



SOUTH EAST LONDON COMMUNITY ENERGY

Share Offer 2019



www.selce.org.uk

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Foreword from SELCE's Chair

Since South East London Community Energy (SELCE) was founded five years ago, the co-operative has - despite a tough regulatory climate - gone from strength to strength. Although the government's recent removal of the Feed-in Tariff subsidy has made life much more difficult for the community energy sector, we have continued to develop and are now launching our current share offer in time to receive the last of these subsidies.



SELCE may be small but it has shown great agility. We have continued to adapt our business model to the changing political forces and, as a result, we have produced some impressive results. Today, we have 186 members and their combined investment of £370,000 has enabled us to provide solar energy for seven local primary schools (326kWp total capacity). Our solar arrays have generated 639MWh of solar energy - enough to drive a Tesla S around the world almost three times - and we've prevented 200,000kg of climate-changing carbon from being discharged into the atmosphere.

Our work to reduce fuel poverty in South East London has developed some exciting new models and alliances. Community outreach is one of our key strengths and we are now working with several local councils and co-operatives to provide a range of services that take the headache out of improving energy efficiency in cold, hard-to-heat homes.

We continue to operate on a lean budget but our formula is extremely cost-effective. For every £1 in funding we receive, our projects have helped clients to save £6. Not bad for a volunteer-led organisation that operates out of one room with four computers. Our needs-led approach has gained us national recognition. Most recently we won Community Energy England's first Social Impact Award for our fuel poverty work, despite other finalists coming from much more established organisations. This was our second national award.

Thanks to the hard work of our team, we have been able to secure the Feed-in Tariff subsidy for four final solar projects and we are delighted to offer you the opportunity to invest in Share Offer Three. We are confident that this initiative will cement SELCE's position as one of the most active community energy groups in the country and enhance our ability to deliver innovative clean energy projects in coming years.

This is the last opportunity that SELCE will have to offer investors a proposition backed by a 20-year tariff guarantee. I strongly urge you to not to miss it.

£370,000 in funding raised

from two community share offers involving 186 investors

2,589 households supported

by energy saving advice from our pop-up energy cafes and training sessions

7 primary schools powered

by our solar arrays with a total energy saving of £23,476

£142,163 in energy costs saved

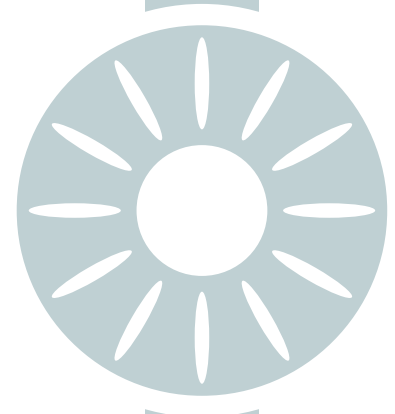
by our clients over the winter of 2018/19. That's £6 for every £1 in funding we received

200 tonnes of carbon avoided

by generating 590MWh of solar energy. Enough to drive a Tesla S around the world almost 3 times!

183 households diverted from poverty

after receiving energy efficiency improvements and support from SELCE projects



Our Share Offer at a glance

You are invited to join the community energy revolution by investing in, and becoming a member of, South East London Community Energy (SELCE). SELCE tackles climate change, fuel poverty and social justice issues at a local level through sustainable energy projects. As a not-for-profit, cooperatively owned, social enterprise we generate renewable electricity for the local community.

We believe that everyone should be able to access, and benefit from, affordable low carbon energy. We are offering you the chance to help achieve this goal by buying shares in SELCE to fund the installation of solar panels on four further buildings in SE London.

In 2015 and 2016, we raised £370,000 across two share offers to install 326kWp of solar capacity on seven schools. These panels have generated 639 MWh to date and saved the schools an estimated £23,476 in electricity costs.

The four sites in our current share offer will support a church, two leisure centres and a public art

project. We will be helping to make SE London a better place to live in by:

- Generating 217,326 kilowatt-hours (kWh) of clean, solar electricity per annum
- Save approximately 80,000kg of CO2 emissions in 2020 equivalent to driving around the Earth almost 6.5 times
- Save the sites an estimated £52,000 in electricity costs over the project life, freeing their funds to invest in the needs of the communities they serve.

Investors can request withdraw their investment the first three years of the project. Early repayments will be made subject to availability and board agreement.

We are aiming to raise a target investment of £260,000 to fund all four sites. We are seeking a minimum investment of £25,000 which would fund the smallest of the four sites. Our stretch target to install on two further sites is £325,000.

- **Projected 3% annual return on investment**
- **Invest between £250 and £20,000**
- **Opens 1st Nov**
- **Closes 30th Nov**

Investment risk

We are a society for the benefit of the community that can lawfully issue withdrawable shares to our membership. However, we are not directly regulated by a statutory body.

As with all risk investments, withdrawable shares could lose some, or all, of their value and they are not protected by the Government's Financial Services Compensation Scheme nor the Financial Ombudsman Service.



About South East London Community Energy

Our story

South East London Community Energy (SELCE) was formed in February 2014 by a group of Greenwich and Lewisham residents who shared a vision of a fairer, healthier, low-carbon future. Above all, we wanted to generate renewable energy that is not just produced locally but is owned and governed by the people who use it. Equally, we wanted to tackle the growing issue of fuel poverty in our local boroughs.

We formed SELCE as a way of taking action with the community at its core. We were inspired by the rapid growth of other community energy organisations around the country and wanted to make a contribution ourselves. We have all made great strides forward: Community Energy England's 2019 State of the Sector Survey reports that £40m in community share capital for renewable energy projects was raised in 2018, despite a very challenging policy environment.

For SELCE's first projects, we focused our work in the boroughs of Greenwich and Lewisham. Both boroughs contain areas with high numbers of people affected by, or at risk of, fuel poverty. These areas have been the target of our projects to help people out of the trap of having to choose between heating and eating.

