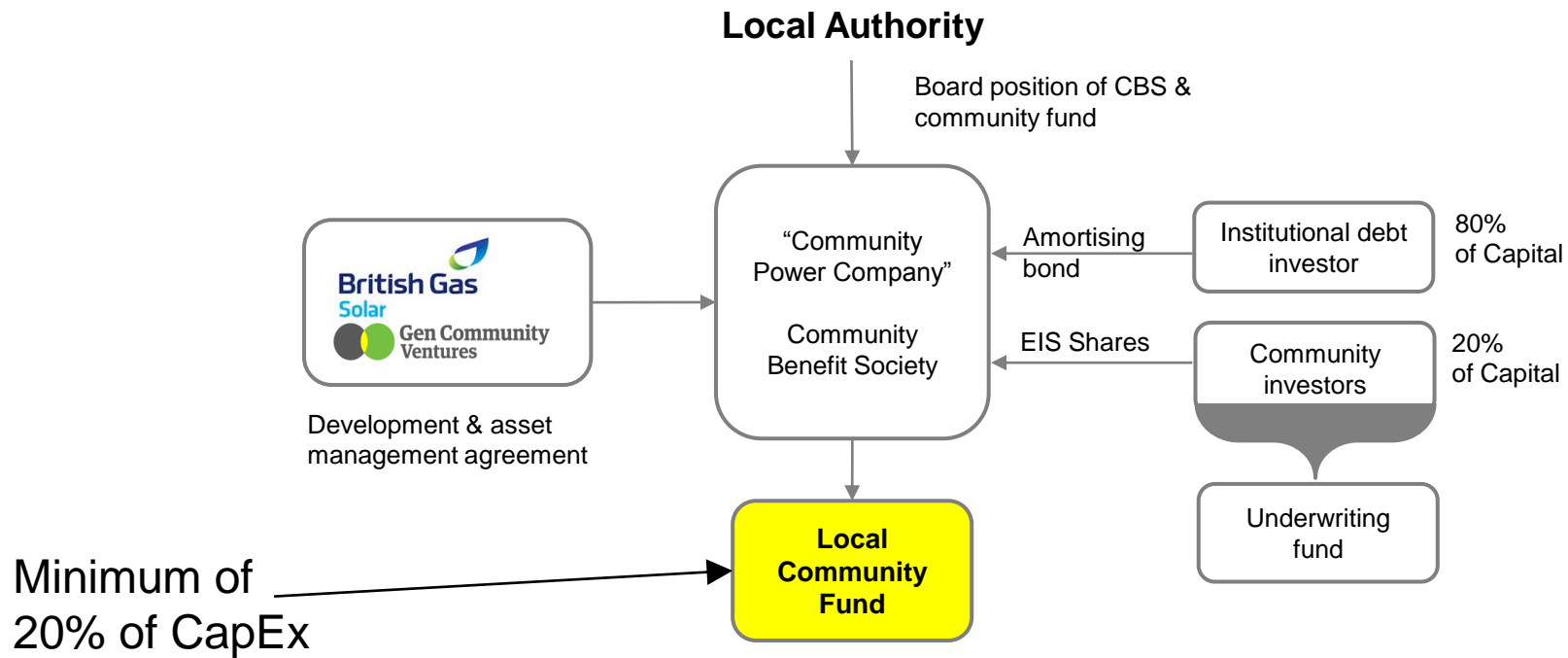
# Revenue breakdown for £10m investment

Illustration of lifetime breakdown of revenue on £10m capital investment



- RPI inflation at 3%
- 909kWh/kWp performance yield
- 40% energy usage levels at 13p/kWh

# Solar Social Bond – Structure



# Summary

- Long term partnership, solar PV is just the start
- Substantial financial savings on electricity costs for your tenants
- No investment required - although opportunities to participate if desired
- Community fund to support fuel poor, community & front line services
- Creates significant & measurable social impact
- Competes fairly with the commercial 'free solar' model, whilst offering far greater social and economic returns



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