



# SOUTH EAST LONDON COMMUNITY ENERGY

## Business Plan 2015 - 2020



Community  
Shares

STANDARD

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# South East London Community Energy: The Backstory

South East London Community Energy (SELCE) was formed in February 2014 by a group of Greenwich and Lewisham residents. Aware of the need to tackle climate change, to reduce carbon emissions, for a rapid transition to low carbon energy sources and to reduce levels of fuel poverty, we formed SELCE as a vehicle for taking action in a locally focused way. We were inspired by the rapid growth in the past five years of what have collectively become known as 'energy co-ops'. Energy co-ops are organisations formed by members of the community that identify suitable locations and install micro-renewable generation facilities, raising finance for the installations through community share finance. Pioneering initiatives in many parts of the country, including Brixton\*, Brighton\*, Leominster and Newport\*, have demonstrated that such community initiatives can provide opportunities for renewable energy projects that are not available to the commercial sector whilst also funding work that tackles fuel poverty. Furthermore, the support for such community energy initiatives provided by the Department of Energy and Climate Change (DECC) expressed in the 2014 Community Energy Strategy\* provided an additional impetus for our formation as an organisation.

## OUR GEOGRAPHICAL FOCUS

South East London Community Energy will focus our work initially in the boroughs of Greenwich and Lewisham extending into other South East London Boroughs including Bexley, Bromley, Southwark and Croydon if opportunities arise. The reason for this focus is quite simply that all founder members are residents of Greenwich and Lewisham, and we can therefore bring our local knowledge to bear on our work.

## OUR PURPOSE

### OUR VISION

A common vision for the energy future of South East London brought the founder members together. That vision is of a sustainable energy future where energy is generated from renewable sources and used efficiently. A future where everyone has access to the energy they need at an affordable price, and has a voice in how it is produced.

### OUR MISSION

We believe that communities, regardless of financial resources, should have access to the benefits of affordable low carbon technologies. We collaborate with local residents, businesses and organisations to reduce fuel poverty, and develop financially, socially and environmentally sustainable projects which increase energy efficiency, produce local renewable energy, and accelerate the transition to a low carbon energy generation system.

\*<https://brixtonenergy.co.uk/>

\*<http://www.brightonenergy.org.uk/>

\*<http://www.shareenergy.coop/leominstersolar/>

\*<http://www.gen-community.co.uk/newport-solar-pv/>

\*[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/275169/20140126Community\\_Energy\\_Strategy.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/275169/20140126Community_Energy_Strategy.pdf)

## OUR OBJECTS

1. promoting renewable energy generation, and developing, installing and operating renewable energy sources;
2. promoting sustainable use of energy, and reductions in carbon emissions through the provision of advice on energy efficiency, and the supply of energy-efficient products and services;
3. promoting the need to develop practical measures to combat fuel poverty in our community through the generation of sustainable energy and other energy efficient measures, and;
4. promoting public awareness of environmental and related issues, and supporting educational initiatives related to renewable energy, energy efficiency and sustainability.

## OUR AIMS

- To generate renewable and affordable energy in SE London that will mitigate climate change and accelerate the transition to zero-carbon decentralised electricity systems.
- To build an economically sustainable business model that has a core focus on social responsibility and affordable energy provision.
- To provide tangible improvements to the financial situation of those living in fuel poverty in SE London.
- To give organisations that provide valued community services in SE London access to affordable, renewable energy - thereby reducing the burden of escalating energy costs.

## OUR BUSINESS OBJECTIVES

We will measure our success against the following five year business objectives:

- To install 200kWp of solar electricity in our first trading year, and to raise the finance for this through a community share offer
- For the core functions of the organisation, such as administration and the office, to be funded by income from renewables projects
- To provide seed funding for one further project that focuses on renewable generation or energy efficiency
- To provide tangible improvements to the financial situation of 500 fuel poor households over the next five years
- To reduce the energy costs of four community buildings substantially

## OUR LEGAL STRUCTURE

South East London Community Energy (SELCE) is the trading name of South East London Community Energy Ltd which is registered as a Community Benefit Society under the Cooperatives and Community Benefit Society Act 2014 (Society number 32417). The rules of the society are based on the Community Finance rules available from Cooperatives UK. You can find a copy of our rules on our website. This legal framework is best suited to the needs of SELCE as a trading entity that will generate a financial surplus whilst undertaking work that benefits the community in accordance with our mission and aims. SELCE will operate in accordance with the seven cooperative principals agreed by the International Cooperative Alliance\*.

\*<http://ica.coop/en/whats-co-op/co-operative-identity-values-principles>

### THE TEAM

The founder members of SELCE bring with them a range of professional experience and give their time voluntarily. The founder members have formed the Board of Directors. However, at our second Annual General Meeting, a Board of Directors will be elected.

**Dr Giovanna Speciale** brings 14 years' experience in the community sector. She has worked for ARVAC (The Association for Research in the Voluntary and Community sector), ran a Community Research Consultancy and managed projects on behalf of Groundwork London. She is an expert in evidence based practice and a qualified IAP2 Participation Practitioner. She has recently completed a M.Sc. in Energy Policy for Sustainability at the University of Sussex.

**Alex Hartley** brings with her 14 years of experience in managing sustainability initiatives at senior level in business and the third sector. She has developed programmes to tackle fuel poverty, presented to PRASEG (Parliamentary Renewable And Sustainable Energy Group) at the House of Commons and has extensive experience of the green transport sector.

**Rowan Parkhouse** has a background in energy finance. He is currently working as a Financial Analyst and has recently completed an MSc in Environmental Technology at Imperial College London. He has experience in financial modelling, forecasting, policy analysis, and operational strategy.

**Sergio Olivares** has worked in the Third Sector since 1982, focusing on developing alternative economic systems and democratically run enterprises. He works for Greenwich Community Development Agency and has supported many local co-operatives and social enterprises.

**Sylvie Wynn** is an engineer at a solar PV company where she specifies systems, designs products and trains installers. She has an MSc in Environmental Engineering from Cardiff University

and has worked in the renewable energy industry for the last six years.

**Camilla Berens** is a journalist who has written for The Guardian, The Independent and The New Statesman on issues relating to climate change and protest movements. She has taken part in campaigns against motorway and aviation expansion and is the co-ordinator of the Stop New Nuclear Alliance. She also runs Greenpeace's Greenwich and Lewisham active supporters' group.

**Adam Pope** has a degree in Architectural Technology. He has worked on schemes mitigating fuel poverty for the last seven years and currently works for a Lewisham Housing Association as the Sustainable Homes Project Manager. Roles include developing sustainable policies, mitigating fuel poverty issues, auditing properties for energy efficiency and implementing energy efficiency schemes.

**Andrew Rendel** is an asset manager with a sustainability focussed investment management firm. He has been working in the financial services sector for the last five years with the majority of that time focussed on renewable energy financing. Before that Andrew worked for a number of international development organisations in both Sudan and South Sudan.

**Helen Jackson** has been involved in grassroots community projects since 2001, such as the Camp for Climate Action, Transition Town Brixton and Breaking the Frame technology politics network. She has a Research Masters (MRes) in Environmental Sociology. She has worked at Corporate Watch workers' cooperative since 2008 where she conducts research and investigative journalism.

**Simon Quamie** comes from a scientific and technical background with an MSc in manufacturing and technology management. While working for a mining company he specialised in crystallization technology. He has also run several small businesses such as a health food shop. He has recently retrained to become a domestic electrician and a solar installer, and is completing further studies to qualify in plumbing.

### Volunteers

**Joseph Swift** volunteers for SELCE 1 -2 days per week. He brings 20 years of experience of working with small Third Sector organisations in administration and finance roles.

**Ryan Dansie** is a recent economics graduate who volunteered for SELCE two days per week during the winter and spring of 2014 who brought financial planning skills and boundless enthusiasm to the organisation.

We would also like to acknowledge the contribution of a large number of local residents who have given their time free of charge to undertake a wide range of tasks from surveying prospective solar sites to building our website. In particular we would like to acknowledge the contribution of **Thea Hamilton**,

Glyn Thomas, Lucy Gannon, Jacqui Gowie, Stewart Muir, Reuben Whitaker, Jacob Bartram, Dave Plummer, Camden McDonald and Claire Baldock.

#### Advisors

The following provide advice on an ad hoc basis:

**Morgan Eliassen** recently emigrated from the U.S. shortly after receiving his Masters Degree in Accountancy from Gonzaga University. He currently advises SELCE on tax and financial accounting issues.

Cllr Harpinder Singh (Cllr for Woolwich Greenwich) is the former lead for green technologies on Greenwich Council.

**Yvonne Killen** brings 10 years of experience of working in fuel poverty alleviation roles. She was formerly employed by the Energy Savings Trust and Action on Energy.

**Ray Barron-Woolford** is a multi-award-winning entrepreneur and community activist who set up the UK's first social enterprise estate agency, and We Care Food Bank and Advice Centre.

SELCE has received support and advice from the following:

**Greenwich Cooperative Development Agency (GCDA)**. has incubated SELCE since its inception. GCDA has provided office space and facilities, meeting space and staff time at no cost. Crucially GCDA have also provided introductions to key stakeholders in the local authority and to solar partners. The support of GCDA has been invaluable.

