

avalon community energy



renewable energy
is **ace!**

Pioneer Share Offer

July 2015

An offer of withdrawable share capital to include Seed Enterprise Investment Scheme tax relief for solar power generation in the Mid-Somerset area and development of proposals for further renewable energy projects

Avalon Community Energy Limited is registered with the Financial Conduct Authority in England and Wales under the Co-operatives and Community Benefit Societies Act 2014 (reg. no. 31969R)

Registered Address: 9 Lewmond Avenue, Wells, BA5 2TS

This share offer document is available in printed form and also as a PDF that can be downloaded from our website

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Letter from the Directors

Dear Potential Investors,

Thank you for taking the time to consider this offer document for community shares in Avalon Community Energy. If this type of social investment is new to you, we hope you will consider carefully whether it is right for you. It is intended to strike a balance between financial rewards and community benefit, and should be seen as quite different to shares in a profit-orientated company.

We will use the funds subscribed to develop our community energy business, whose primary objective is to collect energy from the sun – the most accessible power source there is. This clean energy will be used locally where possible, and the remainder distributed through the grid to energy users all over the UK – including you. We have a number of projects in development that you can find out more about within this document.

ACE is not just about powering the community, but also empowering it – while we welcome members from all over the UK, it is people living locally to our solar panels that will be in control of how we develop and grow. We hope that this is a project you will want to get actively involved in.

Yours sincerely,

The Directors
Avalon Community Energy Limited



Standing from left: Alyson Black, Michael Penn, Nikki Pillinger & Graham Lucas (Treasurer)
Seated from left: Jon Cousins (Chair), Maddy Milnes (Company Secretary)

Executive Summary

Company name	Avalon Community Energy Limited
Legal form	Community Benefit Society, Somerset Rules 2014
Registered number	IP031969
Date of registration	22/2/2013
Registered office address	9 Lewmond Avenue Wells BA5 2TS
Website	avaloncommunityenergycoop.co.uk
Email	avaloncommunityenergy@gmail.com
Shares offered	Full risk withdrawable shares
Minimum investment	£50 for Mendip District residents; £500 otherwise
Minimum sum sought	£20,000
Maximum sum sought	£150,000
Closing date	Monday 28 th September 2015 unless extended
Tax relief	Seed Enterprise Investment Scheme
Exit	Withdrawal after three years, at the absolute discretion of the board

About Us

We are a group of people living in the area around Glastonbury and Wells who believe passionately that the time has come to move our energy supply towards renewable sources. Rather than leaving this to big companies and the government to do, we think there is a great opportunity for the community to be actively involved: so we have formed a democratic community benefit society (Avalon Community Energy) that can raise share capital to install community owned renewable plant such as solar panels, and sell the electricity that we generate through the national grid.

Until ACE reaches a sufficient scale it may trade at a loss, may generate little or no surplus and may not be able to pay members the full, intended return. Any surplus will be used in ways that directly benefit the community and promote better use of energy. We will, in time, establish a community benefit fund for this purpose.

This document is all about how you could become a member, and an investor in our first scheme.

ACE sees our mission as follows:

- Engage the community (households, businesses, and community organisations) in their energy economy, so they understand and can respond to the challenges and opportunities it presents.
- Be the number one choice for renewable energy and energy efficiency in Glastonbury, Wells and the surrounding Mendip area.
- Create energy independence for community groups, residents, and local businesses and building local community resilience to help future-proof the place in which we live and work.
- Provide sources of community owned and affordable renewable energy to address fuel poverty.
- Establish a Community Benefit Fund using income generated from solar installations that will specifically target support at fuel poverty, energy efficiency and community energy initiatives.
- Create local employment in the renewable energy sector and encourage a strong green technology economy in and around Avalon.

How the funds will be used

Avalon Community Energy requires funds for two purposes.

Firstly, we want to begin installing solar panels on buildings in the Avalon area (Glastonbury, Wells, Shepton Mallet, Street and surrounding villages) – wherever possible, delivering energy in 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. In both cases, we aim to price our energy so that we earn enough money to pay investors fair compensation for the use of their funds, to develop new plans for deploying renewable technologies, and to retain some profit for the benefit of the local community.

