

# **GMCR**

## **BUSINESS PLAN**

# **1. EXECUTIVE SUMMARY**

Greater Manchester Community Renewables Limited (GMCR) has been set up as a community benefit society to develop and operate community-owned renewable energy installations across the Greater Manchester area.

In the context of climate change, a shift to renewable energy is imperative. GMCR would like to help catalyse this transition locally by installing solar panels on buildings at the heart of the community.

GMCR will fund our solar panels through a community share issue. Subject to the performance of the Society, members of the community who buy shares will receive share interest.

Income will be generated from the sale of the electricity generated by the panels at a discounted rate to the building users, and from the Feed-in Tariff.

The panels will be held for the benefit of the community; a proportion of the Society's profits will be made available for further carbon reduction, energy efficiency and environmental education projects. Each site will also receive educational support on energy and climate change.

By channelling investment from members of the public we can install solar panels on schools and community buildings who may not otherwise have the capital. The project benefits:

- the sites, who will save money on their energy bills;
- the community, who can apply for a proportion of the Society's profits for future community projects; and
- the environment, by reducing carbon emissions.

Members who provide capital to the project will receive a fair return (between 3.5 to 5% per annum).

We have secured interest from three sites (two schools in Irlam and Salford and a community building in Partington) and pre-registered these sites with Ofgem. This means we will receive the Feed-in Tariff at September 2015 levels if we can accredit our installations by 29 September 2016.

We are launching a community share issue to raise £186,000 to finance the installation of solar panels at these sites, and the installation of a further solar system at a school by Moss Community Energy Limited.

**Like any organisation, GMCR is exposed to a variety of risks, and anyone considering investing should read the Share Offer in full and take appropriate financial advice. Community shares are fully at risk and you could lose some or all of the money you invest. You have no right to compensation from the Financial Services Compensation Scheme, nor any right of complaint to the Financial Ombudsman Service.**

## **2. THE BUSINESS**

### **2.1. BACKGROUND**

GMCR was founded after seeing successful community solar energy projects in other parts of the country, such as Bath and West Community Energy, West Oxford Community Renewables and Plymouth Energy Community.

Our vision is to:

- install renewable technologies across Greater Manchester; and
- in the longer term, become a knowledge hub for other community energy projects in the region.

In the context of the challenges described below, we were keen to operate at scale. We therefore chose to work at the city region level to maximise the number of potential sites and members.

### **2.2. CONTEXT**

The science is clear: we need to urgently reduce greenhouse gas emissions in order to avoid the worst impacts of climate change. A key part of the solution is a rapid shift from fossil fuels to renewable energy.

#### Greater Manchester context

In addition to helping to tackle climate change, GMCR aims to generate community benefit in the Greater Manchester area.

Greater Manchester City Region has an economy worth £48 billion, a population of 2.7 million people, and over 90,000 successful businesses.<sup>[1]</sup>

A survey by the Green Alliance in March 2016 found that Greater Manchester currently has 23,484 solar roofs. The same report shows that there is c. 219MW of capacity for renewable energy generation, approximately one third of which appears to be solar electricity.<sup>[2]</sup>

There are also challenges in the region: 32,000 homes across Greater Manchester are considered to be fuel poor (2014 data) as they have to spend more than 10% of their income on fuel bills.<sup>[3]</sup>

References:

[1] [https://www.greatermanchester-ca.gov.uk/downloads/file/9/stronger\\_together\\_-\\_greater\\_manchester\\_strategy\\_summary](https://www.greatermanchester-ca.gov.uk/downloads/file/9/stronger_together_-_greater_manchester_strategy_summary)

[2] [http://www.green-alliance.org.uk/NW\\_renewables\\_.php](http://www.green-alliance.org.uk/NW_renewables_.php)

[3] <http://www.manchestereveningnews.co.uk/news/greater-manchester-news/fuel-poverty-misery-how-32000-7301110>

The Greater Manchester Climate Change Strategy 2011<sup>[4]</sup> includes the following:

- a) a core objective to reduce carbon emissions by 48% by 2020 (on 1990 levels);
- b) a key outcome to have created market conditions which promote low and zero carbon energy generation and distribution opportunities across Greater Manchester; and
- c) a key outcome of continued support and investment in UK renewable and low carbon energy generation via its energy procurement strategies.