**Cooperatives UK Mentoring Programme and Brighton Energy Coop:** in developing our first renewables project SELCE has been mentored by Will Cottrell of Brighton Energy Cooperative through Cooperatives UK Community Energy Mentoring Programme. Will is an experienced community energy practitioner (Brighton Energy Coop owns more than £700,000 of community-funded solar PV in the Brighton area) and we have been fortunate to be able to benefit from his expertise in developing our financial model and share offer.

**The Urban Community Energy Fund:** SELCE has benefitted from a grant from the Urban Community Energy Fund and accompanying support from Harriet Sansom, Communities Projects Manager, Centre for Sustainable Energy. This has covered the costs of assessing the feasibility of our solar schools project.

We have also received advice and support from Pure Leapfrog, Community Energy England, and Advice UK.

#### ORGANISATION AND GOVERNANCE

Ten voluntary directors provide strategic leadership. These directors bring a range of professional experience. The board is composed of various working groups. These are as follows: Renewable Generation, Communications and Marketing, Fuel Poverty and Governance. Each share offer will provide the

opportunity for any individual that supports the objects of the society and who has paid the agreed minimum shareholding to become a member of the society. In keeping with co-operative principals, the governance structure of SELCE is based on one member one vote regardless of the size of shareholding. Members of the society will have the opportunity to elect Directors of the Society, to accept or reject proposals of the Board of Directors and to determine the rules and affairs of the society. The assets of the Society are protected by an asset lock which ensures that the assets of the society are used to support the aims of the society in perpetuity. This prevents disposal of assets to the sole purpose of private gain of any shareholder.

Two of the directors work on a day to day basis fulfilling the executive functions initially on an entirely voluntary basis but, throughout the winter, they have also undertaken some grant funded fuel poverty focused work and they have been funded by Urban Community Energy Fund to undertake some freelance project management. It is our intention to employ one part time member of staff following our first share offer to undertake the administration of the scheme and also to develop future projects.

To date, the projects that have been funded through grants have been completed successfully and reported back with full evidence of outcomes and expenditure. The board is presented with a financial report at the end of each quarter based on a simple system of book keeping that is done by the volunteer co-ordinator and reviewed independently by the directors. All payments are based on a purchase order that is approved by the co-ordinator and countersigned by the second signatory to the account. All expenditure above £500 goes to the board for approval. Please see our website for our 2014 – 15 annual accounts: <http://selce.org.uk/key-documents/>

It is our intention that SELCE is split into two legal entities: one of which is a Community Benefit Society that trades in renewable generation and energy efficiency projects, the other of which is a charity that works to alleviate fuel poverty. Financial surplus from the trading work of the Community Benefit Society will be donated to the charity. We are currently seeking pro-bono legal support to enable us to create this legal structure.

# Our Products and Services

Our business model is based on one that has been used successfully by a number of energy co-operatives in the UK. The two core products that SELCE currently delivers are: (a) solar photovoltaic (PV) installations on local buildings; and (b) education and empowerment interventions targeting those in, or at risk of fuel poverty.

## SOLAR PV INSTALLATIONS

We will ask our Partners (schools and community centres) to lease the use of their roof space to SELCE at no cost. SELCE will organise the installation of the solar PV installation. The solar PV installations will be owned, operated and maintained by SELCE for a period of 20 years, after which time ownership of the PV installation will be transferred to the partner organisation hosting the panels.

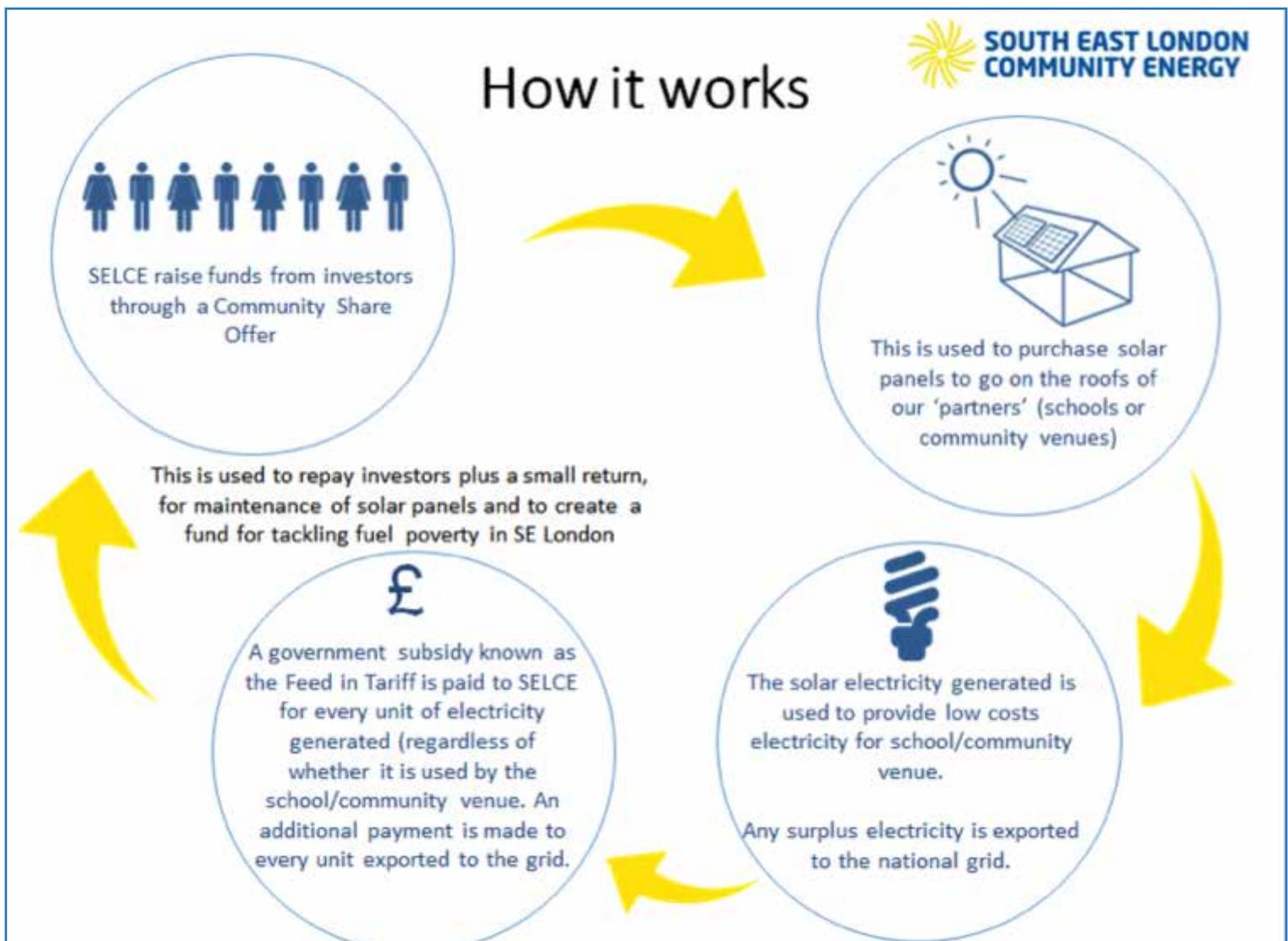
The electricity generated by the solar array will principally be

used by the schools or community venues hosting the array. That which is not needed and used, will be exported to the national grid to be used elsewhere. The proportion of the electricity used as opposed to being exported to the national grid will depend on the needs and electricity usage patterns of the building. An export meter will monitor usage and export except for systems below 30kWp where an assumption is made that 50% of the electricity generated will be exported.

The income to SELCE will be from three sources:

- A 'Generation' Feed in Tariff
- An 'Export' Feed in Tariff
- A per kWh charge paid by our solar partners

The Feed in Tariff (FiT) is a government mandated subsidy for renewable energy generation that is paid by energy companies for a period of 20 years following the install date. A 'generation'



tariff is paid for every unit (kWh) of electricity that is generated by the solar arrays regardless of whether it is used or exported. An additional 'export' tariff is paid for every unit of electricity that is exported to the grid. A minimum export tariff is set by Ofgem but this electricity can also be auctioned to achieve a somewhat higher rate for exported electricity. The Feed in Tariff rate is set by government and it is usually determined by the date of install. The Feed in Tariff rate 'digresses' every quarter. To date, the rate of digression has been determined by the national rate of deployment of particular renewable technologies. As a Community Benefit Society SELCE is currently able to apply for Feed in Tariff pre-registration that allows us to apply to fix the Feed in Tariff rate prior to the install date. SELCE has pre-registered for all of the installations that form part of our first share offer. The government have announced a closure to the pre-registration scheme as of 1st October 2015.

The partner organisations will pay SELCE a rate for each kWh of generated electricity used by the building.. In our first share offer, this rate is less than half of what they currently pay for electricity from their current electricity supplier, leading to a reduction in electricity bills. For example, the schools participating in our first share offer pay an average of 11.1p per kWh for electricity from their electricity suppliers. SELCE will ask for a payment of 5p per kWh. Predicted savings for partners in our first share offer range from £40,047 to £67,736. Furthermore, the per kWh charge will remain constant in real terms only rising with RPI over the 20 year period: the increase in RPI simply represents the change in the value of currency. In contrast, we expect that the price of electricity from mainstream suppliers will rise by at least 1% per annum. In sum, our partner organisations benefit from reduced cost electricity over a period of 20 years. Many of the partner organisations will be selected not merely because they are keen to participate, but because the money that each of these institutions will save on electricity bills will be redirected to increase service provision that will benefit the community - a form of value sharing.