In 2015, SELCE's first share offer raised £250,000 to install 198kWp capacity of solar energy on four schools. A second share offer

less than a year later successfully raised a further £120,000 to install another 128kWp on three more schools. We now have 186 investors, the majority of whom are based in SE London.

Our mission and aims

We believe that all communities should have access to the benefits of affordable low carbon energy.

Our aims are as follows:

- 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. This mandate was made clear through extensive community consultation.
- 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 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 Cooperative and Community Benefit Societies Act 2014 (Society number 32417). Our rules are based on Co-operatives UK's model rules and are available from our website www.selce.org.uk/about-us/key-documents. SELCE is a trading entity that will generate a financial surplus whilst undertaking work that benefits the community in line with our mission and aims.

The Financial Conduct Authority (FCA) is the regulator that ensures our organisation complies with the Cooperative and Community Benefit Societies Act 2014. The FCA has the power to cancel the registration of a society if it does not comply with relevant legislation. The FCA is also responsible for regulating financial promotions. However, although SELCE complies with all parts of the Act, community benefit societies are exempt from most of these regulations and consequently this share offer is not regulated.



The team

The board

SELCE is supported by a skilled management committee that provides support on a voluntary basis. The list below shows the previous experience and expertise of the current SELCE directors.



Alex Hartley is a co-founder director of SELCE and is one of the architects of our fuel poverty alleviation and energy efficiency initiatives. She has 16 years' experience managing sustainability initiatives at a senior level in business and the third sector. She has developed programmes to tackle fuel poverty and energy advice programs and is invited to speak at many sector events, is Vice Chair of Community Energy London and has extensive experience of the green transport sector. She holds several voluntary Directorships and has previously worked for the Energy Institute, an energy charity and specialises in people and business development with a strong communications and engagement focus.

Andrew Rendel is a senior finance professional with experience across commercial and investment banking as well as early stage, growth and project finance investment. He specialises solely in the finance of sustainability and green technology with a decade of experience in this sector. He built the financial model that SELCE uses to assess projects.

Camilla Berens (Chairperson) is a journalist, an environmental activist and a co-founder of SELCE. She has written for The Guardian, The Independent and The New Statesman on issues relating to climate change and environmental protest movements. She has coordinated campaigns against airport expansion and 'new nuclear' power, and currently runs Greenpeace's active supporters' group in Greenwich and Lewisham.

Guy Thompson spent a number of years in engineering and management positions with Shell, Sunoco and Citibank before leaving to start his own business focussing on development of consumer products, mostly electronic or electrical. In 2008 he shifted focus to renewables and worked designing and developing micro combined heat and power systems aimed at the small industrial and agricultural sector. His particular expertise is high temperature gasification but he has been involved in a range of energy projects and is increasingly interested in the deployment of heat pumps and the decarbonisation of heat.

James Sheward is a committed and hard-working government relations professional. His key skills include policy, influencing, stakeholder engagement, public affairs, corporate responsibility, communications; governance, management strategy and partnerships. He has worked as a consultant for third sector organisations, NGO, professional bodies, regulatory, private and public sectors including Nesta, The Royal Society of Chemistry, UK Power Networks and Smart DCC. He has worked as Head of Communication/ Government Affairs at Cares Power, The Carbon Trust and United Utilities.

Lesley Giles has been working as a project manager of residential solar PV, battery and electric vehicle charge point installations since March 2018. Her interest in solar PV was first sparked by her dissertation researching thin film solar cells

during her Master's degree in Chemistry. Another important experience for Lesley's journey into renewables was her year spent working in Beijing where residents experience extreme air pollution, caused by coal power stations; the need for clean sources of energy became very real and important.

Louise Sunderland is a researcher, advisor, and policy analyst who has worked on energy policy, particularly energy efficiency for more than 12 years. She has particular expertise in energy use in buildings, with a strong focus on the consumer and issues of equity in the clean energy transition. She currently works as a senior advisor to the Regulatory Assistance Project and is an external expert for the European Commission. Before moving into the energy field, she spent her early career working in international development and community development.

Nadia Smith our youngest board member came to us with a wealth of experience having worked for Community for Renewables CIC. Her day-to-day role helps to inform government policy and create pioneering networks, to realise the value of renewables and enable sustainability driven business models, engaging with a range of stakeholders across the energy system. In her spare time, she works with an innovative team of University of Exeter alumni and students to set up the Dream Renewables project in Dzita, Ghana - a practical educational course promoting employment in renewable energy to Ghanaian high school graduates. She has recently received two awards: Community Energy England's Young Energy Champion 2019 and the ECA's Power Players 2019 Award for excellence in the engineering services sector.

Ruth Bradshaw brings 25 years' experience from a range of policy and research roles in the public and voluntary sector. For the last six years she worked part-time for a small environmental charity. Previously she was Head of Infrastructure Policy at London Councils and has a good understanding of the organisations responsible for the development and implementation of infrastructure and planning policy in London. In addition, she brings experience in project development and management, grant applications, social research and communications.

Sergio Olivares (Treasurer) has worked in the third sector since 1982, focusing on developing alternative economic systems and democratically-run enterprises. He works for Greenwich Cooperative Development Agency, where he was previously CEO, and has supported many hundreds of local co-operatives and social enterprises, representing third sector interests. He advises on SELCE's governance and co-operative development.

This share offer has also been developed with the help of Clare Silcock, a renewable energy engineer who was a SELCE director from 2015 – 2019 and remains an adviser from her new base in Brisbane, Australia.



The team (continued)

The staff

Dr Giovanna Speciale is a co-founder, CEO and Company Secretary of SELCE. She worked in the community sector for 14 years whilst spending her free time participating in environmental activism as part of the road protest and climate justice movements often at the head of the activist samba band, Rhythms of Resistance. After a stint managing an environmental community project and completing an MSc in energy policy, she used the financial freedom afforded her by living on a solar-powered boat on Deptford Creek to focus on volunteering to establish SELCE. She led the delivery of SELCE's first and second share offers and installations and was one of the architects of our fuel poverty alleviation and energy efficiency initiatives.