Connected: The Greater Manchester Energy Plan<sup>[5]</sup> includes the following actions:

- a) to identify opportunities and locations for new low carbon energy generation aiming for Greater Manchester to host 1TWh/year of electricity generation by 2020; and
- b) to provide communities with the ability to shape and own a stake in their own energy future.

## **2.3 THE FORMATION OF GMCR**

GMCR was incorporated as a Community Benefit Society on 9 January 2015. The Society's Registered Office is Green Fish Resource Centre, 46-50 Oldham Street, Manchester, M4 1LE.

The Society's objects, enshrined in its Rules (its constitution), are:

“to carry on any business for the benefit of the community by developing, owning and operating renewable energy installations, and by doing so to reduce carbon emissions and promote energy efficiency and environmental education.”

The GMCR Rules set out how the Society will be run, and these are available on our website, and on request. As a Community Benefit Society, GMCR is owned by its members. Each member has one vote irrespective of the size of their investment. In accordance with the Rules, the day-to-day running of the organisation has been delegated to a Board of Directors, who have been appointed by and from the members (see Section 6 for current Director biographies). The Board may appoint two external independent Directors who need not be members and are selected for their particular skills and/or experience.

GMCR has an in-built asset lock as part of its Rules. This means that the Directors cannot use the Society's assets unless it is for the benefit of the community. However, the Directors can pay interest on shares, return withdrawable share capital to members and transfer assets to another Community Benefit Society which has an asset lock, a Community Interest Company, a Registered Provider (housing association) or charity.

In accordance with these Rules, members will receive interest on their shares, and the Directors will recommend to members that a proportion of the surpluses are used to fund community projects relating to climate change, energy efficiency and environmental education.

References:

[4] <http://gmlch.ontheplatform.org.uk/content/gm-climate-change-strategy>

[5] <http://ontheplatform.org.uk/article/connected-energy-plan-greater-manchester>

## **2.4. THE GMCR OFFER**

GMCR will offer schools and other buildings at the heart of communities the opportunity to have solar panels installed at no capital cost to them, and receive a discount of 25% compared to their mains supplier for any electricity generated by the panels that they use. Support will be provided to sites to help them take advantage of the educational opportunity that the panels provide.

While there are many commercial providers who will install solar panels, GMCR differentiates itself through its community ownership model and the use of a proportion of the surpluses to fund community projects relating to climate change, energy efficiency and environmental education.

While there are other community energy projects in Greater Manchester, we feel that our offer is sufficiently different, yet complementary, due to the technology used and size of array and geographical spread. We have engaged with a number of the other schemes and promoted them through the Greater Manchester community energy pledge ([www.gm-communityenergypledge.org.uk](http://www.gm-communityenergypledge.org.uk)).

### **Benefits to the school/community building**

- Solar panels on the roof at no capital cost to the site
- A discount of 25% compared to their mains supplier for any electricity generated by the panels that they use
- A display showing the amount being generated by the panels in real time
- The opportunity to engage children and families in energy and climate change
- Educational support tailored to the requirements of the site
- GMCR will co-ordinate the installation process and will continue to maintain, insure and administer the panels for 20 years.

### **Benefits to members**

People who buy shares will become members of the Society. Members are entitled to stand for election to the Board and vote at General Meetings and, subject to the performance of the Society, will receive share interest of between 3.5% and 5% per annum.

### **Benefit to the local area**

- A proportion of the Society's surpluses will be used to fund projects relating to climate change, energy efficiency and environmental education
- A new business with expertise in the growing low-carbon sector of the economy
- Building a secure, resilient energy supply

### **Benefit to the environment**

- The project could save up to 50 tonnes of CO<sub>2</sub> equivalent each year
- Solar panels on buildings at the heart of the community may inspire others to develop their own community energy schemes
- More members of the community educated and taking action on climate change

## **3. SITES**

### **3.1. SITE IDENTIFICATION CRITERIA**

Our primary focus has been schools and community buildings, in order to help them save money on their energy bills and maximise the opportunity to engage with local people on energy and climate change.