A 20 year lease agreement that specifies the terms and conditions of our relationship with the freeholder of buildings will be signed prior to installation. In the case of the community schools, the freeholder is the local authority. The lease agreement not only covers issues such as insurance, repairs, access, obstructions to the panels, but also specifies a break clause that can be exercised after 3 years that enables the landlord to either purchase the solar array from SELCE or to transfer ownership of the panels to a new owner of the building. A Power Purchase Agreement (PPA) is in place with the occupier of the building (in all cases this is the school) that specifies the terms and conditions for purchase of electricity from SELCE. In negotiating these, SELCE has been represented by Ashursts LLP. Finance to cover the capital and installation costs will be raised through a community share offer: members

of the public will be invited to become members of the society by investing any amount between £250 and £20,000. We hope that many of the members will come from the local area - thus creating a connection between members of the community and the schools.

Withdrawable share capital can be withdrawn by members subject to conditions laid down by the society. According to our rules, members must provide three months' notice before withdrawing shares and withdrawals cannot be made until three years after the initial share offer.

Due to the effects of inflation, much of the income used to repay investors initial capital will be earned in the later years of the project. As a result, shares will only be able to be withdrawn early where enough income has been earned to do so, and approval to allow withdrawals will be at the directors' discretion. This kind of share (exclusively available to cooperatives and societies) cannot be transferred (and therefore does not increase or decrease in value as shares in a for-profit company). It is best viewed as a long term investment in the community whose dividends are principally social rather than financial.

Whilst the principle returns will be social, each project will provide a return to investors above the capital that they invest. Our first project aims to provide 4% interest per annum on an ongoing basis in addition to returning the original capital over 20 years. In the first instance these will be the Enterprise Investment Scheme ("EIS") this provides additional incentives to eligible members by allowing them to offset 30% of their investment against income tax that would otherwise be owed. For those members who are eligible this could provide a material saving on their investment. HM Revenue and Customs have provided advanced assurance of our ability as a company to issue shares that are eligible for EIS shares (See Appendix 1). SELCE will not be offering SEIS tax relief due to the fact that would reduce our ability to channel state aid funds in the fuel poverty focused work.

Our shares also attract Business Property Relief, meaning they are exempt from Inheritance Tax provided the shares have been held for at least two years. This is because our shares fall into a category called 'unlisted shares' – shares that are not traded on a recognised stock exchange.

As well as returns to investors, income must also cover costs associated with the operation and maintenance of the solar panels, insurance, SELCE administration costs, and also a contribution to the fuel poverty fund. Almost all project costs are retained in the local economy: what partners save on fuel bills will be spent on increased service provision, the fuel poverty fund will be used to fund work in the local area employing local people, and since contribution to the local economy is one of the criteria being used to select solar installation services, much of the costs of the installations will

be retained in the local economy.

This business model allows us to meet our organisational aims of generating renewable energy that will mitigate climate change, whilst reducing the energy costs of schools providing a valued community service. It also funds work that will provide tangible improvements to the financial situation of those living in fuel poverty in SE London using a business model that has a core focus on social responsibility and affordable energy provision.

### OUR FIRST SHARE OFFER

In our first share offer we are seeking to raise £250,000 in order to install 198kWp of solar photovoltaic panels on four schools in Greenwich and Lewisham. These are: Mulgrave School and Children's Centre, Charlton Park Academy, Horniman School, and Ashmead School.

The solar PV installation on these schools will be carried out by GHG Organisation ([www.ghg-org.co.uk](http://www.ghg-org.co.uk)) who were selected on the basis of a rigorous competitive tender model in which each installer was scored against weighed criteria of: cost, quality of equipment, accreditations, contribution to the local economy, organisational values. GHG Organisation is a joint venture utilising the expertise of specialists within Renewable Energy, Mechanical, Electrical and Structural Engineering working together with Architects to provide sustainable engineering solutions. The company has extensive experience of installation at the 25-50kWp undertaking 3-4 projects of this size per month. They are a London based MCS registered company that comply with RECC (Renewable Energy Consumer Code).

Taken together these solar arrays will generate 178,132 kilowatt-hour (kWh) of clean solar electricity, and save approximately 159 metric tonnes of CO2 emissions each year. Moreover, the schools will save an estimated £358k in electricity costs over 20 years. This will also enable them to direct more funds to meeting the needs of the communities that they serve.

Our first Share Offer has been awarded 'The Standard Mark'. The Community Shares Standard Mark is awarded by the Community Shares Unit to offers that meet national standards of good practice. These standards ensure that:

- The offer document and application form are easy to understand
- You are provided with all the facts you need to make an informed decision
- The facts are supported by the annual accounts and/or business plan for the society
- Nothing in the documents is purposefully incorrect, confusing or misleading

Societies are asked to sign a Code of Practice requiring them,

among other things, to give the public a right of complaint to the Community Shares Unit.

For more information about community shares, the Community Shares Standard Mark and the Community Shares Unit go to: [communityshares.org.uk](http://communityshares.org.uk)

### MARKET OPPORTUNITIES IN RENEWABLE GENERATION AND DEMAND REDUCTION

The Feed in Tariff constitutes a significant portion of the revenue stream for our community financed solar PV projects. On 27th Aug the Department of Energy and Climate Change announced the government's intention to review the Feed in Tariff scheme. The reductions in the Feed in Tariff proposed are drastic. For example, they propose a reduction in the Feed in Tariff for schemes between 10 and 50kWp from the current 11.71p per kWh to a mere 3.69p/kwh. Prices of solar PV equipment are at a bit of a plateau and they are unlikely to fall, furthermore there are minimum price rules for Chinese panels coming into the EU. Such a reduction in Feed in Tariff would make future community financed Solar PV financially unviable. Until this announcement was made our intention was to continue to install 600kWp of community financed solar PV over the course of the next five years. Since this announcement we have revised our expectations. We are current working to pre-register installations of five sites. Pre-registration is a facility that allows Community Benefit Societies to receive a 'tariff guarantee' valid for one year from the pre-registration application date. This will effectively enable us to install on pre-registered sites receiving the current Feed in Tariff rate for up to a year. We are therefore working under the assumption that SELCE will undertake, at the most, one further PV installation project. A revision of government intentions with regard to the Feed in Tariff, the creation of a Feed in Tariff or a change of rules that would allow us to supply electricity directly to householder would change this. These are suggestions being put to the government by organisations such as Community Energy England.

There are a number of viable alternative business models that we intend to explore. These include:

- Installing Community Financed Renewable Heat: We will explore the possibility of installing technologies such as solar thermal or biomass boilers in community buildings such as schools and community centres, and financing this through a community share offer. The Renewable Heat Incentive (a subsidy for projects that use renewable technologies to provide space heating) is still in place. This would provide a revenue stream allowing us to repay investors.
- Low energy lighting projects: LED lighting provides much lower cost lighting than lighting based on incandescent or even CFL lightbulbs. We intend to explore the use of

a business model whereby we install LED lightbulb in schools or community venues and financing this through a community share offer. The school or community venue would pay for light (at a rate that is lower than their existing lighting costs) providing a revenue stream. Wey Valley Solar Schools projects have successfully used this business model.

- Water Efficiency projects: Water, and in particular, heated water can be an expensive resource. We intend to explore the use of a business model whereby we install water efficiency measures funded by a community share offer in schools and community venues. Payments that correspond to the reductions would provide a revenue stream. This project idea is based on Southern Waters successful 'Blue Deal' project and should be facilitated by anticipated water market deregulation in 2016.
- Anaerobic digestion using waste materials from breweries is also an interesting avenue to explore particularly in relation to providing fuel for gas powered vehicles.
- Much of the housing stock in South East London is Victorian and even twentieth century houses in the area often fail to have adequate insulation. There is a major opportunity here for a community based group to have a real impact on both saving household's money and reducing their carbon footprint. SELCE's work to date on energy efficiency means it is well placed to seize this opportunity.

We intend to make a second application to the Urban Community Energy Fund in order to support the feasibility work associated with our next project.

#### ALLEVIATION OF FUEL POVERTY

Millions of people in Britain struggle to heat and power their homes every year. On average 25,000 people die of the cold each year; at least a third of these deaths are due to living in cold homes. That means that every year four times more people die from living in cold homes than die on British roads. Cold homes cost the NHS £1.3bn every year (Energy Bill Revolution). In 2013 in Greenwich there were 9,502 fuel poor households and this represents 9.2% of all households. In Lewisham there are 11,840 fuel poor households and this represents 10% of all households (using the Low Income High Cost Indicator adopted in England). These figures represent an increase of 0.9% and 2% in Greenwich and Lewisham respectively upon 2012 figures for fuel poverty.

Fuel poverty is associated with multiple far-reaching consequences, including: premature death, a failure to gain weight in young children and babies, increased hospital admissions, an increase in asthmatic and other respiratory and associated coronary conditions, and adverse impacts on educational attainment.