In the longer term, a goal is to conduct, as appropriate, a feasibility study for an energy park where multiple renewable energy technologies can be demonstrated, tested, pioneered, and experienced. We don't think that renewable energy is purely about solar and wind – they are just the best established to date. We want to use the known, predictable earning potential of these mature technologies to assist the growth of promising, innovative energy technologies.

Project management for future schemes requires a considerable investment in expert advice, research, and planning. It can reasonably be expected to generate a financial return over the medium to long term. However, that return is unquantified, uncertain, and risky. For this reason we will limit expenditure on development, planning, legal, survey, project management and fundraising costs to no more than 30% of the total funds raised (or £20,000, whichever is more), with the remainder being spent directly on the installation and connection of solar generating capacity or held as cash reserves.

Brookside Academy, a primary school in Street is typical of the type of building that we would like to add solar power to, subject to the agreement of the owners and users. 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 cost would be about £100,000, but the energy generated would be sufficient to provide both cheap electricity for the school itself (estimated savings of over £2,000 a year on energy bills) and a return on the investment that would allow us to build up reserves and pay interest to member investors.

Furthermore, the solar project will provide educational opportunities for children linked to mathematics and science and enhance the school's connection to the local community. A social fund will be raised to support local families who are fuel poor and/or other projects that improve the sustainability of the community. This project is therefore likely to have multiple benefits for both the school and the local community with no extra cost to the school.

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 CIC has carried out a basic assessment of the solar PV potential, and productive discussions with the site owners has led them to state their intention to sign an exclusivity agreement with ACE. The extent of the roof space available means that up to 173kWp could be installed there. 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. In order to realise these larger scale projects, we will need to move on to further share offers very quickly - and this SEIS offer will enable us to do that.

Future fundraising

This is a pioneer offer – that is, it provides working capital for feasibility and development work, is not based on fully costed projects, and has uncertain financial projections. It is our intention to move as quickly as possible to time-bound offers, which raise finance for specific projects with more certain outcomes.

Our goal is to work towards the first time-bound offer within a year, having obtained planning permission, advance assurance of SISR tax relief (following on from the SEIS offered on these shares), fixed prices for the procurement and installation of generating plant, and an option or a lease on a suitable site.

Our target for interest paid on these shares is 3%. You should not invest in the hope of access to the profits of the registered society, as we are a not-for-profit organisation and reinvest surpluses in community benefit.



Avalon Community Energy believe that we can help create a resilient energy future for the Avalon area. Through engaging the local community, conducting robust feasibility studies and attracting the investment to install community-owned renewable energy in the area, we can begin this vital transition.

Directors' biographies

ACE has a diverse and experienced team of directors that represent a broad spectrum of the community.

The team has a successful track record of working on community projects and operating community organisations.

Maddy Milnes (Company Secretary)



Maddy Milnes is a founder member of ACE and has 14 years' experience of working as a HR director and this includes board level experience within the NHS. She is a highly successful and well-regarded HR professional with experience of large complex organisations with expertise in organisational development, engagement and leadership development. Having had a successful career she is now seeking to use her skills and expertise for the benefit of the local community. For the past

four years, she has also been involved in Transition Wells as a volunteer, chairing the energy group, which has developed to be a dynamic and high achieving team and have implemented a range of initiatives to support the sustainability of Wells. She is a graduate, qualified HR professional and has an MSc in Strategic Management from Bristol University.

Graham Lucas AICB CB Cert



Graham moved to Glastonbury in 1999 and joined a local oak frame builder. He worked there for 6 years, helping it grow to a nationally successful company, whilst maintaining its environmental credentials and becoming one of the first UK timber frame companies to become FSC accredited.

Since then Graham has worked with a growing number of small and start up companies in and around Glastonbury, providing extensive back office and bookkeeping support.

Last year he was asked to assist a local solar farm company on a consultancy basis to provide a comprehensive report on all costs and produce a model on which the company could assess the viability of any potential solar farm projects.

Graham is an Associate of the Institute of Certified Bookkeepers.

Jon Cousins – Chair



A founder member of ACE, Jon has been active in the social economy for many years. He has been involved in a number of complementary currency projects, including being a founder member of Cotswold Time Bank and Avalon Fair Shares. In the latter position, he was employed as a development worker and helped develop five time banks in Somerset and the first transition currency in Somerset – the Sunrise SOL. He has been a board member of Mendip Credit Union, is an elected member

of Glastonbury Town Council, and is the Deputy Mayor of Glastonbury. He is a senior practitioner with the Cabinet Office's 'Community Organisers Programme', and is a director of Somerset Development Workers Co-operative Limited.