Our preference was for solar installations of between 20 and 50 kWp because we recognised that a smaller installation will require the same amount of administration and engagement work as a larger site.

### **3.2. APPROACH TO IDENTIFYING SITES**

We approached Local Authorities in the Greater Manchester area to assist us in identifying potential sites. Following this we signed a non-binding co-operation agreement with Salford City Council, who contacted their schools to seek expressions of interest.

Of the schools who responded, we sought to identify structurally sound roofs, ideally facing close to due South, and the Sites were checked for potential issues, such as roof orientation and shading from trees.

We also made direct approaches to organisations that we thought may be interested in our offer.

### **3.3. SITE SELECTION**

Of the sites we considered, four met our criteria and we arranged Energy Performance Certificates and pre-registered these with Ofgem for the Feed-in Tariff in September 2015. Of these, we plan to install solar panels at the following three sites:

Primrose Hill Primary School, Salford	29.68kWp
Irlam Community Primary School, Irlam	28.62kWp
The Fuse, Partington	49.82kWp

### **3.4. MOSS COMMUNITY ENERGY INSTALLATION**

In February 2016, Moss Community Energy (MCE) approached GMCR for help to deliver a solar project at Fiddlers Lane Primary School in Irlam.

MCE was formed in the autumn of 2014 following public meetings in Irlam & Cadishead and Eccles. It followed the test drilling for fracking carried out by iGas at Barton Moss in the winter of 2013/14, and followed the example of Balcombe in Sussex where a community energy co-op was set up following test drilling there.

With the support of climate change charity 10:10, MCE was registered as a community benefit society in June 2015 and began looking for local roofs that were suitable to host solar panels. When the Government's changes to the Feed-in Tariff were announced,

MCE applied to pre-register Fiddlers Lane school, but group members felt that joint working with GMCR would offer more security to new members and to the school.

The Directors of GMCR believe that, as well as supporting MCE, this proposal complements our existing portfolio of Sites and increases our projected Community Fund.

GMCR therefore plans to lend the full installation cost of a 29.68 kWp system at Fiddlers Lane Primary School to MCE, estimated to be £43,213, based on our preferred installer's quote. This loan will be repaid in full by transferring ownership of the installation to GMCR.

The loan to MCE will only proceed if the Share Offer reaches its Optimum target.

GMCR is delighted to be working with MCE, and helping to bring their project to fruition.

### **3.5. PROGRESS TO DATE**

Structural surveys have been completed, which confirm that the proposed solar panels can safely be fixed to the existing roof structure with no strengthening works being required.

The three sites described at 3.3 above have entered into exclusivity agreements with GMCR to grant us sole right to develop solar projects and to proceed with lease negotiations.

We have submitted applications to the Distribution Network Operator to ensure it has capacity to manage the electricity we will export. Initial feedback from Electricity North West is that it is unlikely that upgrades to the connection will be required. Unless any upgrades are required, we anticipate that the applications will be concluded by the end of June 2016.

### **3.6. COMMUNITY ENGAGEMENT**

We have undertaken community consultation at Irlam Primary School and Primrose Hill Primary School. The results of the consultation to date have been overwhelmingly in favour of GMCR's proposals with 95% indicating their support.

We have promoted our scheme in the local media and at a number of public events in the area, and we intend to undertake further engagement, for example with the local community in Partington. The profile raising work described in our Marketing Strategy also supports our community engagement objectives.

MCE has members from across Salford, and has held a number of public meetings, including a solar panel making workshop.

After installation of the panels, GMCR will provide educational support to each site, and, subject to the approval of the membership, a proportion of the Society's surpluses will be available for further carbon reduction, energy efficiency and environmental education projects. We intend to establish a panel with representatives from each site, the Board and the membership to liaise with the local community and seek Community Fund applications.

GMCR plans to keep its members engaged through regular newsletters, describe its performance and community activities in the annual report, and encourage members to attend the AGM.

### **3.7. FUTURE SITES**

The Board would like to develop further sites in the future, and will monitor Feed-in Tariff rates and installation costs to determine whether this will be viable with comparable risk, community benefit and share interest. It is anticipated that this would require a further offer of new shares. We will consult members on any new projects or proposals for future community share offers.