UK homes are some of the least energy efficient in Europe – leaking heat from their doors, walls and windows. According to 2010 data compiled by the Energy Savings Trust, 8.1% of households in Greenwich and 9.6% of households in Lewisham have no central heating. This figure rises to 12.1% on the

Woolwich/Greenwich Peninsula and 12.2% in Catford South. Of the houses that have cavity walls, only 30% are insulated in both Greenwich and Lewisham. Of the houses that have lofts, only 27% and 40% of the properties in Greenwich and Lewisham respectively have more than 150mm of insulation. Moreover many people are not used to the new "consumer" landscape of having to be more active by shopping around for a new deal for all household expenditure - especially energy.

SELCE is committed to tackling fuel poverty head on. We will use any financial surplus from our renewable generation work to fund support for those who are most vulnerable. Specifically, we will use funds allocated to the 'fuel poverty' fund to (a) fund an offer to research and submit bids for grant funds, or submit responses to tender opportunities in order to provide funding for SELCE to undertake fuel poverty alleviation work and (b) to provide match funding towards grant funded work.

In the year following our first solar installation our fuel poverty fund will enable an officer to be able to work for up to 21 days developing partnerships, submitting bids and grants. Disbursements to the fuel poverty fund grow from £2,000 in 2020 to £90,000 in 2036. With each renewable generation project the extent (and potentially the geographical focus) of this work can grow.

Furthermore, SELCE is blessed with considerable expertise in tackling fuel poverty: The City and Guilds Level 3 certificate in Energy Awareness qualifies an individual to give energy related advice and to carry out a home visit. Six of SELCE's directors hold this qualification. We have also recruited a team of six 'winter warm volunteers' who have committed to provide support for SELCE's fuel poverty alleviation work over the forthcoming winter. Two of these hold an Energy Awareness qualification. Two of our directors: Adam Pope and Alex Hartley have considerable professional experience in delivering fuel poverty alleviation programmes and they lead in providing strategic direction to our fuel poverty work.

During SELCE's first year we undertook a number of grant funded projects that aimed to provide tangible benefits to those living in fuel poverty. There follows a summary of some of our work to date.



## THE BIG ENERGY SAVING NETWORK



The Big Energy Saving Network is a programme that is funded and run by The Department of Energy and Climate Change (DECC). It enables specially trained 'champions' to deliver proactive advice to consumers on energy issues.

In the winter of 2014/2015 SELCE was successful in bidding for funding from the BESN project. Two of its directors became 'energy champions' for Greenwich and Lewisham. We used a variety of approaches to provide advice and support to the most vulnerable.

They were able to provide support to 240 vulnerable customers and train 96 front-line workers to provide support. Working in partnership with grassroots community groups, tenants groups, disability group, schools and children's centre has enabled us to provide support to the most vulnerable. Our research found that 37% of the people we helped are in receipt of means tested benefits, 29% are disabled, 48% are over 50 years of age, and 32% pay for their energy using a pre-payment meter.

### SELCE POP-UP ENERGY CAFÉS



SELCE was one of the winners of the recent Community Energy Saving Competition, also run by DECC. This enabled us to deliver a series of innovative pop-up energy cafés in March 2015.

Over the course of three weeks, SELCE held an 'energy café' in three community cafés: The Green Man in Lewisham, Woolwich Common Community Cafe (Woolwich Common) and in the café at The Forum @ Greenwich.

These locations were chosen because they were situated in areas with relatively high levels of fuel poverty. Overall, we supported 148 people; participants received personalised face-to-face assisted support to switch energy suppliers, received advice on energy efficiency measures and behaviours. Depending on their circumstances, we were also able to provide visitors with advice and signposting to trusted suppliers of energy debt support as well provide guidance on renewable energy and efficiency measures.

Again, the energy café proved to be a very effective way to reach the most vulnerable: 38% of the people who we worked with were older (above 60 years of age) whilst 27% were parents of young children; 26% were disabled; 14% were carers for someone who is disabled or long-term sick, and 29% are in receipt of means-tested benefits.

### BESPOKE FUEL POVERTY AND HEALTH TRAINING FOR FRONTLINE WORKERS

SELCE was also recently commissioned by Lewisham Council to run a training session on fuel poverty and health. For this work, SELCE designed and delivered a three-hour session with 18 Lewisham-based frontline workers including social workers, charity staff, housing offices, members of mental health teams and volunteers from local community projects.

SELCE's initial work on fuel poverty has given us a much better understanding of the issues affecting people in SE London. We will continue to build on this knowledge, and seek further funding to develop our core activities in this area.

### RESEARCH INTO COMMUNITY RESPONSES TO FUEL POVERTY

SELCE has also received funding from the Cheshire Lehmann fund to work in partnership with Dr Mari Martiskainen, a social scientist based in the RCUK funded Centre on Innovation and Energy Demand at the University of Sussex in order to conduct research into community responses to fuel poverty. The research (ongoing) compares the effectiveness of two different kinds of intervention into fuel poverty: advice work based in an energy café, for example - as opposed to a home visit in which an advisor visits the client in their home. It will examine the relative cost effectiveness of these interventions, and also assess the feasibility of building-in revenue generation into advice focused interventions.

## FUEL POVERTY WORK IN 2015- 2016

SELCE has been awarded funding by The Ebico Trust for a project called 'The People Power Cafe'. This will build on the successful 'energy cafe' model of fuel poverty intervention piloted in March 2015. The People Power Cafés will provide personalised one-to-one advice sessions for 380 households at risk of fuel poverty in the relaxed stigma-free setting of a local community café accompanied by lunch or a tasty snack. Bi-weekly People Power Cafés will be held over the course of six months in six locations across Greenwich and Lewisham. Each location is characterised by a high incidence of fuel poverty, income deprivation and thermally-inefficient housing stock. We propose to use the intelligence that exists in the community to ensure we target those most at risk from fuel poverty. We will do this by networking with community groups, setting up referral pathways for front line workers, and incentivising referrals from beneficiaries of the project. We will also use leaflets and social media to advertise the service. Advice will be delivered by an experienced team comprising a project manager, two advisors and four volunteers.

SELCE has also applied for funding from The Big Energy Saving Network for five 'energy champions' to deliver energy related advice across four South East London boroughs: Lewisham, Greenwich, Bexley and Bromley.

## THE DEVELOPMENT OF OUR FUEL POVERTY ALLEVIATION WORK

On an ongoing basis, SELCE hope to develop our fuel poverty alleviation work and develop our expertise continuing to access grant funds. We also hope to position ourselves to be able to bid for commissioned fuel poverty alleviation work. Possible commissioners of such work include local authorities, Registered Social Landlords and other voluntary or community sector organisations. Possible interventions include the following:

- Energy advice through (a) home visits (b) a telephone advice line (c) energy café (d) pop-up energy advice in partner venues - such as children's centres
- Installation of energy efficiency measure or devices
- Champions programmes (equipping champions with the ability to do home visits or energy café advice)
- Training for vulnerable consumers or front line workers
- Production of written guidance to customers

Of these interventions, we prefer those that will empower vulnerable residents to help both themselves and others. An example of such a programme is one that enables members of a community at risk of fuel poverty to become energy champions.

There are very few other organisations delivering specialist fuel poverty alleviation work targeted at Greenwich and Lewisham. There are other organisations that work more broadly across

South London that have done fuel poverty interventions as part of a broader programme of work. These include Groundwork London who was commissioned by Lewisham Council to deliver home visits for several years in succession, Charlton Athletic community association that were commissioned by The Royal Borough of Greenwich last year to delivery telephone advice about energy issues, and SE2 and Action on Energy who have undertaken a range of energy related projects.

However, we believe SELCE can uniquely offer a sound and specialist understanding of fuel poverty related issues. We can also offer excellent local knowledge and access to local networks, community participation that is built into our organisational structure and a financial contribution to projects generated from our own financial surplus.



# Community Engagement

## A QUICK SKETCH OF GREENWICH AND LEWISHAM

Greenwich and Lewisham are both densely populated London Boroughs with populations of 254,000 and 275,000 respectively. According to the Indices of Multiple Deprivation Greenwich and Lewisham are amongst the most deprived local authorities in England ranked 28th and 31st for deprivation respectively out of 326 local authorities in England. Indeed, Abbey Wood, Eltham West, Glyndon, Greenwich West, Woolwich Common and Woolwich Riverside are amongst the 5% most deprived wards in England. 11.2% and 9.8% of working age people are unemployed in Greenwich and Lewisham respectively which represents a rate of worklessness that is higher than both London (8.9%) and England (7.8%). However, in both of these boroughs pockets of deprivation exist alongside areas of affluence: 24 of the MSOA's (Middle Super Output Areas) in Greenwich and Lewisham are amongst the wealthiest in the UK with an average income of £791. The population of Royal Greenwich and Lewisham is comprised of a rich mix of diversity and multi-culturalism, with over 90 different languages spoken in Greenwich and 130 in Lewisham.

## COMMUNITY ENGAGEMENT ACTIVITIES

We have actively sought to collaborate with local residents. At the inception of our organisation we held two public meetings one in March 2014 attended by 35 local residents, and a follow-up feedback meeting in June 2014 attended by 20 local residents. Meetings were advertised using a mix of media including posters in community venues, social media, messages to mailing lists sent on our behalf by local organisations. Those attending two public meetings were asked to describe their aspirations for us as an organisation. Whilst residents were enthusiastic about our proposed renewable generation work, they also felt that this should be coupled with an equal focus on energy justice issues, and in particular, work to address fuel poverty. It is for this reason that fuel poverty alleviation work holds equal prominence in our statements of purpose to work on renewable generation and demand reduction. It is also the reason that we have been so active in the realm of fuel poverty alleviation in our first year.

