Community Power Cornwall

Community-owned renewable energy generation

An ethical investment opportunity

United to meet our common needs and aspirations

Community Power Cornwall

Invitation to become a member and invest in Community Power Cornwall Limited.

Community Power Cornwall Limited

Registered with the Financial Conduct Authority in England and Wales under the Co-operative and Community Benefit Societies Act 2014 on 3rd July 2008. Registered Society no. 30512 R.

Share Offer of between 50 and 100,000 shares per individual member at £1 per Share.

Offer opens: 19 November 2015 at 4.30pm
Offer closes: 29 November 2015 at 11.30pm

Introduction

Community Power Cornwall offers an opportunity to invest in a renewable energy co-operative bringing clear benefits and risks. This document has been prepared in good faith by the directors of the society with the interests of all members and participating communities in mind. It explains how the issue of shares has been prepared and lays out the principal aims of the society and how it plans to meet its environmental, social and financial objectives.

This document is an invitation to take part in shaping your sustainable energy future.

Why is Community Power Cornwall seeking your investment?

This share offer has been issued to raise investment for identified renewable energy projects that help realise the aims of the society. Community Power Cornwall has a portfolio of projects, both operational and in development.

The society is also about bringing together, enhancing and sharing the skills of its members for the future prosperous development of community owned renewable energy and low carbon schemes.

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About this co-operative

Community Power Cornwall is an independent co-operative with a good track record. The society works to enable community ownership of renewable energy assets, to generate funds to be reinvested locally in low carbon activities and to nurture the spread of community owned renewable energy generation. The society exists to serve the community and hopes to contribute to the wider good by responsibly meeting our environmental, social and financial goals.

Community Power Cornwall launched Cornwall's first and second public share offers for investment in renewable energy in 2011 and 2014 and currently has two operational sites with a third being installed as this offer document is written!

Our vision

Our vision is a near future powered by thriving, democratically controlled, community-owned, renewable energy at a range of scales, using a range of technologies. We see mutual support as a key element of this vision, both practically, and financially. It is this mutual support that will enhance the resilience of communities and reduce grant dependency.

We want everyone to be able to participate in a clean energy future

Your opportunity – reasons to invest

The technology evolved, the policy and legislation was in place and financial incentives were enabling the rapid expansion of renewable energy systems in the UK. Many of the favourable policies are in the process of being dismantled by a Tory government that, in our opinion, appears hostile to communities and the environment. We believe there is widespread awareness and experience of the immediate threats and opportunities posed by climate change, energy supply and energy security. These threats and opportunities have combined to create a window of opportunity for investment in renewable energy technologies and we want to unite together to maximise the positives that can be achieved right now.

Community Power Cornwall provides an economic model through which people and interested communities can own and benefit from the development of these renewable energy initiatives.

Community ownership offers the opportunity to create a diverse, sustainable and secure energy supply infrastructure, under control of the community and with profits returned to the local economy. We are offering the chance to take advantage of current and future opportunities whilst retaining more of the environmental, social and financial benefits within Cornwall.

By purchasing shares in Community Power Cornwall you will:

- ☼ Contribute directly to efforts to reduce local carbon emissions and negative impacts of human activity on the environment.
- ☼ Ensure that the community participates in the ownership, direction and development of renewable energy resources.
- ☼ Gain an equal vote in how the society is managed, enhanced and developed.
- ☼ Be eligible for a variable interest payment based on the performance of Community Power Cornwall.
- ☼ Enable the continuation of local low carbon funds.
- ☼ Develop a local energy supply, securing the benefits of decentralised energy production and the efficiencies of generation and distribution this brings.
- ☼ Contribute to the provision of clean, green, sustainable renewable energy supply in Cornwall, building long term prosperity and economic security.
- ☼ Increase the skills and capacity within Cornish communities to cope with and take advantage of future sustainable energy supply markets.
- ☼ Support the development of a replicable working model to be rolled out across the UK and beyond.
- ☼ Support the development of a sustainable, peer reviewed, community development finance institution, 'The Low Carbon Society'.
- ☼ Support the emergence of a local energy market.