Subject to the requisite surplus being available and any new business ventures of GMCR, at the end of the project, the remaining investment in the Society held by each member will be returned. Provision for share capital return is made from 1 April 2018 and is subject to the Board's discretion.

## **4. FINANCIAL FORECASTS**

The below forecasts are based on the four sites described in sections 3.3 and 3.4 above.

### **4.1. ASSUMPTIONS**

The following sets out the assumptions upon which our financial model is based. All figures exclude VAT. Cash flow in 2016 has been planned to take account of VAT by arranging staged payments with our preferred installer.

- Development and installation costs will be in accordance with the quotes received
- Electricity generation of the project in the first year will be 110,000 kWh
- Feed-in Tariff rate in the first year is 11.71 p/kWh
- Export Tariff in the first year is 4.85 p/kWh
- Sites below 30 kWp receive deemed export, being 50% of electricity generated
- Maintenance costs are £12/kW per annum in the first year
- Administration costs are £3,500 per annum in the first year
- Insurance costs are £1,200 per annum in the first year
- All costs as well as income from electricity sales and the Feed-in Tariff increase by RPI each year estimated at 2.0%
- Bank interest rate on deposits will be 1.5% per annum
- Annual reduction in panel efficiency of 0.5%
- Members withdraw their capital in line with projections
- 50% of share applications are made online through Crowdfunder
- Corporation Tax rate of 20%
- Sites use 60-80% of electricity generated (varies between sites)



## 4.2. 20 YEAR FORECAST

The development and ongoing operation of the four sites results in the following overall 20 year forecast.

	Year to 31 March					2022-2026	2027-2037	Total
	2017	2018	2019	2020	2021			
<b>Income and expenditure account</b>								
Grant income	8,068	0	0	0	0	0	0	8,068
Feed-in Tariff income	4,427	13,548	13,750	13,955	14,163	74,043	177,534	311,420
Electricity sales	2,102	6,433	6,529	6,626	6,725	35,158	84,298	147,871
Export income	850	2,602	2,640	2,680	2,720	14,218	34,091	59,801
Bank interest	0	250	487	503	519	2,757	6,871	11,387
<b>Gross profit</b>	<b>15,448</b>	<b>22,833</b>	<b>23,406</b>	<b>23,764</b>	<b>24,126</b>	<b>126,176</b>	<b>302,794</b>	<b>538,547</b>
Development costs	(6,005)	0	0	0	0	0	0	(6,005)
Operating costs	(4,898)	(7,015)	(7,155)	(7,298)	(7,444)	(39,514)	(102,014)	(175,338)
Depreciation	(4,347)	(8,695)	(8,695)	(8,695)	(8,695)	(43,473)	(91,293)	(173,891)
<b>Operating surplus</b>	<b>198</b>	<b>7,123</b>	<b>7,557</b>	<b>7,771</b>	<b>7,987</b>	<b>43,189</b>	<b>109,487</b>	<b>183,312</b>
Share interest payments	0	(6,510)	(6,206)	(6,745)	(6,397)	(31,991)	(34,314)	(92,163)
Community grants	0	0	(500)	(500)	(1,000)	(8,500)	(50,500)	(61,000)
<b>Surplus before tax</b>	<b>198</b>	<b>613</b>	<b>851</b>	<b>526</b>	<b>591</b>	<b>2,698</b>	<b>24,672</b>	<b>30,150</b>
Corporation Tax	0	0	0	0	0	0	(18,230)	(18,230)
<b>Net surplus</b>	<b>198</b>	<b>613</b>	<b>851</b>	<b>526</b>	<b>591</b>	<b>2,698</b>	<b>6,442</b>	<b>11,920</b>