In the absence of funds to advertise those first two public meetings, their reach was understandably limited. With funds awarded by the Urban Community Energy Fund we are currently engaged in a second consultation process that aims to gather the views of a broader range of residents. We have attended six community fun days and used participatory appraisal tools to gather the views of residents. We are also collecting responses to an online questionnaire and we plan to hold two public meetings at the beginning of October 2016. This consultation aims to gather the views of members of our community in relation to both our renewable generation and fuel poverty work and assess the extent to which various ideas for future working respond to their needs and aspirations.

We have also worked to develop a range of media in order to engage members of the public in our work. These are:

- A website [www.selce.org.uk](http://www.selce.org.uk)
- A regular newsletter with 1,800 sign-ups
- A twitter following of 1,237 people and a history of 6,757 tweets
- A Facebook page with 345 'likes'
- A page on Project Dirt and the related Community Energy Hub

In addition:

- We have produced a three minute video that describes our business model and our fuel poverty work
- We have attended local forums for community and voluntary sector organisation
- We have attended six community fayres over the course of summer 2015 to raise awareness about SELCE, our forthcoming share offer and to consult our community about directions for the future
- We have given presentations to local community groups and at local events
- A print media strategy that has to date resulted in articles about our work in five print/e-publications: Greenwich Mag, Greenwich Time, Greenwich News Shopper, the Greenwich Mercury and Lewisham Life's e-update.

SELCE has already gained status and media coverage after being awarded a 2015 civic prize from the Mayor of Greenwich for 'innovation in the community'. The Mayor has subsequently visited one of three 'energy cafes' that SELCE organised during the month of March to provide advice and support to people in areas of high fuel poverty. Securing the Mayor's seal of approval was a big boost in terms of reinforcing SELCE's profile as being community-focused, trustworthy and professional.

## THE BUSINESS CASE FOR COMMUNITY ENGAGEMENT

Moreover, there is a business case for all of this community participation and engagement work. It provides a competitive advantage in the following ways:

- **Attracting potential investors:** Keeping the community informed about our activities also serves to attract potential investors and an audience for key messages about the benefits of community finance.
- **Recruitment of Partners for Renewable Generation and Demand Reduction Work:** This focus on community engagement and participation has allowed us to use word of mouth, networks of other community sector organisations to spread the word about products and services: all of our partners in our first share offer learnt about us on account of successful networking with members of the community or with other community

## Our Marketing Strategy for Key Stakeholders

sector organisations. In short, ostensibly community sector strategies have allowed us to reach the parts that the commercial sector does not reach and thereby overcome the inertia to renewable energy, demand reduction, and redressing energy inequalities.

- **Market research for possible future business models:** Our consultation also provides valuable market research information that would contribute to business models that cater for the energy efficiency (or renewable generation) needs of local householders.



The community cannot be considered a homogenous group. We have identified three key stakeholder groups; these are:

- Our shareholder members / potential shareholder members;
- Partners and potential partners (Community venues that may wish to partner with us on renewable generation or energy efficiency projects);
- Commissioners, funders and beneficiaries of fuel poverty alleviation programmes.
- The marketing and communications strategy for is somewhat different for each group.

### OUR SHAREHOLDER MARKETING STRATEGY

#### THE TYPICAL SHAREHOLDER

From discussions with other community energy groups, it is apparent that this type of offering is most attractive to female investors in their forties with a middle-band income and interests in social and/or environmental issues.

Much of this profile has been reinforced by recent research by Nesta (National Endowment for Science, Technology and the Arts) and the University of Cambridge. The joint project attempted to define the rapidly expanding alternative finance market and its subsequent report, 'Understanding Alternative Finance' claims to be the largest study of this market to date. Although the report did not make a gender separation, it did throw up some useful indicators. These included the findings that:

- investors in community shares tend to be in the older age bracket with 39% aged between 35-54 and 56% aged 55 or over.
- the annual income of funders is spread fairly evenly across income bands with the largest segment being in the £25-35,000 band (26%).
- 55% of all online investors are based in the South East and 14% are based in London.
- the prospect of a financial return was only 'important' or 'very important' to just under a quarter of investors. The key factors identified as being most important were 'doing social or environmental good', 'feeling their money is making a difference' and that, 'the organisation or projects invested in will create a stronger community'.

We are also aware that there is significant potential to gain investors and champions (who spread the word) from among the parents of children who attend the schools that have become our 'solar partners'.

#### OUR UNIQUE SELLING POINTS FOR SHAREHOLDERS (USPS):

The 'community shares' market is growing quickly: according to the Nesta/University of Cambridge report, last year the 'community shares' market doubled from £15m in 2013 to

£33.6m in 2014. However, the same report indicates that, on average, it takes almost 500 investors to fund a community share offering with an average amount of £368 per investor. With the recent downturn still taking its toll and a lack of general awareness about the advantages of 'community share offers', there is considerable fundraising competition from other energy cooperatives or social enterprises.

The question is, how do we persuade potential investors that our project and vision is appealing enough to buy into? One of the key attractions of our business model is that it provides a virtuous circle whereby everyone involved in our projects benefits in some way: our Partners get cheaper electricity bills; our Members get a decent rate of interest on their investment and SELCE gets the feed-in-tariffs which, in turn, provide a better foundation to raise future funds for its work on reducing fuel poverty in SE London.

This model not only provides a financial incentive but a strong 'feel-good' factor. Becoming a SELCE Member is not just about investment, it's about involvement. It implies that our Members have vision and a social conscience. It also indicates that they have a strong connection with SE London, and want to see the area flourish.

Alongside these initial incentives, with solar PV installation there is the tangible benefit of Members being able to physically see the solar panels that have been bought with their money and to connect with the children that are benefitting from cheaper electricity bills and therefore more cash for resources that they really need. Underlining these incentives is the fact that SELCE is uniquely committed to channelling future funding and surplus into reducing the number of people afflicted by fuel poverty in SE London.

#### THE MARKETING STRATEGY FOR OUR FIRST SHARE OFFER

We aim to attract 500 investors and for at least 50% of our investors to be resident in South East London. We aim for an average investment of £500 per member and a median investment of £1500. In terms of promoting our first solar project:

- We will use our website, our newsletter, our twitter feed, our Facebook page and our Project Dirt/Community Energy Hub page to announce our share offer making use of our video to explain our business model. We will pay to promote posts on our Facebook Page.
- We have produced a leaflet advertising our share offer and this will be distributed in community centres, health food shops, community cafes, libraries and emailed to all the local community organisations with whom we have a relationship in order to circulate it amongst their own membership
- We will host a share offer launch event (and photo opportunity) at one of the solar partner schools to which

the local press will be invited.

- We have drafted a press release and assembled a press list for all local media.
- We will host to "Q&A" targeted at investors: one in Lewisham and one in Greenwich to take place in the first two weeks following our share offer launch.

For our first share offer, we intend to use Microgenius as an investment platform. The reasons for this are twofold: use of Microgenius entails very low fees; Microgenius only hosts those share offers that have attained the Standard Mark accreditation and will thus provide investors with confidence in the quality of the investment offer.

#### OUR MARKETING STRATEGY FOR PARTNERS (AND LOCAL AUTHORITIES)

##### OUR UNIQUE SELLING POINTS

SELCE can provide no-stress installation of solar PV and a cheaper energy deal than many commercial 'rent-a-roof' installers. Our model does not contain any 'hidden extras,' and the solar panels are of a higher quality than most rent-a-roof company offerings. SELCE's value-for-money offering has already been borne out by SELCE's successful pitch against a commercial solar installation provider for the installation of solar panels on the roof of Mulgrave Primary School in Woolwich. Any future offerings for energy efficiency work or renewables installation will be equally transparent. Most of our solar partners are based in areas of high fuel poverty and this provides us with an ideal opportunity to introduce our fuel poverty alleviation work to the schools' communities and to train 'energy champions' to continue this work in their neighbourhoods.

##### OUR MARKETING STRATEGY

We are actively developing new business models in anticipation of the reduction in feed in tariffs. Regardless of the product or service that we intend to offer the marketing plan will entail:

- The production of a high-quality electronic leaflet that can be circulated to the community sector organisations with which we have a relationship.
- The production of a high quality brochure that clearly explains the product or the service that we are intending to provide and the terms and conditions under which we intend to provide that service.

#### THE COMMISSIONERS, FUNDERS AND BENEFICIARIES OF FUEL POVERTY ALLEVIATION PROGRAMMES

##### OUR UNIQUE SELLING POINTS

Our work is always delivered by qualified advisors and based on a good understanding of policy and our own research. We will be making a contribution of our solar generation revenue streams to support the ongoing grant funded fuel poverty

interventions.

#### OUR MARKETING STRATEGY

In order to target the commissioner of fuel poverty alleviation services, we will produce a brochure detailing our work to date. We will also work with Advice UK (of which we are members) in order to ensure that we are 'commissioning ready'.