Shareholding

Shares will be issued at the value of £1. The value of the shares could decrease but is not likely to exceed £1. The minimum shareholding for "full" adult members is £50 and the maximum permitted by law is £100,000 except for other Societies registered under the Co-operative and Community Benefit Societies Act 2014 and nominee investors. Larger sums can be accepted as loans, grants or donations.

These shares are non-transferable, withdrawable, at risk, ordinary shares. The notice period for withdrawal is 13 weeks. However to be EIS eligible shareholding must be for at least 3 years from the time the qualifying operations begin. The directors have the right to change the notice period or suspend withdrawals for a fixed time or until they decide otherwise. The directors may also suspend withdrawals if 10% of share capital is withdrawn in any one year. These shares will usually be redeemed at the issue value of £1, however if the directors are instructed that the aggregate of the society's liabilities and issued share capital exceeds its assets then the value of the shares may be adjusted accordingly and hence the redeemable value.

We are also offering special purpose microgeneration shares that are the same as standard shares except they will pay a lower financial return and will support the viability of smaller installations.

We expect our members to benefit:

- ☼ Through the receipt of an expected interest payment payable on their investment.
- ☼ By uniting together to meet their common needs and aspirations.
- ☼ Through improving the environmental, social and economic conditions of society.

Your investment - and your expected returns

Our offer should be seen as an ethical investment opportunity attracting a blend of environmental, social and financial returns.

Expected financial return

The primary purpose of Community Power Cornwall is to serve the community by enabling the successful development of renewable energy resources. As a Registered Society, Community Power Cornwall may use its profits to promote its objectives and may pay interest to members on their shareholdings sufficient to attract and retain capital in furtherance of our social purpose.

To date we have exceeded or achieved the share interest payments expected by our last two share offer documents.
We expected to pay 2% pa related to year ending Oct 2013 and actually paid out 4%.
We expected to pay 5% pa related to year ending Oct 2014 and did pay out 5%.

Standard shares	
Year ending	Expected return (excluding EIS)
31st Oct 2015	4.5% pa
31st Oct 2016	4.5% pa

On our standard shares we expect to pay interest at 4.5% pa related to year ending 31st October 2015 onwards. Unfortunately hostile Tory policies mean that we now expect to pay half a percent less related to 2015 than we paid related to 2014.
This represents an Internal Rate of Return (IRR) of 4.5% over 10 years and 4.5% over 5 years. The expected IRR for Enterprise Investment Scheme eligible investments is 8.75% over 10 years and 11.92% over 5 years.

Microgeneration shares	
Year ending	Expected return (excluding EIS)
31st Oct 2015	3% pa
31st Oct 2016	3% pa

On our microgeneration shares we expect to pay interest at 3% pa related to year ending 31st October 2015 onwards. This represents an Internal Rate of Return (IRR) of 3% over 10 years and 3% over 5 years. The expected IRR for Enterprise Investment Scheme eligible investments is 6.99% over 10 years and 10.22% over 5 years.

In order to keep administration costs to a minimum, interest payments of less than £5 will be held by Community Power Cornwall and can be paid to members when the accrued value exceeds £5.

Tax incentives

Community Power Cornwall has sought to enable shareholders to gain tax relief under the Enterprise Investment Scheme (EIS) and prior to our 2011 share offer secured advance assurances from H M Revenue and Customs that a 3 year investment in shares would comply with the EIS. Shares issued in 2011, 2012, 2014 and 2015 have attracted EIS relief. However, we do not guarantee EIS eligibility of each investor. Qualifying investments attract tax incentives including a 30% income tax reducer in the first year, equivalent to 10% per year over 3 years. We recommend investors seek independent financial advice. For further information on EIS see www.hmrc.gov.uk/eis

NOTE: The government has decided EIS will not be available on investment in community energy projects made on or after Monday 30th November. HMRC guidance says fully paid up shares must be issued before the 30th. If you want to claim EIS tax relief we suggest we have your form & cleared funds by Sunday the 29th of November at the latest! It may be sensible to choose bank transfer over payment by cheque.