<b>Balance sheet (at 31 March)</b>	2017	2018	2019	2020	2021	2026	2037
Fixed assets	173,891	173,891	173,891	173,891	173,891	173,891	173,891
Accumulated depreciation	(4,347)	(13,042)	(21,736)	(30,431)	(39,126)	(82,598)	(173,891)
	169,544	160,849	152,155	143,460	134,766	91,293	0
Current assets	16,660	32,477	33,524	34,589	35,332	38,955	15,425
Current liabilities	0	(6,510)	(6,706)	(7,245)	(7,397)	(8,322)	(3,500)
<b>Total assets</b>	<b>186,203</b>	<b>186,817</b>	<b>178,973</b>	<b>170,805</b>	<b>162,701</b>	<b>121,926</b>	<b>11,925</b>
Share capital	186,005	186,005	177,311	168,616	159,922	116,449	5
Income and expenditure account	198	811	1,662	2,188	2,779	5,477	11,920
<b>Total equity funds</b>	<b>186,203</b>	<b>186,817</b>	<b>178,973</b>	<b>170,805</b>	<b>162,701</b>	<b>121,926</b>	<b>11,925</b>

Cash flow statement	Year to 31 March					2022-2026	2027-2037
	2017	2018	2019	2020	2021		
Share issue	186,000	0	0	0	0	0	0
Feed-in Tariff income	4,427	13,548	13,750	13,955	14,163	74,043	177,534
Electricity sales	2,102	6,433	6,529	6,626	6,725	35,158	84,298
Export income	850	2,602	2,640	2,680	2,720	14,218	34,091
Bank interest	0	250	487	503	519	2,757	6,871
<b>Total cash in</b>	<b>193,380</b>	<b>22,833</b>	<b>23,406</b>	<b>23,764</b>	<b>24,126</b>	<b>126,176</b>	<b>302,794</b>
Install costs	(123,878)	0	0	0	0	0	0
Loan to Moss Community Energy	(43,213)	0	0	0	0	0	0
Development costs	(16,034)	0	0	0	0	0	0
Operating costs	(4,898)	(7,015)	(7,155)	(7,298)	(7,444)	(39,514)	(102,014)
Share withdrawal	0	0	(8,695)	(8,695)	(8,695)	(43,473)	(116,444)
Share interest payments	0	0	(6,510)	(6,206)	(6,745)	(32,565)	(40,137)
Community grants	0	0	0	(500)	(500)	(7,000)	(49,500)
Corporation Tax	0	0	0	0	0	0	(18,230)
<b>Total cash out</b>	<b>(188,023)</b>	<b>(7,015)</b>	<b>(22,360)</b>	<b>(22,699)</b>	<b>(23,383)</b>	<b>(122,552)</b>	<b>(326,324)</b>
Cash brought forward	11,302	16,660	32,477	33,524	34,589	35,332	38,955
Cash movement	5,358	15,818	1,047	1,065	743	3,624	(23,531)
<b>Cash carried forward</b>	<b>16,660</b>	<b>32,477</b>	<b>33,524</b>	<b>34,589</b>	<b>35,332</b>	<b>38,955</b>	<b>15,425</b>

## Income

Income will be generated from the Feed-in Tariff, export tariff and sales of electricity to the sites.

## Operating expenses

The maintenance budget includes provision for replacement inverters. The administration budget includes the cost of outsourcing the maintenance of records, preparation of statutory returns and Board reports, Feed-in Tariff claims and electricity sales invoicing.

### **4.3. SHARE CAPITAL REQUIRED**

GMCR is seeking to raise £186,000 (Optimum) through a community share issue, the majority of which will fund the capital investment in the solar panels. The amount sought from the Share Offer includes budget for capital expenditure of £168,000, revenue expenditure of £9,000 and working capital (contingency) of £9,000 (figures to the nearest £1,000).

The loan to MCE is estimated to be £43,213, based on our preferred installer's quote for the installation at Fiddlers Lane and is included in the fixed assets on the balance sheet projection for the year ended 31 March 2017. This amount includes VAT as MCE is not VAT registered. This Site will only proceed if the Optimum amount is raised.

If only £140,000 (Minimum) is raised, the project will proceed with the three sites described in Section 3.3. In the event the Share Offer falls short of the Minimum, the Project will not proceed and Application Monies will be returned.

The minimum investment is £100. The maximum investment is £20,000.

Shares are withdrawable and not transferable, and will not be listed on any stock exchange. Members may apply to withdraw shares upon three months notice. Share withdrawal is not guaranteed and the Board retains the sole discretion to return the money paid for them.