In order to target potential beneficiaries of fuel poverty alleviation projects, a unique marketing strategy for each grant funded fuel poverty project will be developed. For example, in the case of the forthcoming Ebico Trust work we will offer a free LED lightbulb to any beneficiary who refers a vulnerable neighbour or friend to the energy café.

Front line workers are also a key source of referrals. We will host two training sessions for front line workers about fuel poverty: one in Greenwich and one in Lewisham. This will generate referrals to the energy café. We will also publicise the energy cafes through community networks and other community sector organisations. In particular, we will work closely with organisations that provide support for pensioners, carers, people with disabilities or mental health problems or parents of children under five years of age to provide referral pathways. We will also distribute leaflets in areas of elevated fuel poverty, put up posters in community venues and use our social media to advertise The People Power Cafes.



## Financial Plan

#### OUR CURRENT FINANCIAL POSITION

In our first accounting period 18 June 2014 to 31 March 2015 South East London Community Energy was successful in raising £28,837 in grant funds. Management accounts presented and approved at our September 2015 Board Meeting indicated that the Balance Sheet at 31 March 2015 had net assets of £258 which was represented by the Surplus for the period equivalent to the same amount.

For further information about SELCE, please see our website <http://selce.org.uk/key-documents> where you will find this Share Offer, Application Form, Business Plan, selected Financial Projections, our Rules and Accounts 2014-15.

#### FINANCIAL PLAN FOR OUR FIRST SOLAR PV INSTALLATION PROJECT

Financial modelling and sensitivity analysis has been undertaken to assess the financial viability of the project. The financial model is reliant upon various assumptions which are listed below. If over time, these assumptions prove to be incorrect then returns to both the fuel poverty fund and investors may be affected.

#### DEVELOPMENT COSTS

In developing our first solar PV project, SELCE incurred a number of costs. These can broadly be divided into the following categories: organisational set up costs (e.g. registration and IT systems); early-stage feasibility costs (e.g., public consultation, site assessment, DNO registration, legal fees); and later-stage feasibility costs (e.g., structural surveys and EPC assessment). We held a 'Renewables Rock' benefit gig in order to raise funds for our organisational set up, the Urban Community Energy Fund provided funds to cover many of the costs inherent in establishing the feasibility of the project. A loan at 0% interest covered the later stage feasibility costs (amounting to approximately £4,500) which will be serviced through the share offer raise. Members of the board have collectively made a substantial in-kind contribution that amounts to well over 4000 hours of skilled volunteering time. Ashursts LLP also provided pro-bono legal assistance. Income

The project primarily receives income from three sources:

1. Feed in Tariff ("FiT") – The FiT rate received varies between sites and ranges from 11.71-12.32p/kWh. This is guaranteed for 20 years by primary legislation and increases with the Retail Price Index ("RPI").
2. Export Tariff – The export tariff is a payment for the electricity exported to the grid. This is the power generated minus any power used on-site. The current export tariff is 4.77p/kWh and is also linked to RPI. Where possible we may seek to sell this electricity to a third party through a Power Purchase Agreement ("PPA") if a higher price can be achieved.

3. The per kWh Electricity Charge – Our partners will pay a small fee for the electricity they use onsite. This varies by site and can be as little as half the price they would normally pay for electricity.

#### EXPENDITURES

There are a number of expenditures throughout the course of the project. These include:

1. Interest and principal repayment to members – As detailed above in “Financial benefits for you”.
2. Operations and Maintenance (“O&M”) – O&M costs for solar photovoltaic equipment are generally low and there are multiple providers who cover the London area. Initially we expect that these services will be provided by the installer, and will total less than £500 per site per annum.
3. Insurance – To minimise risk to our members we have acquired comprehensive insurance policies to cover damage to the installations. This will also cover mechanical and electrical failures of the equipment once outside of the initial manufacturer’s warranty period.
4. Inverter Replacement – We anticipate that the inverters, required to turn the DC energy from the panels into AC energy which can enter the grid, will need replacing in year 10.
5. Project Management and Administration – This will include preparing accounts, managing the ongoing contracts, administering payments to suppliers and shareholders, etc.

#### ASSUMPTIONS

Our financial model uses assumptions to calculate future incomes and expenditures.

- Retail Price Index – We assume that RPI will average 2.5% over the next 20 years. Although the current rate of RPI is 1% the average for the past 20 years is 2.5%. When assessing the project’s overall viability we have also assessed cases of 1.5% and 3.5% long run RPI.
- Panel Degradation – This is the rate at which the panels become less productive. We use 0.8% which is an industry standard however also model 0.9% and 0.7%.
- Inverter Life – Our inverters will be under warranty to last at least 10 years however we assume that we will then need to replace them.
- Administration Costs – Our administration cost assumptions are based upon figures supplied by other similar organisations and our own assessments of the ongoing needs of the project.
- Generation – Our solar engineer and installer have worked together to estimate the productivity (kWh/kWp) of the sites over a typical year in accordance with standard industry methodology.



#### FINANCIAL FORECAST

Based upon our financial model, using the assumptions above, we forecast that in our base case we will be able to provide a 4% interest rate to members, full capital repayment in year 20, and generate a fuel poverty fund of £90,000 over a 20 year period. The following section provides financial projections for a 20 year period. This does not include any income from grants for fuel poverty focused work. Tables providing information about projected cashflow and liabilities are available on our website: <http://selce.org.uk/for-potential-investors/>



Year	1	2	3	4	5	6-10	11-20	Whole Project
<b>Income</b>								
Feed in Tariff	18,951	22,056	22,319	22,584	22,853	118,413	262,526	489,702
Export Electricity Sales	1,817	2,108	2,133	2,158	2,184	11,316	25,086	46,802
Partner Electricity Sales	5,899	6,841	6,923	7,005	7,088	36,728	81,423	151,907
Interest	238	277	458	589	617	3,499	7,354	13,032
<b>Total Income</b>	<b>26,905</b>	<b>31,282</b>	<b>31,832</b>	<b>32,337</b>	<b>32,743</b>	<b>169,956</b>	<b>376,389</b>	<b>701,444</b>
<b>Expenditure</b>								
Operations & Maintenance	(2,072)	(2,114)	(2,156)	(2,199)	(2,243)	(11,905)	(27,657)	(50,346)
Insurance	(1,004)	(1,020)	(1,040)	(1,061)	(1,082)	(5,746)	(13,348)	(24,302)
Administration	(6,045)	(6,166)	(6,289)	(6,415)	(6,543)	(34,732)	(80,684)	(146,873)
Development Costs	(4,579)	-	-	-	-	-	-	(4,579)
Tax	-	-	-	-	-	(3,319)	(24,480)	(27,799)
<b>Total Expenditure</b>	<b>(13,699)</b>	<b>(9,299)</b>	<b>(9,485)</b>	<b>(9,675)</b>	<b>(9,868)</b>	<b>(55,702)</b>	<b>(146,170)</b>	<b>(253,898)</b>
<b>Cash Movements</b>								
Net Income generated by operations	13,206	21,983	22,347	22,662	22,874	114,254	230,219	447,545
Construction VAT Recovery	37,369	-	-	-	-	-	-	37,369
Community benefit fund generated	(8,910)	(2,040)	(2,081)	(2,122)	(2,165)	(11,492)	(60,228)	(89,038)
Movements to Reserve Accounts (Maintenance, Share Capital)	(32,336)	(13,651)	(13,651)	(1,844)	(1,844)	(9,221)	24,357	(48,190)
<b>Surplus available to members</b>	<b>9,329</b>	<b>6,291</b>	<b>6,615</b>	<b>18,695</b>	<b>18,865</b>	<b>93,542</b>	<b>194,348</b>	<b>347,686</b>
<b>Cashflow</b>								
Opening Cash	9,155	13,761	10,607	10,699	10,897	11,081	10,545	9,155
Member Interest Payments	(4,723)	(9,446)	(6,522)	(6,690)	(6,874)	(35,042)	(51,372)	(120,669)
Repayment of Member capital	-	-	-	(11,807)	(11,807)	(59,036)	(153,493)	(236,143)
Closing cash	13,761	10,607	10,699	10,897	11,081	10,545	29	29
<b>Closing cash including reserve accounts</b>	<b>42,684</b>	<b>34,496</b>	<b>48,240</b>	<b>50,282</b>	<b>52,310</b>	<b>60,995</b>	<b>29</b>	<b>29</b>

## FORECASTS FOR OUR FUEL POVERTY GRANT-FUNDED WORK

There will be a minimum £2,000 disbursements to the fuel poverty fund from our renewables trading activity each year. This disbursement increases from 2021 such that the cumulative contribution over 20 years amounts to approximately £90,000

Grant funds that we have been awarded for fuel poverty focused work in 2015 – 2016 financial year are as follows:

- The Cheshire Lehmann Fund: £4,994
- The Ebico Trust: £23,050
- The Big Energy Saving Network: £5,000

## STAFFING

In 2016, SELCE anticipate being able to employ two part-time members of staff: one of these will lead our fuel poverty alleviation work whilst the other will undertake admin associated with our solar PV generation project, fundraise for further fuel poverty alleviation work, and also line manage the member of staff that leads on fuel poverty alleviation.

Funding for our fuel poverty projects manager will come from The Ebico Trust and The Big Energy Saving Network. This will allow SELCE to employ one person to lead our fuel poverty work for three days per week for 5 months. It will also allow us to employ a number of freelance energy advisors two days per week for four months.