Environmental return

Since 2011 Community Power Cornwall has been producing measureable environmental returns. Each of the 1,522,345 kWh we produced by end of October 2015 has enabled 0.480kg (Energy Saving Trust 2014) less CO_2 to be emitted from burning fossil fuels. Therefore we have saved 730,726 kg of CO_2 so far.

The decentralised method of energy production holds further environmental gains reducing the large amount of electricity lost through production and distribution in the centralised, fossil fuel generated, electricity generation model.

Community Power Cornwallôs commitment to community engagement, skills transfer, and behavioural change also seeks to produce noticeable changes in host communitiesô patterns of energy use and overall levels of consumption and emissions. The energy hierarchy is critical and we aim to embed an operational group of well advised residents in host communities with the knowledge and finance available to target further energy reduction schemes and independent renewable energy generating capacity.

Social return

The development of renewable sources of energy is urgently required to address the dual challenges of climate change and energy security threatening the wellbeing of communities across the globe. Community Power Cornwall will ensure participation in the democratic control of renewable energy resources by the local community. Community Power Cornwall has also maximised the sustainable financial and employment value from the construction, operation and maintenance of these developments through the use of local suppliers and contractors wherever possible.

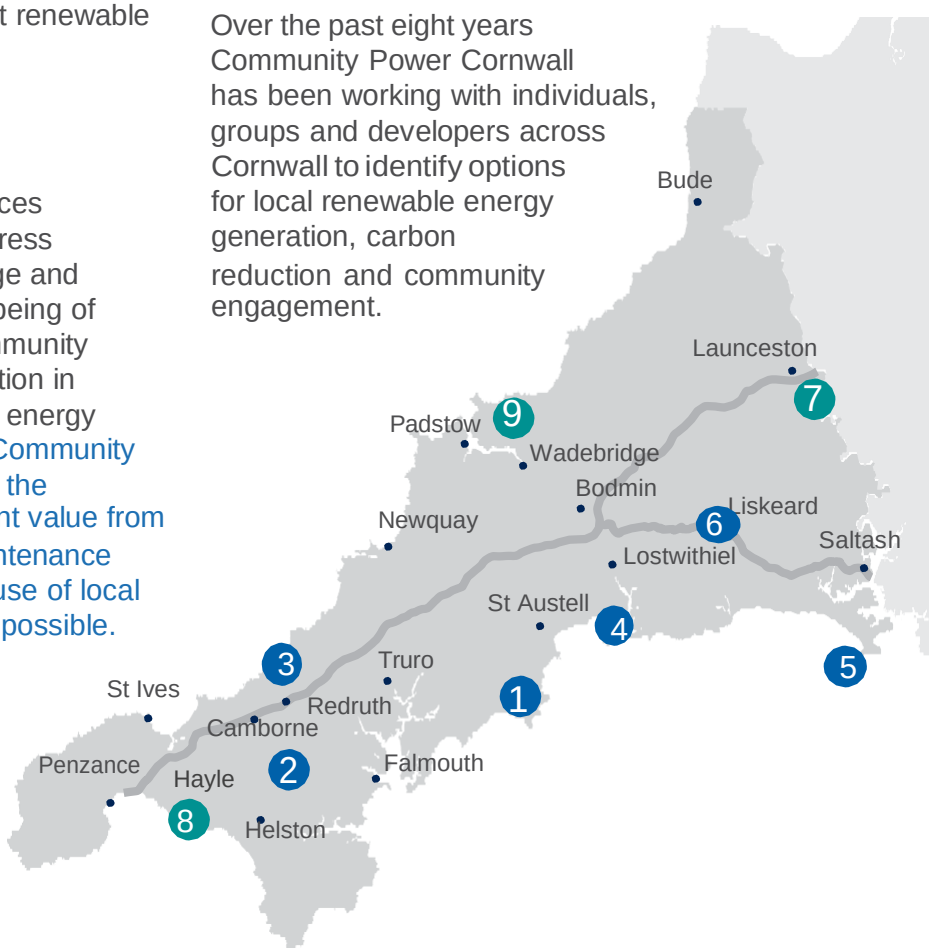
Activities of the society

Community Power Cornwall intends to meet its aims and objectives through the following activities:

- Working with communities to identify further suitable renewable energy projects in their local area.
- Entering partnerships and joint ventures on behalf of communities and members to develop successful renewable energy and low carbon schemes.
- Developing and managing the installation of renewable energy and low carbon schemes.
- Managing the sale of renewable energy.
- Running a peer development programme, transferring skills to participants and building the capacity of communities to independently develop their own local energy co-operatives.

Project portfolio of current and some prospective ventures

Over the past eight years Community Power Cornwall has been working with individuals, groups and developers across Cornwall to identify options for local renewable energy generation, carbon reduction and community engagement.



100% community owned both built & in development