Staff working across fuel poverty alleviation and energy efficiency initiatives are as follows

- **Tristan Owen:** Energy Efficiency Projects Manager
- **Ying Man:** Senior Energy Advisor
- **Alex Hartley:** Senior Energy Advisor (Empowering Elders)
- **Sonia Haddad:** Energy Advisor (The Royal Borough of Greenwich)
- **Helen Jackson:** Energy Advisor (Deptford and Lewisham)
- **Sharon O'Connor:** Energy Advisor (Bromley)
- **Chas Warlow:** Energy Advisor (Croydon)
- **David Masters:** Trainee Energy Advisor
- **Eliza Stuart:** Future Fit Homes Manager

All staff work part time, matching energy advice work with child care or study, and in the case of three staff members work with SELCE partner organisations. We employ 4.5 full-time equivalent staff.

All advisors have the industry standard qualification for energy advisors (NEA City and Guilds Level 3 Certificate in Energy Awareness), some gained this as a result of volunteering with us then making the progression to becoming staff. Tristan and Ying are both DEAs (Domestic Energy Advisor). Eliza Stuart who leads our Future Fit Homes Project is a Stage 1 Architect. Tristan, Ying and Alex each have over 10 years' experience providing energy advice. All Energy Advisors have at least two years' experience of providing energy advice.

The SELCE staff team are a resourceful, knowledgeable team who manage to deliver an incredible amount of professional support and advice to vulnerable residents on a budget. SELCE is blessed with the assistance of regular volunteers, too numerous to mention. Of particular importance to our community-financed solar work are Joseph Swift, who has supported SELCE with patience and bookkeeping skills since 2015, and Andy Keelan, who has worked on SELCE's solar asset management in the build-up to this share offer.

Our current financial position

Our first installations were completed with £250,000 raised through a community share offer as well as a grant contribution of £17,375 - funding from the Urban Community Energy Fund (UCEF). This allowed us to develop the project in consultation with the local community and to seek legal and planning advice.



Our second installations were completed with £120,000 raised through a community share offer as well as a UCEF grant for £18,330 for development costs.

We have secured £38,243 from the London Community Energy Fund for similar development costs for the third share offer sites.

Our grant-funded fuel poverty work has gone from strength to strength. We have received £204,477.53 in grant funds for fuel poverty alleviation work since the inception of SELCE to fund energy cafes, home visits and energy efficiency installation referrals.

SELCE's turnover from April 2018 to March 2019 was £166,623.

SELCE has paid between 3% and 4% interest on share capital invested to members over the past 4 years. SELCE paid the predicted 4% interest in 2015-16 but lowered this to 3% in 2016-17 and 3.5% in 2018-19 when it became clear that five of the sites were not performing as expected.

Following an extensive investigation process we have established that performance issues related to technical faults with ballast and wiring. We have been working with the regulator (NICEIC) to compel our installer to carry out remedial work. As a result of this work, performance over the summer of 2018/19 has improved significantly.

We are continuing to work with the regulator to ensure that all faults are remedied. We have also submitted a complaint to The Renewable Energy Consumer Code concerning miss-selling issues with our installer, including disparities between our contract and what was installed in terms of the make and number of panels. We are confident that we will be able to return to paying the predicted 4% return on investment for share offer 1 and 2 members going forward.



The project



Sites in the Royal Borough of Greenwich

Arora Group's InterContinental Hotel in partnership with the Aluna Moon Clock

A group of artists, architects, engineers and scientists are working to create a major new landmark for London that aims to reconnect the public with the natural rhythms of our ocean planet.

Aluna will be the world's largest Moon and Tide Clock and will be

located at 0° longitude on the Greenwich Peninsula waterfront, where time and tide meet. Larger than Stonehenge, three vast recycled glass rings will track the Moon's cycles and influences on the Earth with slowly moving light, representing the waxing and waning of the Moon, its movement across our sky, and the ebb and flow of the tidal Thames.

Designed by artist Laura Williams as a place of celebration and connection, Aluna's rings will create a public waterfront space for international festival, education and community events. Through its permanent public programme, Aluna will inspire people to explore and celebrate humanity's relationships with nature, and learn why and how we protect our fragile and interconnected ecosystem, now and into the future.

Aluna will showcase the best in regenerative design, innovation and engineering. It will be: built from 100% recycled glass and steel, illuminated by low energy LEDs, powered by the Sun and Moon using onsite solar panels and tidal turbines, upgradeable for future generations, and eco-engineered to enhance the Thames habitat. Construction is planned for 2023.

SELCE is Aluna's community energy partner. We are working with the Arora Group – the owner of the InterContinental Hotel neighbouring Aluna's proposed site – to install a 150kW system on the Arora Ballroom roof, so that the public landmark can be powered by community solar energy. Electricity from these panels will be sold directly to the hotel, which has agreed in turn to provide free power to the Aluna Moon Clock when it is switched on.

www.alunatime.org



Thamesmere and Coldharbour Leisure Centres

Thamesmere and Coldharbour Leisures Centres sit at the heart of their communities: they offer vital and affordable services for community members across the wealth gradient. Both are operated by our fellow co-operative Greenwich Leisure Limited and owned by The Royal Borough of Greenwich.

Thamesmere Leisure Centre is located in Thamesmead. The centre includes an 80-station gym, studio for fitness classes, 25m fitness pool, a shallow teaching pool, crèche and a library. It offers users fitness classes for adults, swimming courses for children and adults, over 50s aerobics classes and social activities such as indoor bowls and snooker. With excellent transport links from Woolwich Arsenal, Abbey Wood and Plumstead stations, it serves a broad geographical community. With its large, unshaded roof, the centre offers an excellent site suitable for an installation of up to 40kWp.