#### **Share Interest**

Members will receive share interest on their investment. We estimate the interest rate will be as follows:

2018-2019	2020-2021	2022-2023	2024 onwards
3.5%	4%	4.5%	5%

Actual interest paid will depend on the annual results of the previous year. For the financial year 1 April 2016 to 31 March 2017 a share interest payment is not projected as this is the development year and will include only a partial year of income.

#### **Withdrawal of shares**

Depreciation of equipment is straight-line over the 20-year period and creates a fund to pay back members' capital. Provision for members to withdraw their Shares is made from 1 April 2018 onwards. This is subject to the Board's discretion and the financial position of the Society.

The financial projections depend on the Board receiving sufficient applications for withdrawal of Shares from the membership. The scheme will be viable if all members decide to hold all their Shares for the full 20 year life of the project; however, the Community Fund would be significantly smaller.

#### **4.4. DEVELOPMENT FINANCE**

In July 2015 GMCR successfully obtained grant finance from the Urban Community Energy Fund (UCEF), provided by The Department of Energy & Climate Change for £19,750 for the following purposes:

- project management
- technical feasibility
- legal agreements
- community consultation
- planning permission advice
- basic business and financial plan.

GMCR has also received a grant from Unicorn Grocery of £1,000 and donations from Manchester Friends of the Earth and a number of individuals.

#### **4.5. CURRENT FINANCIAL POSITION**

In our first accounting period from 9 January 2015 to 31 March 2016, GMCR raised £20,750 in grants and £460 in donations.

Of this, £13,142 was spent or committed on developing the Project, and we anticipate spending the remainder on eligible development costs.

Our draft Balance Sheet at 31 March 2016 shows total net assets of £5, represented by current assets of £3,234 (cash in bank of £11,302 less deferred grant income of £8,068) and current liabilities of £3,229 (accrued expenses), and £5 of share capital.

The final accounts for this period are due to be submitted to the Financial Conduct Authority by 31 October 2016 and will be presented at the 2016 AGM.

### **5. MARKETING STRATEGY**

GMCR has a two stage marketing strategy:

1. Pre-share offer – to raise our profile amongst potential members and influencers
2. During the share offer – to promote the share offer and meet the investment target by the target date.

We reviewed the Community Shares Unit report “Inside the Market” published in June 2015 which provided details of the typical community shares investor demographic and analysis of their motivations. We have undertaken a community asset mapping exercise and prioritised the target audiences for our communications.

GMCR has a number of engagement tools at its disposal to attract members including a clear brand, a website and social media presence, leaflets and business cards. We have also engaged with the media through press releases and letters to the newspaper. Our partnership with the Fuse was covered on BBC Radio Manchester.

In the pre-share offer phase, we launched and promoted the Greater Manchester

Community Energy Pledge, a campaign which encouraged members of the public to support community energy schemes across Greater Manchester. This has helped to develop our mailing list with a view to the production of a newsletter.

During the share offer phase, we will also add face to face methods to our strategy, including holding stalls at public events, targeting these where they will be most effective.

To engage with those people closest to the sites, we will ask the sites to include information about GMCR in their usual stakeholder communications.

Members of the public will be able to apply for shares by sending a postal application, or, for their convenience, online through the Crowdfunder website. Please see the Share Offer for more details about application procedures.

## **6. MANAGEMENT**

As described above, the day to day administration of the Society will be outsourced. The Board will continue to be responsible for GMCR's strategy, overseeing the project, relationships with stakeholders and administering the Community Fund. The current Directors are volunteers and are not remunerated by the Society.

### **6.1. DIRECTORS**

The Board of Directors as at the date of this document comprises:

#### **Ali Abbas**

Ali Abbas is a senior business analyst with over 15 years experience of business analysis and project management, and a community activist with over 10 years of experience of campaigning and community engagement.

Ali's other commitments include:

- Chair and Trustee of The Carbon Literacy Trust;
- Joint Co-ordinator and Lead Climate Campaigner, Manchester Friends of the Earth;
- Director of the Manchester Climate Change Agency CIC, and Chair of the CO<sub>2</sub> Monitoring Group; and
- Governor, Chorlton Church of England Primary School.