Joint ventures both built & in development with Community Power for other community energy co-operatives

Gorran Highlanes 1

Site and History: Gorran was CPC's first community owned renewable energy installation, developed in close co-ordination with the Transition St.Goran group.

Construction was completed in August 2011.

Status: Operational

Installation: 2 x Endurance E-3120 80KW wind turbines.

Partners: Community Power Cornwall & Transition St.Goran

Outputs: Generation August 2011- October 2015 = 1,494,930 KWh
Equivalent to powering 323 UK homes for one year
Carbon Saving = 717.6 tonnes

Other benefits:
3% of the revenue generated is provided to Transition St.Goran for other Low Carbon activities in the local area. Activities to date include insulation for the village hall and LED lighting in the village church.

BF Adventure, Halvasso 2

Site and History: BF adventure is a registered charity providing activities for young people that focus on developing self-confidence, increased communication and team work skills through pursuits that challenge, motivate and inspire young people to take positive steps forward in their life and personal development.
Construction was completed March 2014.

Status: Operational

Installation: Aircon 10S 10KW wind turbine

Partners: Community Power Cornwall & BF Adventure

Outputs: Generation March 2014 - September 2015 = 25,972 kWh
Equivalent to powering 5.6 UK homes for one year.
Carbon Saving = 12.5 tonnes

Other benefits: BF adventure receives a fixed electricity price at parity to our export value (currently 4.5p/KWh) for the 20 year lifetime of the project. This dramatically decreases BF Adventure's current running costs and protects them against future electricity price rises.

The Track, Portreath 3

Site and History: The Track is a family friendly bike track for all ages and abilities opened in 2005 also on site is Kernow Hydro Pool.

Status: Being installed as this document is written!

Installation: 7KW Solar PV array

Partners: Community Power Cornwall and The Track

Outputs: Expected Output 7,596KWh/yr
Equivalent to powering 1.6 UK homes for one year
Carbon Saving = 3.6 tonnes/yr

Other benefits: The Track will receive a fixed electricity price at parity to our export value (currently 4.7p/KWh) for the 20 year lifetime of the project. This will dramatically decrease The Track's current running costs and protect them against future electricity price rises.

Fowey 4

Background: Fowey Renewable Energy Enterprise (FREE) is a community energy group that is merging with Community Power Cornwall.

Status: We are working to bring a number of FREE projects to fruition.