Alyson Black



Alyson joined ACE early in 2014 and is an elected member of Glastonbury Town Council and a member of the Green Party. She has campaigned against Hinkley Point C being built and recently brought to the Town Council the initiative of writing to over 300 local Town and Parish councils to ask them to oppose nuclear power with its inherent dangers. She is involved with 'Glastonbury in Bloom', that this year intends to plant wildflowers all around the town to support the

honeybee populations and encourage stronger ecosystems. Having a great love of the countryside, she has been interested in clean renewable energy for many years. She has also worked in the NHS before becoming involved in the field of alternative and complementary medicine.

Michael Penn



Michael is a Chartered Accountant living in Glastonbury, Somerset. Michael qualified in 1972 and served as a Partner of a London firm for many years. Michael's specialism is in small and medium-sized businesses, especially in regard to company structures. He has had Directorships of over a dozen companies in his time and brings that experience to ACE. Michael has been locally very active over the years, from Chairman of the local Time Bank through to Treasurer of

Glastonbury's Community Development Trust. He serves as an advisor to a number of charitable and philanthropic organisations nationally and internationally.

Nikki Pillinger



Nikki joined ACE in March 2015. Nikki has recently finished an Energy Policy MSc at Exeter University where she specialised in community renewable energy projects and energy markets. She is currently working as an energy consultant at The Green Consultancy, a company specialising in energy efficiency measures where her role includes ESOS delivery for clients in various sectors, energy auditing and data analysis. Nikki is a member of Transition Wells Energy Group and has worked for

a number of other private energy companies in the last two years including Good Energy.

Nikki has done significant amounts of research and study into energy behaviour and policy. Outside of her MSc, she has completed the 'Green Steps' environmental auditing training course; has a Level 3 City and Guilds qualification in Energy Awareness, Energy Efficiency and Behaviours; and a further Level 3 qualification in Sustainable Energy from her time at Norton Radstock College.

Advisors

The Directors are supported by a number of selected advisors with experience of community and renewable energy, project finance, energy and company law, share offers, organisational structure and community engagement.

Jake Burnyeat, Communities for Renewables CIC (CfR)

CfR is a specialist advisory company that helps local energy enterprises, local authorities and commercial developers to develop, finance and manage renewable energy generation schemes that are owned by and run for the benefit of the local community. CfR also provides strategic advice to help set up local energy enterprises and develop business models that help to reduce and localise energy spend, tackle fuel poverty, and generate income to re-invest in the local community.

Sonya Bedford, Stephens Scown LLP

Sonya Bedford is a Partner in Stephens Scown Solicitors, and heads-up their Renewable Energy Team. Her strengths lie in dealing with wind farms, wind turbine acquisition, solar pv (domestic and commercial) and other technologies.

Sonya regularly gives presentations on the legalities of dealing with renewable energy and is on the panel for Lightsource, Good Energy, and other major solar and wind developers. She is also a non-executive director of RegenSW.

Sonya is certified by Bpec in Renewable Energy Awareness and is currently undertaking her MSc in Renewable Energy.

Alex Lawrie, Somerset Co-operative Services CIC

Alex Lawrie is a development worker at Somerset Cooperative Services providing specialist support to co-operatives and social enterprises. Alex has helped many co-operatives get off the ground and himself has been a founder member of various including Stepping Stones and Cornerstone Housing Co-ops and the Ecological Land Coop.

Somerset Co-operative Services is a Co-operative Development Body: they are members of the Co-operatives UK CDB network, and of South West Co-op Support. Their mission is to promote the application of international co-operative principles, to help people establish new social enterprises and to enable social enterprises to work together to be financially, environmentally and socially sustainable.

Dan Hurring, Community Engagement Officer

Dan joined the team in January 2015 to support ACE's growth and raise the profile of ACE in the local area. Dan has worked in the social enterprise sector for almost 10 years and has a great deal of experience in community liaison as well as working with local authorities across Somerset and beyond.

Dan spent 10 years as a festival organiser, co-founding the landmark eco-festivals, the Sunrise Celebrations, and runs Another World Productions Ltd, an award-winning event production and consultancy company, specialising in green event production and event licensing services.

