

Frequently Asked Questions

**avalon
community
energy**

renewable energy is ACE!

Why generate energy through a community benefit society?

We have all heard about the big six energy companies dominating the energy sector. As a community benefit society we will operate a democratic organisation and all members have one vote irrespective of the size of their shareholding. The board will therefore be accountable to you, local residents and supporters and will run the society to serve your interests.

How will the funds be used?

To facilitate this next stage of our development, ACE has launched a Pioneer Share Offer assisted by Somerset Cooperative Services - that offers investors an exciting opportunity to support the growth of community-owned renewable energy in Somerset. We're thrilled to be moving into this new phase for Avalon Community Energy. This Pioneer Share Offer will allow us to raise the funds to establish our first solar installations, grow our community business and pay for important development, technical and project management costs.

Firstly, we want to begin installing solar panels on buildings in the Avalon area wherever possible, delivering energy to places where it will support public services and people in need and elsewhere supplying it to the grid with the support of Feed in Tariffs.

Brookside Academy primary school, is typical of the type of building on which we would like to add solar. It has a large roof with good aspect, which we have been able to survey and develop a plan for installing 88kWp of solar PV. The energy generated would be sufficient to provide both cheap electricity for the school itself (with estimated savings of over £2,000 per year on energy bills) and a return on investment that would allow us to build up reserves and pay interest to member investors.

Another location that we could add solar generation to very soon is the business park and former landfill site at Evercreech Junction. Communities for Renewables have carried out a basic assessment of their solar PV potential. The extent of the roof space available means that up to 173kWp could be installed there. Productive discussions with the site owners has led them to sign an exclusivity agreement with ACE. In addition, we are considering the possibility that this might be a suitable location for the more diverse energy park that we have in mind.

How much investment is being raised?

We have already raised the minimum of £20,000 through postal applications, and are now extending the campaign on line to raise a further £130,000. So we already have enough to get started, and with additional monies raised we will be able to start installing solar on our projects.

What happens if we overfund?

We are hoping to be able to fund at least one of our projects with this share offer. If we overfund, then we will be able to install solar power sooner on the second project.

How do I buy shares?

You can buy shares on line via the crowdfunder platform and track our progress towards our target. You can also buy shares by cheque through the post. You can find an application form attached to our share offer document. The share offer will be open for a minimum of 5 weeks although we reserve the right to extend it. Once the offer closes, no more shares can be bought and money will be drawn down from the investor's bank accounts.

Who can buy shares?

Shareholders need to be 16 or over and are suitable for UK residents only. ACE is not just about powering the community, it's also about empowering it. Whilst we welcome and encourage investor members from outside of our area, our Society is set up so that local members control how we develop and grow. For this reason, every £1 you invest; you get a share. The minimum investment for local residents - living within Mendip District - is just £50. For everyone else it's £500.

When can I buy shares?

The offer opens on Tuesday 18th August 2015 and closes on Monday 28th September at 6pm. The Board reserves the right to extend the offer for a further month.

How much do shares cost?

Shares have a nominal value of £1 each and are offered with a minimum investment of £50 for local residents in the Mendip District and £500 for everyone else. The maximum investment is £20,000.

Can I get tax relief?

The HMRC have confirmed that tax relief through the Seed Enterprise Investment Scheme (SEIS) is available for our share offer, the rate of which is 50%. Depending on your tax status, it means that for every £100 you invest, you can claim £50 of tax relief.

The SEIS tax advantages are only available up to £131,700. We are applying for enterprise investment scheme for any funds beyond this sum which offers 30% tax relief. All applications will be processed on a first come first serve basis.

Why can't I invest less than £50?

Our advisers have informed that £50 is the lowest amount possible to make sure we reach our investment target and to bring about long term engagement with our local community. It is still possible to become a member of ACE for £10 through our website www.avaloncommunityenergy-coop.co.uk, however, this does not include the tax advantages enjoyed by those who invest in our share offer.

What's in it for me?

Depending on your tax status you will be eligible for 50% tax relief on your investment, via the Seed Enterprise Investment Scheme. SEIS is a government tax incentive intended to encourage full risk investment in early stage enterprises in certain sectors of the economy. This means for every £100 you invest you can claim £50 of tax relief.