Funding for the second post will come from disbursements to the fuel poverty fund, admin fees set aside from solar PV generation work and from line management fees awarded for grant funded projects This will allow SELCE to employ one member of staff for two days per week throughout 2016.

We hope that staff costs associated with further project development work can be provided, at least in part, by a further grant from the Urban Community Energy Fund.



Risk	Mitigation Strategy
<p><b>Failure to install by December 31st 2015.</b> The pre-registration period for three of our four school sites on which we hope to install solar panels expires on 31st December. If installation is not complete by this date and registered with the MCS scheme a substantially reduced Feed in Tariff rate is likely to apply making the project financially unfeasible</p>	<p>GHG Organisation are confident that each school can be completed over the course of one weekend. Allowing a weekend contingency for each school they allocated the following dates:  Horniman: 14/15th &amp; 21/22 November  Mulgrave: 28/29th November &amp; 5/6th December  Ashmead: 12/13th &amp; 19/20th December</p>
<p><b>A failure to enter into lease agreements:</b> Lease negotiations with Royal Greenwich and Charlton Park Academy are ongoing. This is because agreement is needed from multiple departments rather than any failure to reach agreement on particular issues. Nonetheless, there is a risk that lease negotiations cannot be concluded satisfactorily</p>	<p>Our solitor will continue to work closely with the legal teams representing Royal Greenwich and Charlton Park Academy to conclude lease negotiations over the coming weeks</p>
<p><b>Our installer goes out of business:</b> Our installer holds the warrantee on all of panels, inverters, fixings and fittings. Should they go out of business this could present difficulties should there be a failure of equipment during the warranty period</p>	<p>GHG hold deposit insurance and independent warranty insurance to safeguard the continuation of the warranty in the event that they go bust. Similarly our own insurance policy protects provides warranty insurance</p>
<p><b>Weather variation</b> – Solar PV relies upon the sun to generate electricity. Whilst the level of solar irradiance is largely predictable an extended period of very low solar irradiance would reduce SELCE's income.</p>	
<p><b>Failure or breakdown of the invertors</b> – Invertors are typically more prone to breakdown than the panels themselves. If this were to occur it could reduce SELCE's income.</p>	<p>We have been conservative in our estimations of solar irradiance</p>
<p><b>Theft and damage</b> – The installations may become damaged through vandalism or accidental damage or may be stolen.</p>	<p>Our invertors will be covered by warranty and insurance will be in place to cover the majority of any potential losses should this occur. We will build up a fund to replace invertors after 20 years .</p>
<p><b>Changes to regulatory regime</b> – If the Feed-in Tariff is altered or scrapped retrospectively or any additional charges taxes or levies are applied then this may reduce SELCE's income.</p>	<p>Our insurance will cover replacement or repair of the panels and will cover the majority of any potential losses should this occur.</p>
<p><b>Mismanagement</b> – If SELCE becomes liable for fines or other penalties due to being out of compliance with any applicable laws or regulations then this may reduce SELCE's ability to pay interest or repay share capital. Similarly if SELCE becomes insolvent due to financial mismanagement then this may also affect its ability to pay interest or repay share capital.</p>	<p>The Feed in Tariff is guaranteed at a fixed level for 20 years under primary legislation.</p>
<p><b>Economic</b> - Given 'stressed economic scenario inflation insurance costs and O&amp;M costs could have a material effect on the level of return to both fuel poverty fund and investors.</p>	<p>Members are invited to stand for the Board of Directors, and all elections will be conducted on a transparent basis.</p>

## CONTINGENCY ARRANGEMENTS

A failure to complete the installation, commissioning and registration of solar arrays on those sites for which the pre-registration period expires on Dec 31st represents the most substantial risk to the project. Should this occur the contingency arrangement will entail, (a) an installation on the site whose pre-registration period extends to September 2016 and, (b) using funds raised to install on those sites currently under development. SELCE aims to seek pre-registration for at least five of these sites by the October 1st deadline for pre-registration requests

## RISKS FUTURE RENEWABLE GENERATION OR ENERGY EFFICIENCY WORK

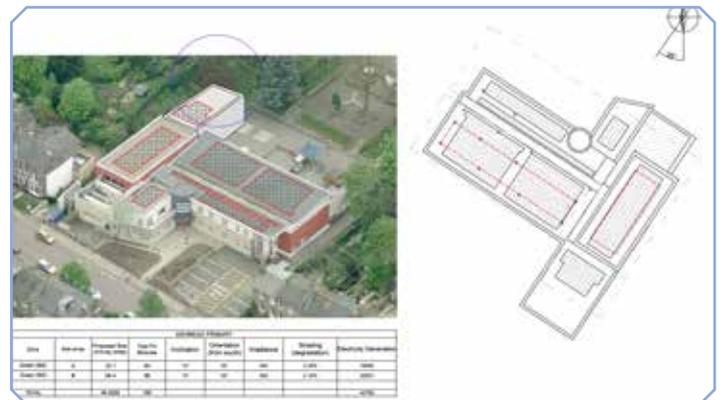
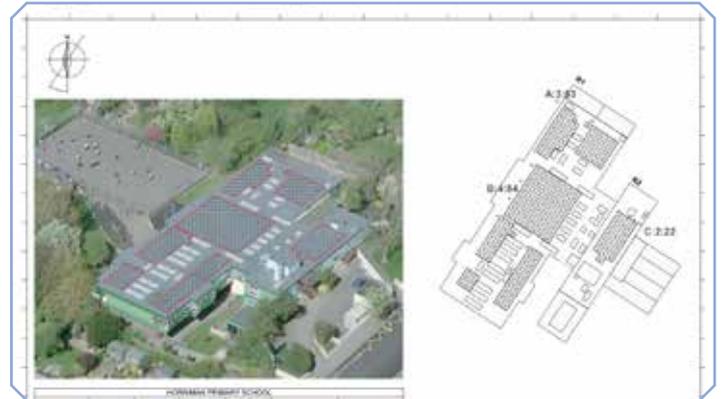
At present our ideas for future renewable generation or energy efficiency business models are at the most embryonic stage: this presents a significant risk to the organisation. However, given the skill-set in our board of directors we do not lack the skill to develop further models. Furthermore, we are members of Community Energy England and well networked with other community energy groups and the sector as a whole is committed to working together to identify future business models.

## RISKS FOR FUEL POVERTY ALLEVIATION WORK

The government has committed to eradicating fuel poverty by 2016. Much of the funding for our fuel poverty work to date has been driven by that policy commitment and has come from The Department of Energy and Climate Change. Should government priorities change with regard to addressing fuel poverty, then this may lead to an end to government funding streams for addressing fuel poverty. This represents a significant risk for our fuel poverty alleviation work. However, charitable trusts funded by energy companies such as the Energy People Trust (funded by SSE) as well as more generic grant-making trusts such as Comic Relief and Trust for London are possible future funders for our work. Lastly, with the support of Advice UK (of which we are members) we are working to gain the necessary quality marks in advice work in order to secure commissions from local government or from housing associations in order to undertake fuel poverty related work.

## ORGANISATIONAL AND GOVERNANCE RISKS

There are a host of organisational risks: risks associated with the way in which SELCE conducts business



Site	Area (m <sup>2</sup> )	Capacity (kWp)	Cost (£)	Installation Date	Production (kWh)	Energy Savings (£/yr)	CO <sub>2</sub> Savings (t/yr)
1	1,000	100	100,000	2015	10,000	10,000	10,000
2	2,000	200	200,000	2015	20,000	20,000	20,000
3	3,000	300	300,000	2015	30,000	30,000	30,000
4	4,000	400	400,000	2015	40,000	40,000	40,000
5	5,000	500	500,000	2015	50,000	50,000	50,000
6	6,000	600	600,000	2015	60,000	60,000	60,000
7	7,000	700	700,000	2015	70,000	70,000	70,000
8	8,000	800	800,000	2015	80,000	80,000	80,000
9	9,000	900	900,000	2015	90,000	90,000	90,000
10	10,000	1,000	1,000,000	2015	100,000	100,000	100,000
TOTAL	50,000	5,000	5,000,000	2015	500,000	500,000	500,000

Risk	Mitigation Strategy
<p><b>Board of Directors:</b> Should SELCE fail to retain an adequate number of skilled committed directors this represents a significant risk to directors</p>	<p>SELCE rules specify that a third of directors to stand down or stand for re-election at every AGM. This will encourage new directors to come forward. We also operate a policy whereby those interested in becoming directors can attend board meetings in order to shadow existing directors.</p>
<p><b>Disputes:</b> Should there be a unresolved dispute between one or more directors, staff or volunteers, this represents a significant risk to the organisation</p>	<p>Decisions within the board of directors are, in practice, made by consensus, rather than by majority. We have also worked to maintain a non-hierarchical structure. This serves to mitigate against disputes. We also host regular team building events for directors, advisors and volunteers. Even though there have, to date, been no disputes to resolve we are working with Advice UK to develop a grievance and disciplinary policy for staff and volunteers and dispute resolution for directors.</p>
<p><b>Local Connection:</b> Should our directors fail to reflect local needs and concerns and represent the interests of local residents</p>	<p>We will actively seek to recruit directors who are resident in South East London that reflect the ethnic, religious, diversity of the area but also contain balanced representation in terms of gender and sexual orientation. SELCE is, in some ways, exceptional in that directors and volunteers contain a balanced gender mix and a diversity in terms of race and sexual orientation</p>
<p><b>Mission Drift:</b> Mission drift is a term used to describe the situation whereby an organisation fails to maintain a consistent vision and mission and aims</p>	<p>SELCE has committed to undertake an annual strategic review and examine whether our delivery plan for the year is consistent with our aims</p>
<p><b>Inability to meet legal and good practice requirement:</b> If SELCE fail to keep up with any regulatory requirements expectations of us in terms of good practice, this places us at risk of prosecution or, at the very least, reputational damage</p>	<p>We have adopted policies, such as equal opportunities policies that are consistent with the legal requirements of us as an organisation. We are working with Advice UK to review these. Furthermore, we will also maintain our membership of Advice UK and Community Energy England in anticipation that they will alert of any regulatory changes that may impact renewable energy generation, energy efficient or advice work.</p>