Directors' investments

It is the current intention of all the directors to apply for at least the minimum number of shares given in this offer document, as they all believe strongly in ACE and this pioneer share offer.

Seed Enterprise Investment Scheme

Seed Enterprise Tax Relief is being sought for investments made with this offer document. SEIS is a government investor tax incentive intended to encourage full risk investment in early stage enterprises in certain sectors of the economy. ACE's eligibility depends on a number of factors including:

- The trading history: ACE has been trading less than two years as of July 2015, and its turnover, assets and payroll are all below the relevant thresholds.
- The trade being a qualifying trade: ACE does not intend to conduct any disqualified trades such as financial services, property development or leasing.
- As a community benefit society, ACE is not precluded from receiving both Feed-in tariff subsidies and SEIS relief
- The rules: ordinary share capital is full risk and can only be withdrawn at the absolute discretion of the registered society.
- Planned expenditure: all funds available to the registered society must be employed within three years of the share issue.

It also depends on the investor meeting certain conditions:

- You must be a UK taxpayer.
- You must leave the investment in the registered society for at least three years.

If these and other conditions are all met, tax relief equal to 50% of the value of the shares can be claimed. If you need further advice, we recommend you ask an independent financial advisor.

ACE has sought advance assurance from HMRC that the shares will, on the basis of present evidence, be eligible for SEIS. A decision is expected before the closing date of this share offer. No funds will be accepted until a week after that decision has been reported to all applicants, and up until that point any applicant may choose to withdraw their application.

Your rights as a member of ACE

ACE is a Community Benefit Society, using the Somerset Rules for multistakeholder co-operatives. You may contact us at any time to request a copy of the rules.

As with any mutual society, all members have one vote irrespective of the size of their shareholding. However, votes in general meetings the votes of external investors who do not live or work in the area served are weighted so that they never exceed 25% of the total. This ensures that no matter how many people from outside the locality choose to invest, the registered society is accountable to the community it serves.

Similarly, while investors are welcome to put themselves forward for election to the board, non-residents can only make up 25% of the places.

The rules provide important rights for all members:

- A general meeting can be called by 5 or more members, provided that they amount to at least 15% of the membership (rounded up), or 30% of the membership in any one class (rounded up).
- A petition with one third of the votes in a general meeting can require the board to publish its policies regarding social investment of liquid assets, equal opportunities, health and safety and/or corporate social responsibility.
- A similar one-third vote can be used to convene a commonwealth council, which allows members and stakeholders to scrutinise the work of the board.
- Members have the right to be informed of 'key decisions' that have major implications for the registered society.

You are welcome to ask for repayment of your shares at any time (in the case of joint investments, both signatories must make the request). However, you should expect that for the first three years at least, the Directors will not allow withdrawals because the business is seeking to build up its capital. Even if withdrawals are permitted during this time, you will lose any tax relief you may have gained.

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.

In the event of the death of a shareholder, the repaid value of the shares will normally be added to the estate for probate purposes.

Financial reporting and returns

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.

Withdrawable share capital does not appreciate in value and cannot be transferred or traded; when it is withdrawn, it is for the same value as when it was issued. The board will not permit withdrawals at a time or at a rate that could undermine the value of other members' investment. In the event of the registered society suffering financial losses, the board may 'write down' the value of shares so as to fairly distribute the burden. If the registered society is wound up while insolvent, any assets must be used to pay as much of the debts of the business as possible, and its shareholders may lose all their funds.

So financial returns come only from tax reliefs (described above) and interest. This issue of shares with **SEIS** tax relief should not be expected to deliver interest in excess of **3%** over the first five years. It will be credited to the member's share account annually, following the annual general meeting, and can be withdrawn in the same fashion as withdrawals of the original investment.

No accounts are presently available for ACE because it is very recently formed and has conducted no trade. However, accounts will be produced annually, and when there is trading income will be subject to examination by an independent accountant. When the business becomes larger, a full audit will be conducted – however, this is unlikely to be economic within five years.

Social reporting and returns

ACE is required by its rules to present social accounts that measure progress against its mission, which is: “Community-based renewable energy and conservation with co-operative principles”

Whilst we are not required to have either an audit or independent professional review of the annual accounts nonetheless when any appreciable income and expenditure has occurred it is our intention that we will indeed have an independent professional certify the accounts. Social returns will be measured in the form of outputs (for example, the generating capacity installed by the co-operative), outcomes (for example, the carbon emissions that would have taken place otherwise) and impacts (the actions of people inspired or empowered by the co-operative to take further action).