Crucially too, we have a one member-one vote system. Every member, no matter the size of their share holding, can only cast one vote on things like electing the board of directors or key policy decisions affecting our development as an organisation.

What are community shares?

Community shares refer to the sale of shares in a businesses serving a community purpose. ACE wishes to generate renewable energy for the benefit of its local community, Community shares are not like normal shares bought and sold in companies. They still give you the opportunity to share in the success of the organisation you've invested in, and you get a say in the way the enterprise is run but the similarity ends there. Firstly, community shares are one member one vote, not one share one vote. Secondly, share can't be sold on to someone else and can only ever be transferred to someone on your death. The enterprise can allow you to withdraw your investment in the future if it would be prudent to do so. This means that investors have a big incentive to stay

involved and engaged in the enterprise, rather than only being interested in getting a profit. We hope our investors will agree that a community share issue is a near perfect fit with our values.

Can I make any money?

This is a social investment and should be regarded principally as a contribution to the development of a sustainable co-operative. However, it is our aim to protect the capital of our investors and provide rewards ahead of inflation.

Can I withdraw my shares?

After three years it is the intention of the board to enable withdrawals, however this is always at their sole discretion with repayment of capital subject to the availability of funds.

Can I transfer my shares to someone else?

No. Shares can only be transferred to someone else upon death; outside of that time, shares can only be withdrawn in accordance with the terms set down by the board.

What's the worst that can happen?

This is a full risk investment and you could lose the money that you subscribe. For this reason you should not invest funds that you cannot afford to be without.

The main risks that ACE faces are:

- Uninsurable damage or failure of the solar panels. Most risks relating to the performance of the plant are covered by the owner of the property where they are sited, the supplier of the panels, or our insurers. However, there is always the small chance that uninsurable risk limits the power that the panels generate.
- A negative outcome to our feasibility studies. We will prepare the brief for our feasibility studies so that there is every chance of a positive outcome, but there is always the risk that close examination of the proposal will reveal that the business opportunity we hoped for does not in fact exist. In this case, the part of our funds used for that study will have been lost, and returns from solar generation will be spread more thinly.
- Unanticipated costs in the installation of plant. We will be seeking fixed price contracts from installers so that there are no unexpected costs at the point of installation - however, any work on a building can reveal issues that could not have been foreseen. In this eventuality, there may be less installed capacity for the same investment.
- As any with Community Energy Company in our situation of intending to grow, ACE may not secure sufficient sites and the long term financial liability of ACE is dependent on further share offers for a larger portfolio of installations
- Development costs to secure the portfolio may be higher than anticipated.

If I am a shareholder do I have to go to meetings?

No, you don't have to go to meetings and you won't be involved in daily decision making or operational detail. As we will be accountable to you, we encourage your active participation in helping to steer the direction of the organisation, but it is up to you how much you get involved and whether you come to shareholder meetings. We will be offering different ways for you to get involved and this will include on line, so if you do want to participate, this does not mean it has to be in person.. We want our co-operative to be dynamic and exciting and a place to try out new ideas and new technology.

Can any more shares be bought after the 28th September 2015?

Our crowd funding campaign will close 6pm on Monday 28th September and no more shares will be able to be bought online for this share offer. There will be a grace period where we will still accept investments by cheque, to allow for postal delays.

Why should I invest in ACE?

- 1) We are a community benefit society that will generate income for community benefit to address local issues such as fuel poverty, energy efficiency and carbon emissions.**
- 2) Small businesses and public sector organisations will also benefit from cheaper electricity bills, and therefore reducing their overheads and so making them more viable and financially secure**
- 3) Community power is real people power and brings about ownership of a key resource for the benefit of all.**
- 4) We can't individually influence what is happening at an international or national level, however, this is an opportunity to make a difference and be part of the solution.**
- 5) It's a chance to put into practice what you believe about the importance of developing our renewable energy capacity.**
- 6) Investing in an energy source that is safe and secure is important for the sake of future generations**