#### **Dave Cullen**

Dave Cullen is developing a community solar project with Moss Community Energy. He has been a trustee of Manchester Environmental Resource Centre Initiative since 2013.

Between June 2014 and April 2016 Dave worked for 10:10 which is delivering the Solar Schools project. Dave Cullen's other commitments include his role as a Director of Plan B Housing Co-op.

Due to a conflict of interest, Dave was not involved in the discussions as to whether to proceed with the proposal to work with Moss Community Energy on the Fiddlers Lane site.

### **Kate Eldridge**

Kate Eldridge is a former Director of Stockport Hydro Ltd, a community-owned hydro-electric project on the river Goyt.

A qualified Chartered Secretary, Kate has over 10 years experience of company secretarial practice and corporate governance. She also has over 5 years of experience of campaigning and community engagement.

Kate is an employee of Unity Trust Bank plc, where the Society has its current account. Due to a conflict of interest, she is not an account signatory. Kate does not have access to the banking system in her role at the bank.

### **Andy Fewings**

Andy is a qualified solicitor with specialist experience in renewable energy project finance. Andy has recently joined a renewable energy developer as a Senior Inhouse Counsel. Until March 2016 Andy was a committee member of the PRO:Manchester Green Economy Steering Group and an established member of the Clean Energy and Sustainability Sector Group at Eversheds, where he worked for nearly 9 years.

As a dedicated renewables lawyer, Andy has substantial experience in the sector – his expertise spans a range of renewable technologies including onshore wind, hydro, ground mounted solar, biomass and roof-top solar.

### **Andy Hunt**

Andy Hunt is a Board Member of Bee Sustainable Ltd, which is developing Bury Community Hydro, a 60 kWp hydro energy project on the River Irwell in Bury.

He is Strategy, Partnerships & Policy Manager at Oldham Metropolitan Borough Council responsible for the development of community energy programmes for Oldham Council and the Association of Greater Manchester Authorities (AGMA).

## **6.2. MENTORS**

In 2015, GMCR was part of the Energy Mentoring programme. This included support from Pete Capener of Bath and West Community Energy (<http://www.bwce.coop/>) and Jon Halle of Shareenergy (<http://www.shareenergy.coop/>).

GMCR is a member of Co-operatives UK and purchased the 'Contact' advice package in 2016.

## **7. KEY SUPPLIERS**

Installer of solar panels	NPS Electrical Ltd (trading as NPS Solar)
Lawyers	DWF LLP
Basic technical feasibility	Holt Energy Limited
Project management	Krista Patrick Consulting Ltd
Share offer and financial model advice	Sharenergy Co-operative Ltd
Insurance brokers	Naturesave Policies Ltd
Planning consultancy	Krista Patrick Consulting Ltd
Graphic design	Jimmy Edmondson

GMCR selected NPS Solar as its installation partner following a tender exercise at which a number of firms were invited to provide quotes for installations at two school sites (one flat roof, one pitched roof). Three of the installers submitted quotations and NPS Solar was selected on the basis of criteria including price, understanding of GMCR's wider social purpose, business sustainability and technical soundness.

## **8. ASSESSING THE RISKS**

GMCR has a risk register in place which includes an assessment of the probability and severity of each risk, the mitigating action and residual risk. The summary below is not an exhaustive list.

<b>Risk</b>	<b>Comments</b>
<b>Renewable energy industry risks</b>	
Government policy towards renewable energy may change which could affect income from the Feed-in Tariff (FIT) and/or export tariff.	The Government says it is committed to the principle that existing installations will not be affected by changes to tariffs and caps. Therefore, the Directors believe that any future changes to the FIT scheme should not affect the FIT and export income that GMCR receives.
Changes to the deemed export regime – In its December 2015 response to the Feed-in Tariff Review, DECC stated that the Government remains committed to ending deemed exports in favour of metering for the export tariff.	The financial model has been tested without deemed export. This would result in a smaller Community Fund.