Coldharbour Leisure Centre is a 'hub' of outdoor facilities in the borough. It includes nine grass pitches, a full size 3G all weather pitch (FA registered) and three five-a-side 3G pitches. Indoors, the centre has a 55-station gym, upgraded changing rooms and toilets along with a bar and café and crèche. Coldharbour Leisure is located just off the A20 and about 10 minutes' walk from Mottingham train station. The site is suitable for installation of an array of up to 29.9kWp.



The project (continued)



Sites in Lewisham

St Luke's Downham is a busy Anglican church and is an integral part of the local community. Alongside being a place of worship, the church functions as a meeting point, dance hall and support centre six days a week. Youth, mother and toddler, and older people's groups all use the church as a meeting place. The church plays an active role in outreach and support to the most vulnerable in the community. Using the church as a base, community nursing professionals provide healthcare advice. The Front Room Club provides a life-line for older and isolated people and those with mental health difficulties.

SELCE's energy advice team worked with St Luke's to enable parishioners to access energy and money-saving advice. The church's sunny, south-facing pitched roof provides an excellent location for solar PV. Solar will not only provide the church with a means to reduce their substantial heating bills (the church is electrically heated) but will also enable a faith-based response to climate change. This is a response rooted in a sense of stewardship for the earth.

Installation of Solar PV

The supply and installation of solar PV systems on these sites will be carried out by R-ECO, a co-operative of installers who were selected on the basis of a rigorous competitive tender. Each installer was scored against the weighted criteria of: cost; quality of panels and inverter accreditations; provision of warranties; contribution to the local economy; and organisational values.

R-ECO has extensive experience of solar PV installation and has worked closely with community energy groups around the country.



Legal arrangements

SELCE will retain ownership of the panels for 20 years. Prior to installation two legal agreements will be signed. The first of these is a lease agreement that specifies the terms and conditions of our relationship with the freeholder of the sites. The second is a Power Purchase Agreement that specifies the relationship between the organisation that will consume the solar electricity and SELCE.

SELCE was represented by Ashursts LLP (lawyers) in the legal negotiations for our first share offer in 2015. The leases and Power Purchase Agreements developed for our first share offer have formed the basis of those used for this our third share offer. SELCE would like to gratefully acknowledge the pro bono contribution of Ashursts LLP to the project.

SELCE has been represented by Foot Anstey LLP since 2016. A team experienced in both renewable energy and community energy have led legal negotiations with all of the sites that form part of this current share offer.



Why invest?



Financial benefits for you

A projected return of 3%

Based upon our financial model, we will be able to provide a 3% annual interest payment to members investing in this share offer, with a full capital repayment made in or before year 20. In our first and second share offers we projected a 4% annual interest payment. The projected interest payment is lower for Share Offer Three simply because our income from the Feed-in Tariff is now significantly lower than it was in the case of first and second share offers. The return to investors is agreed annually at our AGM.

Exemption from inheritance tax

Our shares attract business property relief, meaning they are exempt from Inheritance Tax - provided that the shares have been held for at least two years. The government link here www.gov.uk/business-relief-inheritance-tax provides further guidance.

Please see the terms and conditions section below for conditions under which shares can be withdrawn or nominated to someone else in the event of your death.

Solar sites have more funds to provide services

Our solar partners in Greenwich and Lewisham will benefit from reduced electricity costs. Our financial model suggests that, taken together, the sites will save around £51,789 on electricity bills over the 20-year lease period.

Money that is saved can be spent on enhancing educational or community activity. In the words of one head teacher from our first share offer, "It's a no brainer!" Most community buildings do not have the capital to invest in purchasing a full solar array, so access to solar electricity, and the associated financial and community benefits, are made possible by this share offer.



Solar panels are a tool for environmental education

An energy monitor that provides information about the quantity of electricity generated by each solar array will be put on public display in all of our partners' buildings. This will engage visitors to the leisure centres and church in understanding the contribution of renewable energy to London's energy supply.

The project generates funds for those at risk of fuel poverty in South East London

The Climate Emergency requires an urgent response. We believe passionately that any response to the climate crisis must not only dramatically reduce carbon emissions but it must also respond to the stark inequalities in an energy system that leaves vulnerable people having to choose between heating and eating.

An investment in SELCE is not just an investment in new community-owned renewable energy. It's an investment in an organisation that works to address failures in our energy market and in our housing stock that leaves those on lower incomes struggling to pay for warmth in poorly-insulated homes that have old or inefficient heating systems.

SELCE now works across five south-east London boroughs to alleviate fuel poverty. These are: Lewisham, Greenwich, Bromley, Bexley and Croydon. According to official statistics an average of one in 10 households and a total of 63,800 households cannot afford to heat their homes adequately in these boroughs. High costs of housing, travel and other essentials in London makes the issue of fuel poverty particularly acute.

We also know that cold homes have multiple and far-reaching consequences for householders in terms of the effects on their physical and mental health and educational attainment. It has been estimated that cold homes cost the NHS £1.3bn every year (source: Energy Bill Revolution).

Since our inception, SELCE has provided tailor-made energy advice to over 2,589 households at risk of fuel poverty through energy cafés and home visits.

Why invest? (continued)

Energy cafés

An energy café is a drop-in energy advice service that aims to take away the stigma associated with fuel poverty issues by providing a friendly one-to-one consultation over a cup of tea and a slice of cake. Last winter alone our experienced energy advisors worked with 280 vulnerable residents to identify savings through energy market engagement, access to water or energy discounts, debt write-offs, energy-saving tips and accessing grants.

The SELCE team attends community events aimed at those who are at risk of fuel poverty. Last winter, we ran 35 workshops attended by 479 people and provided one-to-one advice to 145 clients following these workshops.

The total reduction in energy costs for people who took part in the one-to-one advice sessions was £142,163.59 over three years (using conservative assumptions). However, ultimately we aim to provide more tangible benefits in terms of health and wellbeing and give those who are most financially vulnerable a sense of control through understanding how their energy costs relate to their energy use.

