

Community Investment – from the Developer's Perspective

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About us

Established in 2013, CH&P provides technical advice and practical assistance to support the development of good communication between communities, renewable energy developers and local organisations. We provide the means by which local communities and developers can converge to change the way energy is generated, managed, purchased and used in this country.



Policy Context

“We expect that by 2015 it will be the norm for communities to be offered the opportunity of some level of ownership of new, commercially developed onshore renewables projects. We will review progress in 2015 and if this is limited, we will consider requiring all developers to offer the opportunity of a shared ownership element to communities.” *DECC 2014*

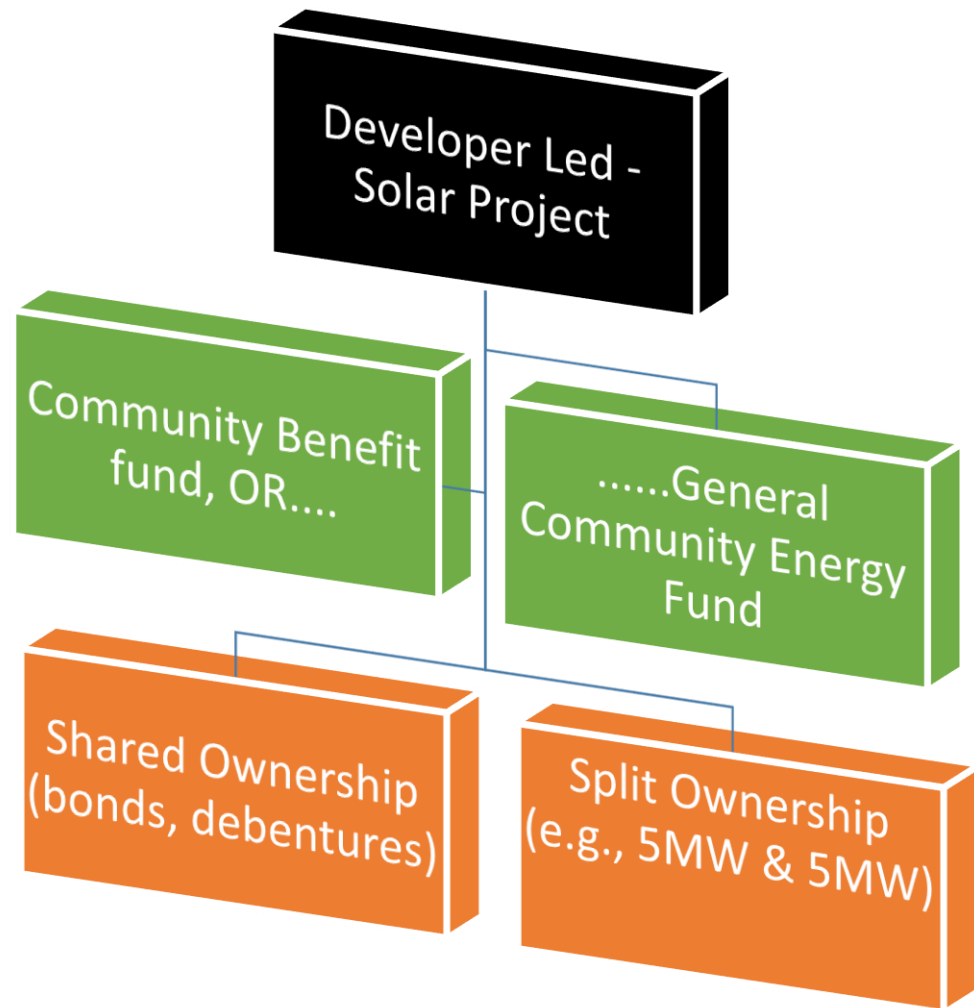
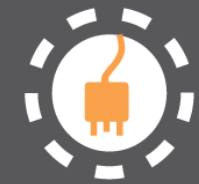
“Cost-Neutral: Shared ownership is not expected to increase project costs and developers are not expected to subsidise communities’ costs.” *Shared Ownership Taskforce Report to DECC October 2014*

“Shared Ownership should be considered separately from Community Benefit Funds”. *Shared Ownership Taskforce Report to DECC October 2014*

Assuming there's a project... what is the context and what are the options?

- Whose project is it?
- What sort of a community is it?
- Options:
 - Community Benefit or General Community Energy Fund (baseline)
 - Shared Ownership
 - Split Ownership







Community Benefit Options

- If the project is Developer-led then Community Benefit applies
- CB discussions take place at Parish level, just before the first Public Consultation for Planning
- The Developer sets the parameters (£ & timeframe) within which the CB offer has to fit
- Where no direct discussions take place, the General Community Energy Fund route may apply



Assuming significant community appetite... Shared Ownership Options

- Developer can arrange an offer of mini bonds or debentures
- Mini-bonds lend money to projects over a set period, with regular interest payments. The principal is paid back at the end
- Debentures are similar to bonds but have lower interest rate and pay a portion of the principal back every six months, along with the interest
- Developer requires a relationship with providers of these services. The number of providers structuring these financial products is growing

Project is led by either Developer or Community..... Split Ownership option

- Typically 5MW Developer owned - 5MW Community owned, feeding into a single 10MW grid connection
- Developer-led: Community has an existing organisation that conforms to DECC's criteria and (with assistance) takes on their portion
- Community-led: most of the above in place, however some assistance may still be required.
- Mismatch – timing, experience, funding, resources, capacity.
- Can be problematical, e.g., complexity, DNOs, funding arrangements

The Community Energy Group structure

- Must be DECC compliant structure (Charity, BenCom, CIC, etc.)
- Set up costs covered by Developer and reimbursed via the Community solar park operating income stream
- Community org recruits admin team (CH&P can assist)
- Accountant - FCA accredited
- Solicitor - Legal agreements between the 2 eventual owners – the Community & Developer - covering joint resources, inter-access arrangements and other matters.





Split Ownership Build Costs

Option 1: Developer covers the costs of the cost of the +5MW park. Community Organisation effectively borrows their costs from the Developer.

Option 2: The Community Organisation can raise all or some of the costs via a share offer and/or loans from recognised lenders. This option may or may not involve a portion of Developer funding.



General Community Energy Fund



If CB, Shared or Split Ownership are not pursued – what then?

- Developer has the option to place the Community Benefit funds into a fund, (could also be used for Allowable Solutions Buy-Out fund)
- Community Energy Fund administered by third party
- Communities can apply for grants
- CH&P currently exploring arrangements for this





Questions?