Installations expected: 1x 50kW 1x 9kW 1x 5kW roof mounted PV

Partners: Community Power Cornwall, Fowey Renewable Energy Enterprise (FREE)

Outputs: Expected annual output: 106,645KWh
Equivalent to powering 23 UK homes for one year
Carbon Saving = 51 tonnes/yr

Other benefits: 3% of revenue will fund community benefit activities and our hosts will benefit from a fixed price electricity supply

Bridge Moor, Rame 5

Status: In planning

Installation: 500KW wind turbine

Partners: Community Power Cornwall, Turner Family

Outputs: Expected annual output: 1,752MWh
Equivalent to powering 378 UK homes for one year
Carbon Saving = 841 tonnes/yr

Other benefits: (Based on Oct 2015 FiT rate) community benefit fund of £10,000/yr & community services package of £10,000/yr
Expected local share offer return 5% -7%

Liskeard 6

Status: FiT pre-registered until end September 2016

Installation: 1x 50kW 3x 30kW roof mount PV

Our partners: To be confirmed

Outputs: Estimated annual output - 150,000 kWh
Equivalent to powering 33 UK homes for one year
Carbon Saving = 72 tonnes/yr

Other benefits: Yet to be agreed on

Shears Barton, Lawhitton 7

Status: Operational

Installation: 500KW EWT turbine

Our partners: Energy Society and the Perry family

Outputs: Expected annual output: 1533MWh
Equivalent to annually powering 331 UK homes.
Carbon Saving = 736 tonnes/yr

Other benefits: Community benefit fund - £10,000/yr
Community services package - £10,000/yr Expected local share offer return 5-7%

Mably, near Hayle 8

Status: In the planning system

Installation: 5MW Solar PV array

Partners: Energy Society, Ivess-Mash family, Cornish Investments Ltd.

Outputs: Expected annual output: 5,090 MWh
Equivalent to annually powering 1,031 Cornish homes
Carbon Saving = 2,443 tonnes/yr

Other benefits: Habitat creation, 3x 4kW PV gifted & installed on community facilities, Expected local share return 5-7%

Treswarrow Park Farm, Port Isaac 9

Status: In development

Installation: Current option Enercon E33 330KW turbine

Our partners: Murex Energy

Outputs: Expected annual output: 950MWh
Equivalent to annually powering 205 UK homes.
Carbon Saving = 456tonnes/yr

Other benefits: In development

* Annual average electrical consumption of a UK home – 4,629KWh/yr. Cornwall Council renewable energy planning guidance notes.

Carbon Savings 0.480kgCO2/KWh . EST May 2014

Other projects are in development to support a broad range of technologies at a variety of scales. Finance generated from our early developments will bring these options closer to fruition.

We are now pleased to open this share offer giving interested parties the opportunity to invest and take part in a successful green future for Cornwall and its communities.

Shares available

We are seeking to raise capital on both operational and new developments as we would rather pay share interest to members than loan interest on debt finance.

We would therefore like to swap out debt finance related to operating developments for new member equity and would similarly like to finance new developments with new member equity and thereby reduce our borrowing requirements.

Operational developments with debt to swap out:

Gorran £264,817 (standard shares)
Subtotal operating £264,817

New developments with capital requirements:

Fowey 50kW PV £57,000 (standard shares)
Fowey 14kW PV £22,000 (microgeneration shares)

Liskeard 50kW PV £50,000 (standard shares)
Liskeard 3x 30kW PV £90,000 (microgeneration shares)
Subtotal new developments £219,000

Total shares available £483,817

Microgeneration shares available: £112,000
Standard shares available:£371,817

Future projects

Community Power Cornwall aims to form enduring, successful partnerships with residents, local government, local businesses, co-operatives, third sector organisations, approved technology providers and key stakeholders to develop a diverse, secure and sustainable supply of renewable energy for the benefit of the local community and its members.

Community Power Cornwall keenly anticipates the influx of talent, skills and ideas from new members through this share issue and aims to create the structures and finance models required for the creation of independent, commercially viable local energy co-operatives that meet the broad objectives of the society.