These kinds of benefits are difficult to measure but this hasn't stopped us trying to do so. Based on interviews with last winter's energy café clients, we estimate that improved wellbeing resulting from the energy advice provided



by SELCE can be valued at a minimum of £205,816 over last winter alone. To calculate this we used a tool designed for measuring social return that provides an estimation of how much it would cost to provide an equivalent improvement in health and wellbeing.

In 2017-18 our project 'Parent Power' was able to provide support to the most vulnerable families in our region. We were able to break down barriers and gain trust by recruiting and training a team of parents to lead the project and resource Children's Centres to help us to identify those most in need.

Empowering Elders

Our current Empowering Elders project uses a similar approach to tackle fuel poverty amongst older people in Lewisham. The project takes a peer-led, grassroots approach capitalising on the intelligence that exists in trusted community organisations. It brings six community partners together to recruit and train a team of older people to be 'energy champions'. The team will provide tailored advice and home visits for their peers. We are looking forward to seeing the results of this project.

ECO Project

Our ECO Project enables South East London residents living in fuel poverty to access grant funds for home energy improvements. Every time an energy efficiency measure is installed in a household identified by SELCE, we get a £100

referral fee which enables us to cover the cost of supporting clients through the retrofit process. To date, 128 households have benefitted and there is a pipeline of a further 85 households awaiting measures. This will reduce clients' energy costs by a total of £24,956 per year across all of the measures installed. We have calculated that the social value of this investment is £536,774 based on survey data. Moreover, CO2 reductions that result from this work are estimated to be 100,270kgs annually.



This year, SELCE's work on energy efficiency, fuel poverty and low carbon community energy was recognised through winning Community Energy England's Social Impact Award.

Any financial surplus made from our solar projects will be used to co-finance fuel poverty alleviation work.

Every year at our AGM members have the opportunity to vote on the use of funds in our fuel poverty pot: all initiatives to date have benefitted from this surplus, allowing us to go that one step further in supporting our clients and offering an excellent service.

Avoiding greenhouse gas emissions

The need to tackle the climate crisis and the move to a low carbon energy system is one of the principal challenges facing our generation - and the next. The installation of solar on the sites included in this share offer will result in an approximate carbon emissions reduction of over 80,000kgs of CO2 every year.



Community support for the project

We are a community-based organisation and actively seek to continue to collaborate with local residents. At SELCE's inception we held two public meetings, one in March 2014 that was attended by 35 local residents and a follow-up feedback meeting in June 2014, attended by 20 local residents.

Those attending the two public meetings were asked to describe their aspirations for SELCE as an organisation. Residents were enthusiastic about our proposed renewable generation work and were keen to see schools in particular benefit from community-financed solar electricity.



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 alongside our work on renewable generation and demand reduction in our statements of purpose.

Thanks to funds awarded by the Urban Community Energy Fund in the lead up to our first share offer we have also undertaken broader consultation. This reinforced community support for fuel poverty alleviation work. We also tested the community reaction to different renewable-energy and low-carbon technologies that we may explore in the future. 83% of those surveyed were 'strongly supportive' and 16% were 'supportive' of community-financed solar PV installation.

A copy of the report of the consultation is available at: www.selce.org.uk/about-us/key-documents/. By going to our website www.selce.org.uk you can also sign up to receive our newsletter, like us on Facebook and follow us on Twitter.

Project finances

One of our current directors (and one former director) work in renewable energy finance and both have built financial models for our solar projects. As with all financial models, it is reliant upon various assumptions which are listed below.

Income

The project primarily receives income from two sources:

- **Feed-in Tariff (FiT)** – the FiT is a Government subsidy designed to support the development of renewable energy. The FiT rate received at all sites is 4.03p/kWh. This is guaranteed for 20 years by primary legislation and increases in line with the Retail Price Index (RPI).
- **Electricity charge** - our partners will pay a fee for the electricity they use on site. This varies from site to site and can be as little as half the price they would normally pay for electricity when purchased via their regular supplier
- **Export Tariff** - we confidently predict that all electricity produced at the InterContinental Hotel and Thamesmere Leisure Centre will be consumed on site. None will be exported because the electricity demand on these sites is relatively high. However for Coldharbour Leisure Centre and St Luke's Church, SELCE will receive an 'export tariff' of 5.38p for 50% of electricity generated from our Feed-in Tariff supplier. This is because we are not required to measure the exact number of units of electricity exported to the grid for smaller solar arrays. Instead, the amount of exported electricity will be estimated or 'deemed' at 50% of what is generated.

A note about changes to the Feed-in Tariff:

Whilst the Government announced an end to the Feed-in Tariff for new projects by March 2019, they included an exception for community projects which 'pre-registered' their sites ahead of this deadline.

All the sites which we are proposing to install on have been pre-registered and are eligible to receive a Feed-in Tariff subsidy as long as installation occurs prior to March 2020 and prior to the 'deployment cap' set by Ofgem for new solar sites being reached. The deployment cap is explained in more detail in the section on risks.

With the benefit of our experience from our previous share offers we are confident that we can achieve installation prior to the March 2020 deadline. However, since the deployment cap is dependent on the number of sites installed by other organisations, this remains outside of our control.

Development costs

Thanks to the Mayor of London's commitment to community energy, the London Community Energy Fund has covered all the development costs of these sites



Project finances (continued)

Expenditures

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

- Interest and principal repayment to members - as detailed above in 'Financial benefits for you'.
- Operations and Maintenance (O&M) - O&M costs for solar photovoltaic equipment are generally low and there are multiple providers covering 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.
- 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 the initial manufacturer's warranty period has expired.
- 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 or thereabouts.
- 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 income and expenditure:

- Panel degradation - this is the rate at which the panels become less productive. We assume that panels' output decreases by 0.8% each year. This is now more conservative than industry standard.
- Inverter life - our inverters will be under warranty to last at least 10 years. Although we expect the inverters to continue performing for a number of years after their warranty expires, we have conservatively assumed that they will all be replaced after 10 years.
- Administration costs - our administration cost assumptions are based upon an assessment of the cost of administering existing solar arrays.
- Generation - our solar engineers and installers have worked together to estimate the productivity (kWh/kWp) of the sites over a typical year, in accordance with standard industry methodology.
- Retail Price Index (RPI) - we assume that RPI will average at 2.0% over the next 20 years. We believe that 2.0% is a reasonable assumption for the long-term average based on historic figures and the Bank of England's target of 2% for Consumer Price Index (CPI) (which is generally lower than RPI). When assessing the project's overall viability we have also assessed cases of RPI at 1.5% and 3.5% over the long term.