Risks to your investment

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 an 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 that case, the part of our funds used for that study will have been lost, and the 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 with any Community Energy Company in our situation of intending to grow, ACE may not secure sufficient sites and the long-term financial viability 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

Be aware that this is not an authorised prospectus. Because community benefit societies are exempt from regulation under the Financial Services and Markets Act 2000 you do not have the additional protection that it provides. If you are in any doubt, please seek the advice of an Independent Financial Advisor.

When you make your decision about how to invest, please base it on the information given in this document, and not on anything you may hear from other sources that may not have been as carefully checked. There is no business plan available to support this share offer as the business case is still under development; no accounts have yet been filed for the business as it has yet to trade. You should take this into account when you decide whether you wish to invest.

How to apply

Please complete the attached application form and send it to our registered office address no later than **28th SEPTEMBER 2015**. This date may be extended at discretion of the Directors.

You will need to provide payment either in the form of a cheque enclosed with the form (this is preferred in case of oversubscription), or an electronic payment sent to our bank account - Sort Code **08-92-99 Account Number 65663084**. If the latter, please ensure that your initial and surname is given as a reference, so that we can identify who each deposit is from. Please also ensure you include your own bank account details so that we can repay you in the event of an over-subscription or other reason.

Organisations can also become members, but they cannot benefit from tax reliefs and will need to use a different application form – please contact us for details.

You can apply for any amount between £500 and £20,000. Additionally, if you live in **Mendip District**, you can apply for a smaller amount – as little as £50. This is because we are keen to encourage participation from local people in the society and do not wish the cost of initial investment to be a barrier.

Shares will not be issued prior to SEIS decision, and if SEIS clearance is not obtained applicants will be given the opportunity to withdraw. Cheques may not be cashed immediately, and will not be cashed at all until the minimum fundraising target has been reached. Investors who provide email addresses will receive acknowledgement of receipt, and you are welcome to include a postcard addressed to yourself with your application, which we will post back to you immediately.

All applications will be considered by the board, and may be refused without explanation. In the event that the share issue is oversubscribed, applications from local investors may be favoured, and otherwise accepted on a first come first served basis.

Further Information

If you have any problems or if you need help in how to apply for Pioneer Shares in ACE or for any other questions relating to ACE and this opportunity, please contact Maddy Milnes on 07515 358413 or email avaloncommunityenergy@gmail.com

For general information about Avalon Community Energy visit our website:

www.avaloncommunityenergycoop.co.uk

Application form

(Suitable for natural persons only – up to two people may complete it jointly. All applications must be received by 28th September 2015 (unless date is extended). Corporate bodies can apply – ask us for special application form)

Applicant Details

Title: _____ Name: _____

Address: _____

Town: _____

County _____ Postcode: _____

Telephone: _____

Email: _____ (preferred but optional)

[Yes/No] I am a UK taxpayer, and I would like to claim Seed Enterprise Investment Scheme (SEIS) tax relief.

I wish to apply for [_____] £I withdrawable shares (max. 20,000) in Avalon Community Energy Limited, becoming a member in accordance with the rules.

I am (please tick one only):

- ☐ a resident within Mendip District buying at least 50 shares
☐ a social investor buying at least 500 shares

Declaration

I understand that the data provided by me on this form will be stored within a computerised database. This data will only be used for membership purposes and will not be disclosed to a third party.

To ensure compliance with the Money Laundering Regulations 2003, Avalon Community Energy Limited may at its absolute discretion require verification of identity from any person/organisation seeking to invest.

Signed by the applicant: _____

Date: _____

How to buy shares

Cheques should be made payable to Avalon Community Energy Limited. This is the preferred option in case of oversubscription.

Please return this form to our registered office at 9 Lewmond Avenue, Wells BA5 2TS or else sign, scan and email back the application form to us at avaloncommunityenergy@gmail.com

You can also make electronic payments to 08-92-99 / 65663084. Always use your **first initial and surname** as a **reference** so that we can identify the source of any payment.

In case of over-subscription, please include your bank details below so repayments can be made:

SORT CODE _____ **ACCOUNT NUMBER** _____



www.avaloncommunityenergycoop.co.uk

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