A brief history

Community Power Cornwall has evolved through community led demand for the ownership and integration of renewable energy technologies into everyday lives and settings. We hope to trap money in Cornwall and to enable local communities to collectively tackle the threats of climate change, energy security and uncontrollable fuel cost rises by generating clean, renewable energy locally.

Community Power Cornwall is an independent organisation supported through a partnership between the experienced energy advice charity Community Energy Plus and the accredited social enterprise advisers Social Economy and Co-operative Development Cornwall (trading as Kabin). Early development funds were also provided by Cornwall Council and the Cornwall Development Company.

Community Energy Plus is an award-winning charity that delivers local solutions to fuel poverty, energy efficiency and sustainable energy. For more than 16 years they have worked on projects throughout Cornwall to provide advice and support for renewable energy projects to reduce carbon emissions that contribute to climate change.
www.cep.org.uk

Social economy and Co-operative Development Cornwall, trading as 'Kabin' is the Co-operative Development Body based in Cornwall. It is a not-for-profit company limited by guarantee and a co-operative. The company is staffed by qualified & SFEDI accredited[1] social enterprise advisers and has supported the development of co-operative and social enterprise since 1997.
www.cornwall.coop

Our status as a Registered Society

Community Power Cornwall is registered with the Financial Conduct Authority (number 30512 R) under the Co-operative and Community Benefit Societies Act 2014. Community Power Cornwall is owned by its Members, whose liability is limited under the Co-operative and Community Benefit Societies Act. Its constitution is in the form of Rules registered by the Financial Conduct Authority. The Rules of the Society are available on request.

The status of Community Power Cornwall as a Registered Society prevents the transfer of these shares to third parties.

Membership of the Society

Membership is open to individuals and organisations that share the Society's goals, are in agreement with the Society's objectives and wish to share risks and benefits.

Members make decisions at general meetings on a "one member, one vote" basis irrespective of the number of shares held. Members elect the board who oversee the business and are accountable to the members. Only members are eligible to serve on the board.

We hope to enjoy a high level of member participation and engagement. Currently you must be at least 16 years old for full membership.

There is a single class of shares with a nominal value of £1.

Members of the Society must have a minimum of 50 shares & a maximum of 100,000 (Unless the member is a Society registered under the Co-operative and Community Benefit Societies Act 2014.

[1] "SFEDI is the Government recognised UK Standards Setting Body for Business Support and Enterprise. Run by entrepreneurs for entrepreneurs, SFEDI researches leading practice, sets standards, principles and guidelines." (from http://www.sfedi.co.uk/)

Community Power Cornwall

Community Power Cornwall has a professional management team composed of Neil Farrington, Paul Martin and Clayton Elliott. Members appoint and elect the board ensuring democratic accountability.

The current officers and board members represent a positive compliment of skills, knowledge and experience to ensure the Society meets its objectives and have enabled Community Power Cornwall to establish a good track record.

Neil Farrington Technical Director
Neil is the Sustainable Energy Projects Manager at Community Energy Plus and has worked with the Cornish Charity for over 12 years. He has worked with communities across the county to build awareness about the options for, and assist with, the delivery of renewable energy and energy efficiency projects in community settings. His work has directly contributed to the success of sustainable energy projects in communities across Cornwall with a total installed capacity nearing 1MW, bringing over £3 million of funding into the county. In 2010 Neil won the 'Best individual' at the Cornwall Sustainability Awards and was shortlisted for the National Renewable Energy Association Energy Champion Award 2010.

Paul Martin Executive Director
Paul is the director of Kabin and has a wealth of experience supporting many co-operatives, social enterprises, traditional charities and mainstream businesses. Over the past 17 years Paul has acted as company secretary for a number of organisations and sits on the board of South West Co-operative Support and Co-operatives South West. Paul is a qualified & SFEDI accredited business advisor with specific knowledge and experience of community enterprise and community development finance. Paul has helped communities to own, operate and benefit from land, buildings, food enterprises, financial services, low carbon technologies and renewable energy technologies.