Year	1	2	3	4	5	6-10	11-20	Total
Income (£)								
Feed in Tariff	10,482	10,614	10,740	10,868	10,997	56,982	124,597	235,280
Electricity Sold to Site	27,834	28,252	28,726	26,849	24,528	128,585	289,794	554,567
Electricity Sold to Grid	1,364	1,378	1,395	1,411	1,428	2,960	6,472	16,409
Interest	16	178	349	500	532	2,898	3,451	7,925
Total Income	39,695	40,422	41,209	39,629	37,486	191,425	424,314	814,181
Expenditure (£)								
Operations & Maintenance	-2,575	-2,629	-2,682	-2,736	-2,790	-14,811	-34,408	-62,631
Insurance	-1,259	-1,281	-1,307	-1,333	-1,360	-7,218	-16,768	-30,527
Administration	-11,528	-11,773	-12,008	-12,249	-12,494	-66,317	-154,061	-280,430
Tax	-	-903	-1,208	-1,303	-812	-3,148	-16,926	-24,301
Total Expenditure	-15,362	-16,587	-17,206	-17,620	-17,456	-91,495	-222,163	-397,888
Cash Movements (£)								
Net Income generated by operations	24,333	23,835	24,004	22,009	20,030	99,930	202,151	416,292
Movements to reserve accounts (maintenance, share capital)	-4,272	-4,272	-4,272	-4,272	-4,272	-21,360	-	-42,720
Member Interest Payment	-3,892	-7,783	-7,783	-7,783	-7,394	-31,133	-33,662	-99,431
Transfer to share capital reserve	-9,729	-12,972	-12,972	-12,972	-12,972	-50,567	-147,256	-259,441
Fuel Poverty Fund	-	-	-	-	-	-	-42,076	-42,076

Forecasts

Based upon our financial model (using the assumptions above) we forecast that, in our base case, we will be able to provide: a 3% dividend to members each year; full capital repayment in year 20; and a fuel poverty fund of over £42,000 over 20 years. This table provides financial projections for the proposed 4 projects over a 20-year period. This does not include any income from grants for fuel poverty-focused work or income/costs associated with the projects funded in our first two share offers.

Risks

All investments and commercial activities carry risk. By buying shares, members should weigh up financial risks and rewards as they would with any other investment opportunity. The board considers that the following risks are the most material:

Failure to install by 31 March

2020: The pre-registration period for all sites on which we hope to install solar panels expires on 31 March 2020. If installation is not complete and registered with the Microgeneration Certification Scheme by this date, the project will not be eligible for the Feed-in Tariff, making the project financially unattractive. Given the timing of our share offer in November we are confident that, together with our installer R-ECO, we will be able to install ahead of this deadline.

Failure to install prior to the implementation of the deployment cap:

The government has imposed a deployment cap placing a limit on the total solar capacity that can receive a Feed-in tariff rate in a particular tariff period. Once a cap has been reached, no further installations are eligible to receive the tariff. In October 2019 44% of total solar capacity eligible to receive a Feed-in Tariff remained to be installed. If SELCE installs a solar array on a site after the deployment cap has been reached, then we will not receive a Feed-in Tariff for that site. This is a risk, but this should be offset against an understanding that only registered

Community Benefit Societies, like SELCE, are now able to receive a Feed-in Tariff at all. There are only 204 organisations in England and Wales actively working on electricity generation projects. (Eligibility for the Feed-in Tariff ended for commercial companies in March 2019).

The sooner we begin installations, the smaller the risk of this issue affecting our Share Offer Three projects. We will begin installations as soon as legal agreements have been completed and sufficient share capital has been raised. We anticipate being able to install on the InterContinental Hotel, Thamesmere and Coldharbour leisure centres before the end of December and on St Luke's Church in January 2020.

On 31 December, Ofgem will reveal the percentage of solar PV that has already been installed in the UK. If this figure is above 90% we will cancel any planned solar installation/s on any sites and return any share capital raised in respect of these installations.

If we are unfortunate enough to install solar PV on one or more of our sites after the deployment cap has been reached, this will mean that SELCE won't receive a Feed-in Tariff for the affected site(s). As a consequence, although we will be able to return the capital invested as predicted over the 20 year period, the annual dividend payments to investors will have to be reduced - or, in a worst case

scenario, withdrawn. But our income from the sale of electricity to sites and to the grid will act as a significant buffer against any loss of income from the Feed-in Tariff.

Weather variation: 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.

Faults with the installation: Some of our current solar assets have not performed as predicted. This has reduced returns to investors by 0.5 - 1% points over the last two years. Directors are confident that we are able to mitigate this risk going forward because increased rigour in our procurement process and use of 'solar-edge' monitoring that will enable us to better track performance and diagnose faults. Moreover, SELCE staff are now experienced in making effective complaints to regulatory bodies.

Failure or breakdown of panels: Solar PV is typically a low maintenance technology. However, if panels fail, this may reduce SELCE's income. Should this occur, our panels will be covered by a warranty and insurance that will cover the bulk of any losses.

Failure or breakdown of the inverters: Inverters are typically more prone to breakdown than the panels themselves. If this were to occur, it would reduce SELCE's income. Our inverters will be covered by a warranty and

insurance will be put in place to cover the bulk of any losses.

Theft and damage: The installations may become damaged through vandalism, accidental damage, or theft. Our insurance will cover replacement or repair of the panels, and will cover the bulk of any losses.