## To Boldly Go...

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SELCE has worked hard to develop a business model that represents a balance in terms of risk and reward for our investors that also serves to work towards our vision of a sustainable energy future where energy is generated from renewable sources and used efficiently. A future where everyone has access to the energy they need at an affordable price and has a voice in how it is produced. We have worked to develop a model of working that balances social and business objectives. Given the commitment of directors and the solid footing of our first share offer, the future is bright (or at the very least, lit by a low energy lightbulb, powered by renewable electricity, produced by a cooperatively owned energy company that caters for the needs of the community it serves).





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Small Company Enterprise Centre  
Mid-size Business S0777  
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[www.hmrc.gov.uk](http://www.hmrc.gov.uk)

**Date** 7 January 2015  
**Our ref** LC/MSB/S0777/98849 26585/SCEC/HNB  
**Your ref**

Dear Madam

**South East London Community Energy Ltd**

Thank you for your letter dated 30 November and enclosures.

**Seed Enterprise Investment Scheme**

On the basis of the information provided, I would be able to authorise the company to issue compliance certificates under Section 257EC(1) ITA 2007 in respect of the shares to be issued, following receipt of a form SEIS1 satisfactorily completed.

**Enterprise Investment Scheme**

On the same basis, I would be able to authorise the company to issue compliance certificates under Section 204(1) ITA 2007 in respect of the shares to be issued, following receipt of a form EIS1 satisfactorily completed.

For both schemes the conditions relating to the company and its trade have to be complied with throughout the three year period related to the shares.

The forms SEIS1 and EIS1 are available at: -  
[www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/382341/seis1.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/382341/seis1.pdf)  
[www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/375686/eis1.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/375686/eis1.pdf)

Please note the following: -

- Where a company proposes to issue both SEIS and EIS shares, the EIS shares cannot be issued until at least 70% of the money raised by the SEIS shares has been spent.

Information is available in large print, audio tape and Braille formats.  
Type Talk service prefix number – 18001

Assistant Director: Colin Wood



# Addendum to 5 Year Business Plan

## Update to June 2016

In 2015 SELCE succeeded in raising the £250,000 needed to install 198kWp of solar photovoltaic panels on the four schools in Greenwich and Lewisham. There are now 138 members of SELCE who invested between £250 and £20,000.

Solar arrays have now been installed on three of the schools and the fourth installation is progressing with completion anticipated in summer 2016.

SELCE is currently working towards a second share offer to finance another wave of solar installations. It has 7 roof-top sites (schools and other community facilities) pre-registered, meaning they are eligible to receive feed-in tariff at its previous higher rate, guaranteed for 20 years. SELCE plans to launch this share offer on 1 July 2016 and will look to raise up to £232,000. As before, the partner site will benefit from reduced electricity costs, investors will receive interest on their investment (although EIS is no longer available due to a change in government policy) and the panel will generate additional income that SELCE will put towards its fuel poverty initiatives.

## Financial update

SELCE didn't start receiving income from its community financed solar PV arrays until after the end of the 15-16 financial year. This resulted in an accounting loss for that year due to the depreciation of the solar panels and accrued interest payments from January – March 2016. SELCE has though generated income over the past 2 years, mostly from grants and commissions. £71,703 has been raised in grant funds for fuel poverty focused work in the form of 9 grants from 8 different funders

SELCE also raised £17,375 in the form of a grant from the Urban Community Energy Fund to support the cost of the feasibility work on our first community financed solar PV arrays. The remainder of the income was commissions for research focused work.

With income soon to be generated from the PV arrays, the directors are satisfied that SELCE is on track to achieve its core financial objectives as set out in the 5 year business plan, namely to pay a return to investors of at least 4% on average and to generate a surplus to fund its fuel poverty objectives.

More details are available on the website where SELCE's full accounts are published.

## Progress with fuel poverty work

Grants from three different sources have allowed us to offer a range of services to those who are struggling with energy costs in Greenwich and Lewisham. Alex Hartley was employed as

our Fuel Poverty Projects manager, and she and her team have worked to make a demonstrable difference in the lives of some of the most vulnerable people in our community.

SELCE has successfully implemented its 'People Power' café programme, funded by Ebico Trust. This is a café where SELCE can deliver fuel poverty advice over a cup of tea and a slice of cake, overcoming some of the barriers encountered by the fuel-poor to seeking advice. This builds on a successful model of fuel poverty intervention SELCE piloted in March 2015.

The People Power Cafés have provided personalised one-to-one advice sessions to 295 households at risk of fuel poverty. Bi-weekly People Power Cafés have been held over the course of the winter months in four locations across Greenwich and Lewisham. Each location is characterised by a high incidence of fuel poverty, income deprivation and thermally-inefficient housing stock.

At the time of writing this project is nearing its conclusion. A formal evaluation has not yet been conducted, but a mid-project review of the case notes from 195 clients who had received support up until mid-March 2016 revealed that 70% of clients were fuel poor or at risk of fuel poverty. Savings identified from switching tariff and supplier amount to £34,140 for energy café clients; this exceeds the cost of the programme by approximately threefold. The average rating for the quality of the energy café service on a 10 point scale was 9.5. The following quote is illustrative: "I have recommended it to everyone I have discussed it with. Making savings is great." (energy café client).

During the winter, SELCE delivered 17 energy awareness workshops to community groups or to groups of people who work with those at risk of fuel poverty. We have also run dozens of pop-up energy advice desks that form part of community events. We have been able to do these thanks to funds from The Big Energy Saving Network and Energy Best Deal.

## Research

SELCE is committed to reflecting on what it does to alleviate fuel poverty, and to continually improve its methods in the light of the latest research.

Funding from the Cheshire Lehmann fund has allowed us to undertake a critical analysis of our work in the energy cafes. Dr Giovanna Speciale worked in partnership with Dr Mari Martiskainen from the Centre for Innovation in Energy Demand at the University of Sussex.

This research analysed the action that community groups have taken towards fuel poverty via initiatives such as 'energy shops' or 'energy cafés' - typically staffed by a team of qualified advisors and volunteers who provide advice about energy issues to the public.

The report concludes that energy shops could contribute an inter-agency fuel poverty alleviation strategy. However, in order to realise their potential, funders and policy makers should create opportunities for funding and capacity building to support community energy groups. Inter-agency working and cooperation between community groups, local authorities and health authorities is key to the success of energy shop initiatives. SELCE will draw on these findings as it takes forward its fuel poverty work in order to maximise the efficiency of its spending on fuel poverty.

### Energy Education

SELCE and our partner organisation, Demand Energy Equality, were winners of the M&S Community Energy Competition 2015. Funding has allowed us to build our 'Super Green Portable Solar Power Machine' - a specially-designed 'solar trailer' that will promote the benefits of solar power at local fairs, fun-days and festivals in Greenwich and Lewisham.

Thanks to a successful funding bid to 'Awards for All', SELCE will be providing clean, energy to local events free of charge in 2016. The trailer will be staffed by a SELCE co-ordinator and a team of volunteers and the project will give us a great opportunity to spread the word about our work on tackling fuel poverty and helping local community venues to reduce their energy bills with solar power.

### Changes to the team

Since the 2015-2020 business plan was published, Giovanna Speciale has been appointed to the post of chief executive by the board of directors following an open recruitment process. Having founded SELCE and driven the growth and success of the organisation to date, Giovanna has demonstrated that she is the ideal candidate to head SELCE and take it forward as it looks to grow its generating capacity and fuel poverty activities. Giovanna will work in her paid capacity for two days a week on full range of administrative functions including project management of the generation projects, fundraising and managing the volunteer team.

The following people have since joined the team:

Dougal Ainsley

Clare Silcock

### The following have left the team:

Sylvie Wynn

SELCE would like to thank her for her valuable contributions and wish them all the best in their future ventures.

### Future plans

The 2015-2020 business plan explained that SELCE would be exploring a number of renewable energy generation and demand reduction technologies which could present future market opportunities. Following a period of reflection and review, the board has decided that the most practical and viable technologies for SELCE are renewable heat installations (for example ground source heat pumps) for local energy intensive buildings (such as community leisure centres that contain a heated swimming pool. SELCE is also developing plans for supply of LED light bulbs to the public.

SELCE also working on plans to make use of the solar trailer for energy focused curriculum development and for co-working with local arts organisations. SELCE is also actively exploring funding options for a permanent energy café.



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