Clayton Elliott Finance Officer
Clayton has worked for social and environmental organisations for most of his adult life, including the role of Climate Change Campaigner for Cornwall Friends of the Earth. He has worked for Kabin as a SFEDI accredited Co-operative and Social Enterprise business advisor since 2007. He is the finance officer for Community Power Cornwall, The Low Carbon Society and the Low Carbon Fund. Clayton is also a professional counsellor in private practice and the Chief Executive Officer for the charity Counselling for Social Change.

Richard Bennett Non executive board member
Retired Art Teacher and small business owner, Richard is acting chairman of the St Goran Low Carbon Group and involved in other local organisations including Village Hall committees.

Robin Curtis Non executive board member
A renewable energy consultant since 1984, Robin's specific area of expertise is renewable heat which has seen him working on a deep geothermal project and the introduction of ground source heat pumps into the UK. Robin is the chair of Transition Constantine, a Director of Falmouth Energy Partnership and a Director of GeoScience Ltd.

Risk factors

Community Power Cornwall makes every effort to minimise risk on all its operations but applicants should be aware that this share capital is risk capital and there is a possibility of loss as well as return.

To date financing of our developments has included a mix of secured debt, unsecured debt and member equity. In terms of the ranking in any queue to be repaid secured debt outranks unsecured debt and unsecured debt outranks member equity.

For a detailed breakdown of identified risks and risk management strategies please refer to our business plan available on request.

A headline risk factor is that, in our opinion, the current Tory government appears hostile to communities and the environment in general and to renewables and community energy in particular. We are operating in a hostile policy environment with a government that is prepared to massively subsidies fossil fuels and foreign state owned nuclear power projects whilst simultaneously cutting support for renewables. That this government is willing to tell the public that its actions are intended to 'protect hard working bill payers' when in our opinion they will have the opposite effect is telling.
Our fuller report on the policy environment is available on request.

Governing law and investor protection

This issue is not a "regulated activity" within the meaning of section 22 and schedule 2 of The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 SI 2001/544.

Non-transferable shares in a society are outside the definition of a "regulated investment" for the purpose of the FSMA 2000 - articles 73 & 76 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 SI 2001/544.

These shares are not "transferable" or "negotiable on the capital market" and therefore are outside the prospectus requirements - section 102A(3) of FSMA 2000 as substituted by The Prospectus Regulations 2005 SI 2005/1433 art 2(1) & schedule 1.

Registered Societies are exempt from the FMSA 2000 general prohibition in respect of accepting deposits in the form of withdrawable share capital.

Non-transferable shares in a society are outside the definition of a "controlled investment" for the purpose of the financial promotion rules - article 35 and schedule 1 paras 14 & 15 of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 SI 2005/1529.

Community Power Cornwall is not a member of any investment protection scheme.

Apply for shares

To apply for membership and shares please see the share application form, or see 'membership and shareholding' on our web site.

You can pay by cheque, cash or electronically. Further application forms and offer documents are available from our website.

For further information:

Web: www.communitypowercornwall.coop
Email: info@communitypowercornwall.coop

Telephone:

Membership and investment 07752 818759
Technical enquiries 01872 245566 ext. 214

Our Mission

Community Power Cornwall Limited is a Registered Society, owned by its members and created to be environmentally, socially and financially useful.

Community Power Cornwall Limited develops, owns and operates small to medium scale community-owned renewable energy installations and develops joint ventures.

This co-operative was established in 2008 to enable community ownership of energy assets, to generate capital to be re-invested locally in renewable energy and to nurture the spread of community-owned renewable energy generation.

We care for and wish to benefit the wider community by responsibly meeting our environmental, social and financial goals.

We are united to meet our common needs and aspirations around energy, the environment, economic sustainability and social justice.

www.communitypowercornwall.coop
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