Changes to regulatory regime: If the Feed-in Tariff is retrospectively altered or scrapped, or any additional charges, taxes or levies are applied, this may reduce SELCE's income. The FiT is guaranteed at a fixed level for 20 years under primary legislation.

Economic conditions: Whilst SELCE has conducted an analysis of 'stressed' scenarios, changes to the level of economic assumptions including, but not limited to: inflation, insurance costs and operation and maintenance costs could have a material effect on the level of return to both the fuel poverty fund and investors.

Whilst the board of directors has endeavoured to minimise the above risks, investors should be aware of the potential impact of these risks on the ability of SELCE to repay share capital.

If you are uncertain about becoming a SELCE investor, you should consult an independent financial advisor.

Contingency arrangements

If we raise more money than we are able to spend on the

aforementioned solar PV systems then we will return the surplus capital to investors on a 'last-in, first-out' basis, retaining only what we need to install the viable projects. If we fail to raise sufficient share capital, sites will be installed in the order in which they completed the legal agreement processes.



Share offer terms and conditions

Membership

Membership is open to individuals who are over 16 years of age, corporate bodies and voluntary organisations.

Shareholdings

The minimum shareholding is £250 and the maximum is £20,000.

Offer timetable

The initial offer period is five weeks from 1 November 2019 until 30 November 2019 (inclusive) but may be extended for a further period, at the sole discretion of the directors.

Share withdrawal

The shares in a community benefit society are not transferable. This means that they cannot be bought or sold except through the society and the value of the shares cannot increase beyond their nominal £1 value.

Whilst the expected project life is 20 years, shares may be withdrawn at an earlier stage at the discretion of the board of directors. This opportunity will be considered annually and at these times, any members who wish to withdraw their shares, either in part or in full, can apply to the board of directors. The board will then consider applications taking into account the funds available to SELCE to make the repayment.

To the extent applications to withdraw shares exceed the available funds, repayments will be offered on a pro-rata basis.

Payment of Interest

Provision is made in SELCE's rules for payment of interest on shares at rates sufficient to attract the required capital. The rate will be determined by members each year at the annual general meeting. Interest will be paid on an annual basis following our AGM.

Nomination option

In the event of the death of a member, the repaid value of the shares will normally be added to the estate for probate purposes. You may (if you wish) elect to nominate a recipient for the value of the shares (but only up to £5,000) and thus (under current legislation) remove up to 5,000 shares from your estate for probate purposes (i.e. the shares may pass to the nominee outside the will of the deceased).

Your application

You cannot withdraw your application for shares after we receive your application form. Any amounts to be invested are payable in full on application. The Directors do not have to accept your application for shares. They may decide not to issue shares to you or may allocate you fewer shares than you applied for. They

do not have to give any reasons for their decision. Your application will be considered for approval at the first convenient Board of Directors meeting after the closing date of the offer. Neither SELCE nor any of its Directors can provide investment advice, tax advice or recommendations to investors.

Your payment

To invest fill out an application form. You can do this in two ways:

- (1) Go to www.selce.org.uk/se-solar/invest/ and click on the "Invest Now" button or
- (2) Fill out the application form at the end of this brochure and send it to us by post. (See textbox for our address)

Unit 6
Greenwich Centre Business Park
53 Norman Road
London
SE10 9QF

Payment can be made via 'Go Cardless', by bank transfer or cheque

1. A bank transfer

Bank Transfers should be made to the following account:

S.E.L.C.E. Investment
Account number: 65773783
Sort Code: 08-92-99

Please reference your transfer with your name and quote that reference on your application form

2. Cheque

Make all cheques payable to S.E.L.C.E. Investment and send

them to us in the post. If you use the paper application form at the end of this brochure, rather than the online application form, please enclose this with your cheque

3. Go Cardless

If you chose to make payment via GoCardless, we will send you a Direct Debit mandate to fill out upon receiving your application form. Funds will be withdrawn from your account on day after the closure of the share offer. Payments can only be accepted from a current account if paying via Go Cardless. If you wish to make payment from a savings account, please do so by bank transfer or cheque.

SELCE will acknowledge receipt of your cheque or your bank transfer and may cash your cheque as soon as it is received. SELCE will hold your money in trust for you until the directors consider your application, which will be after the offer closes.

If shares cannot be made available to you, the directors will return your money within 28 days of their meeting to consider your application. If they decide to issue fewer shares to you than you applied for, they will return the balance to you within the same period.

Asset lock

The assets of SELCE are protected by an asset lock. This ensures that the assets of the co-op are used

to support its aims in perpetuity and prevents disposal of assets for the private gain of an individual shareholder.

Membership rules and rights

Anyone over the age of 16 may become a member of the society provided that they meet the membership criteria and are accepted by the board.

All members must agree to take an active interest in the operation and development of the co-op and its business. All members will be invited to attend SELCE's annual general meetings. Members have a duty to respect the confidential nature of the business decisions of SELCE and to follow the procedures contained in the rules which are publicly available on our website www.selce.org.uk/key-documents/

All member decisions are based on the principle of 'one member, one vote' regardless of the size of investment.

Voting

All members will be invited to an Annual General Meeting (AGM) at which our annual report and accounts are considered, auditors are appointed, directors are elected and decisions are taken on the use of profits and any resolutions to change the rules of the society. All the decisions are based on the principle of one

member, one vote. It is important that members attend the annual general meetings as our rules require a quorum for decisions to be valid. Please see our rules for further details available on our website www.selce.org.uk/key-documents/

Board eligibility

The good governance of a society depends on having an active board of directors, elected by the members, to oversee the affairs of the society. In electing a board, members are delegating their sovereign powers to directors. At our AGM we will appoint a secretary, a treasurer and a chair.

Investment at risk

SELCE is a society for the benefit of the community and can lawfully issue withdrawable shares to the membership. However, we are not directly regulated by a statutory body. As with all risk investments, withdrawable shares could lose some, or all, of their value and they are not protected by the Government's Financial Services Compensation Scheme or the Financial Ombudsman Service.