Risk	Comments
GMCR's financial projections assume the price we will charge Sites for electricity will rise at 2% per annum. However, the market price for electricity may not increase in line with these projections, resulting in lower income from electricity sales.	DECC figures show that electricity prices have increased by an average of over 4% per annum between 2001 and 2015 and are predicted to rise by an average of 2% per annum over the next 20 years.
Long-term changes to weather patterns could result in lower levels of electricity generation, for example, as a result of increased levels of cloud cover.	We have used industry standard data from the MCS website to estimate yield.
Abnormal short-term weather conditions could affect expected levels of electricity generation.	Our use of industry standard data should mean that estimations of yield are correct over the long term, irrespective of short-term fluctuations.
Operational costs may rise at a faster rate than income during the life of the Project	The Feed-in Tariff is index linked to RPI.
Unexpected increases in installation costs.	Our preferred installer undertook site visits before providing quotes, and contingency has been included in the amount to be raised through this Share Offer.
<b>Operational risks</b>	
Delay to the solar installations may mean GMCR is unable to accredit them before the end of the pre-registration validity period. This would mean the installations would not qualify for the September 2015 Feed-in Tariff and the business model as it stands would not be viable.	The project plan is reviewed regularly at Director level. The Directors have made our preferred installer aware of the accreditation deadline, and plan to include it in the installer's contract.
The equipment may not function effectively, for example, due to damage, shading, faults, or issues with the local electricity distribution network.	GMCR will insure the panels, and we intend to control nearby trees through provisions in the Site leases, and monitor electricity generation.
Issues with the building structure may cause damage to the panels or interrupt production.	Structural surveys of the buildings have confirmed they are suitable for the installation of solar panels.
<b>Financial risks</b>	
There is a risk that GMCR is unable to raise sufficient equity via the Share Offer to pay for the installation of the panels.	Community consultation and engagement has begun and further publicity is planned. In the event the Minimum is not raised, the Project will not proceed and Application Monies will be returned to Applicants.



<b>Risk</b>	<b>Comments</b>
The Board has made a series of assumptions and estimates in preparing the financial model for the Project, which spans 20 years. These estimates and assumptions may not be correct.	The financial model has been reviewed by Sharenergy.
GMCR may fall victim to criminal behaviour such as fraud or theft.	GMCR has documented financial procedures, and an anti-money laundering policy.
<b>People risk</b>	
GMCR may not be able to attract and retain Directors with sufficient capacity and capability to deliver the project.	In the short term, the Directors are committed to delivering the Project and have engaged professional expertise when required. The current Directors keep the composition of the Board under review. In the longer term, it is planned for the day to day, administration of the Project to be outsourced.
<b>Legal and regulatory risks</b>	
There is a risk that GMCR is not compliant with applicable regulation or requirements.	GMCR has documented policies in relation to key areas of regulation. In addition to the skills within the Board, GMCR has engaged professional expertise when required.
GMCR may incur liability under contracts or where it has a duty of care.	Contractual terms are reviewed to ensure obligations are understood. GMCR has Public Liability Insurance.
<b>Commercial risks</b>	
The Sites and their landlords may decide they no longer wish to proceed with the leases and/or installations.	We have signed a non-binding Co-operation Agreement with Salford City Council and tailored our offer to the Sites' requirements. GMCR will not commit funds raised from this Share Offer unless and until agreements have been secured.
Suppliers, contractors or the Sites purchasing electricity may fail to meet their obligations.	The Board plans to include the accreditation deadline in the installer's contract and enter into an Electricity Supply Agreement with each Site.

Risk	Comments
There is a risk that the Sites may be sold or the schools may convert to academies.	New Site owners would be subject to GMCR's lease. The Electricity Supply Agreements would not be binding on a new owner. However, as we offer 25% off the price their main supplier charges, it is likely that they would choose to enter into a new contract with us. If they chose not to, this would result in a significantly lower share interest rate and a smaller Community Fund.
There is a risk that MCE will not repay the loan to GMCR, or that the Fiddlers Lane installation is not completed on time.	GMCR intends to enter into a loan agreement with MCE. MCE have agreed to use the same installer as GMCR and to put in place a lease agreed by GMCR's solicitors, which will be transferred to GMCR following installation.

## **9. FURTHER INFORMATION**

For further information about GMCR, please see our website [www.gmcr.org.uk](http://www.gmcr.org.uk) where you will find the Share Offer, Application Form, this Business Plan, and our Rules.