The Future for SELCE

The Feed-in Tariff is a vital source of income for community financed solar projects: without it our current form of social business model is no longer viable. This could change if either the price of solar installation in the UK falls or the price of commercial electricity increases. We think it is unwise to speculate on the future of solar in the UK in a post-Feed-in Tariff environment given all the current uncertainties. The only certainty is that these sites will be amongst the last to receive a Feed-in Tariff unless there is a dramatic change in policy and government.

So, what's the future for SELCE? We have been actively diversifying. Following the completion of these solar projects, our new Future Fit Homes project will be the focus of our social business activities. This is a community-based 'One-Stop-Shop Retrofit Service' that supports householders to make their homes more energy efficient through a domestic retrofit. Local residents will be able to benefit from:

- Advice and diagnosis of retrofit needs. This includes a 'low cost' quick diagnosis
- Thermal imaging of your home: find out how heat moves through your home and where it leaks
- Retrofit coordination: a qualified skilled staff member provides project management of the retrofit process and liaison with contractors
- Referrals to vetted contractors: the householder is referred to an audited network of vetted contractors through our fellow cooperative Retrofit Works

In the spirit of of a not-for-profit social business, we will ask clients to cover the cost of providing these services. We aim to use community networks to disseminate information about the Future Fit Homes project. If you are interested in benefiting from retrofit advice or volunteering to be a Retrofit Champion in your local area please contact Eliza on futurefithomes@selce.org.uk

Please keep in touch via our newsletter for information about this and any other initiatives. SELCE will continue to strive for a low-carbon future where local, renewable energy is not only affordable but owned and governed by the people who use it.

Share invitation application form

Important. Before completing this application form you should:

Read the accompanying Share Invitation Document (pay special attention to the risks section).

Pay particular attention to the risk factors.

Consider taking financial or other advice in relation to the Terms and Conditions of the Invite.

Read the Rules of South East London Community Energy Ltd available from <http://selce.org.uk/key-documents/>.

PLEASE USE CAPITALS AND BLACK INK

I/We/my organisation wishes to apply for shares to the total value of £_____ in South East London Community Energy Ltd on the Terms and Conditions of the Offer Document at a price of £1.00 per share (minimum shareholding 250 shares and maximum 20,000 shares).

Individual Applicant Details	
Full name	
Address	
Postcode	
Phone number	
Email	
Date of birth	
If you wish your interest to be paid by bank transfer, please supply your bank details	
Payment Reference (if paying via bank transfer)	
Please reference your payment with your name	

Share Invitation Application Form (continued)

How would you like to pay?	Bank transfer:		Cheque:		GoCardless:	
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If the Applicant is nominee for a child

Child's name	
Child's date of birth	
Child's address (if different from above)	
Postcode	

If the Applicant is an organisation

Organisation name	
Organisation address	
Registration number	
Name of authorised signatory signing this application	
Position of authorised signatory	

How did you find out about this share offer?

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Declaration

I confirm my understanding that this application, if and when accepted by South East London Community Energy Ltd forms a contract subject to English law on the Terms and Condition of the Share Invitation Document. I confirm that:

I have read the Share Invitation Document, including the Risk Factors,

I am over 16,

I am not making an application for more than 20,000 shares,

I understand that the Board may reject my application and does not have to tell me why it has been rejected, and;

I am not relying on any information which is not included in the Share Invitation Document.

Signed	
Print name	
Date	

Data protection and money laundering

The data provided by you on this form will be stored within a computerised database. This data will only be used by South East London Community Energy Ltd and will not be disclosed to a third party. By signing this application form you are also giving consent to the following: (a) SELCE storing your personal information in accordance with the data protection act; and (b) communication with you via electronic means. SELCE is registered with The Information Commissioners Office.

A term of the invite is that SELCE ensures complete compliance with the Money Laundering Regulations 2003, South East London Community Energy Ltd may, at its absolute discretion, require verification of identity from any person seeking to invest.

Acknowledgements

This share offer is the culmination of over a year of work. Everyone involved has, in one way or another, gone out of their way to make this project a reality. They have all taken a leap of faith and signed up to a vision of a sustainable future for South East London in which energy is renewably generated and owned by the community for the benefit of the community. If I listed everyone who had contributed, the list would take up several pages, but a special mention must do to (in no particular order):



- Reverend Nick Walsh and his team including his solicitor David Corefield from Winckworth Sherwood
- James Twitchen, Head of Utilities at Arora Group
- Laura Williams and Peter Mount, from the Aluna Project
- Jeremy Gould, Energy & Environment Manager at Greenwich Leisure Limited
- Michael Frankish, Corporate Property Officer and Maria Yashchanka, Principal Sustainability Officer and Pippa Hack, Director of Regeneration, Enterprise and Skills at the Royal Borough of Greenwich
- All the local politicians who have shown support, but particular thanks must go to Len Duval AM, Cllr David Gardner, and Matthew Pennycook MP
- Stuart Major and Rob Banford from R-ECO
- Our structural engineer Peter Krige
- All of the volunteers who have worked to make this project a reality. Particular thanks to Clare Silcock, Joseph Swift, Andy Keelan, Safiyya Abdul Mujib, and Ebube Modebelu and everyone who have served on the board of SELCE
- Dr Sylvia Barron and her team who administer The London Community Energy Fund, and The Mayor of London Sadiq Khan and Deputy Mayor for the Environment Shirley Rodrigues who have shown such commitment to the community energy sector in London
- GCDA who have supported SELCE right from the very beginning
- And last but not least Darren Lomon (www.topleaf.org) and The Minesweeper Collective (www.minesweepercollective.co.uk) who have made this document look so professional



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🌐 www.selce.org.uk

📘 [SouthEastLondonCommunityEnergy](https://www.facebook.com/SouthEastLondonCommunityEnergy)

📍 [SELonCommEnergy](https://www.instagram.com/SELonCommEnergy)

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