



Power4KcC

*energy for our community*



# Share Offer

**8 May 2014**

## At a glance:

- The Parish Council has studied some renewable energy generation and conservation options
- We've decided to install solar PV panels to help power the village hall and social club: the picture on the cover shows what these will look like
- We have set up **Power4KcC**, a community benefit society to run the scheme
- We aim to raise £17k for our first project
- We are offering shares in **Power4KcC** at £20 each
- The maximum investment by any individual is limited to £20,000
- The solar panels will generate 8kWp and lead to savings in the electricity bills of both the village hall and the social club
- You may be able to get your money out earlier, but we will aim to repay your money after 20 years, and although there are no guarantees we expect to be able to offer an interest rate of between 3-4% annually
- When you buy shares you will become a society member and get one vote, no matter how many shares you buy
- An application form is attached, and details on how to apply can be found on page 10 of this share offer.

## **A message from the Chairman of Power4KcC**

You have probably heard of plans to establish a community benefit society in Kelsale-cum-Carlton to promote cheaper and renewable energy. This has now been formally registered as an Industrial Provident Society (to give it its legal title), and it's called **Power4KcC**. It's one of the first of its kind in the country, and probably the very first community-owned energy venture in Suffolk.

Our main aim is to promote a variety of renewable energy schemes around the village, starting with some solar PV panels in a field next to the village hall. These will provide subsidised electricity to both the village hall and the social club. In addition, Suffolk County Council has approved a grant of £15,000 to the Village Hall Management Committee, on condition that the money is matched from local funds: and the money we raise through this share issue will count as 'match'. The grant will improve insulation, provide secondary double glazing and help finance storage heaters. So, in effect, the first £15,000 we raise will be worth double to our villages and wider community.

But this is just the first project – and what we do next depends on the people who join **Power4KcC**. Although we are proposing that **Power4KcC** should focus mainly on developing renewable energy, it could also help with other ways of reducing energy use (and therefore costs) through better insulation, and helping tackle fuel poverty in the village. So in future, for example, we might be able to club together to 'buy' electricity more cheaply from the big energy companies and pass on the savings to local residents.

We welcome investments of all sizes, and we are canvassing support from local businesses. But above all this has to be a community-owned venture, which is why we have set the minimum costs of membership as low as possible: buy a single share at £20 – and you're a member (though of course we hope people will buy as many as they can afford). There's an application form at the end of this document – I look forward to receiving all your share applications, and seeing you at the **Power4KcC** inaugural General Meeting (date to be announced).

Geoff Fordham,

**Chairman, Power4KcC, & Kelsale-cum-Carlton Parish Council  
Community Energy Committee**

# Buying shares in Power4KcC

## Introduction

This document explains how you can buy shares **Power4KcC**. We are planning a range of renewable energy systems to generate clean electricity and a financial return for shareholders. We also aim to reinvest surplus income into other local renewable energy projects. This first share offer, for 850 shares at £20 each, will finance the first **Power4KcC** renewable energy project: a ground mounted solar PV array providing 8Kw to be shared between the Village Hall and our Social Club.

Although we cannot *guarantee* any financial return, we expect to provide a modest interest rate of between 3-4% to our members. The returns will be determined by you, the members of **Power4KcC**, at Annual General Meetings.

If you purchase shares you will:

- Share in the ownership of local renewable energy resources
- Be eligible for any interest paid to shareholders, the timing and amounts of which will be determined annually by you
- Help protect our community against fluctuations in energy supply and costs
- Support further renewable energy and community energy efficiency programmes via our surplus income
- Support a model that can be copied by other communities
- Have one vote in the affairs of **Power4KcC**, no matter how many shares you own.

## About Feed-in Tariffs (FiTs)

FiTs are a Government-guaranteed, index-linked subsidy for renewable energy that last for 20 years. The amount received is based on how much a renewable installation generates. It does not matter if the electricity is used or put into the national grid, the income is based on the amount of electricity produced. Any electricity not used on site can be exported into the grid and sold.

## About Power4KcC

**Power4KcC** was formally established in March 2014 and currently has six Directors, appointed by Kelsale-cum-Carlton Parish Council. Their CVs are set out below. The Directors have drafted this share offer. The Directors will stand down at the Inaugural General Meeting (the date for which will be separately publicised,) and invite nominations from the members for elected Directors to replace them.

### **An introduction to the Directors**

**Geoff Fordham** for 25 years has been managing director of a small research consultancy, and brings wide experience of community-led social enterprises and programme and policy evaluation.

**Keith Beacham** was formerly managing director of BGB Ltd, working in conjunction with the Building Research Establishment on improved control systems for homes and industry to reduce carbon emissions. .

**Keith Dickerson**, Director of Climate Associates Ltd, providing advice to companies on Energy Efficiency and Climate Change.

**Edwina Galloway** worked for an Independent Financial Advisor for 25 years giving individuals and Companies advice

**Paul Parry** trained as a zoologist and is an expert at coordinating funds to be allocated amongst village organisations.

**Tim Roberts** works with clients to improve workplace sustainability and corporate social responsibility, while saving costs through energy and resource conservation.

***All directors are giving their services free of charge***

### **Professional advice**

Our legal adviser is Pulham and Co., who are acting on our behalf for a nominal fee. The company's senior partner, John Pulham, acts as company secretary. Our auditor is Paul Frost, of JTF Chartered Certified Accountants and Registered Auditors, who has kindly agreed to provide his services free of charge.

## **The first project: A solar PV installation**

The first project to be undertaken by **Power4KcC** is a ground-mounted solar PV array with the following characteristics:

- 32 Winiaco WSP250P6 modules arranged as two single arrays, one module high
- Cost: £17,288 (excl. VAT)
- Installed capacity of PV system: 8 kWp
- Estimated system performance:
  - Estimated annual output: 6862 kWh/year
  - Approx CO2 Savings Per Year: 3212.75 kg/year
- Potential Annual saving/income per year
  - Feed in tariff: £1,022
  - Export income: £164
  - Electricity saving: £240
  - **Total: £1,426**

***NB:** The performance of solar systems is impossible to predict with certainty due to the variability in the amount of sunlight from location to location and from year to year. This estimate is based on the standard MCS procedure and is given as guidance only and is not guaranteed.*

### **Connection to the grid**

The array will be connected to the electricity meters serving the village hall and the social club, delivering 4kWp to each.

### **Location of the installation**

The array will be situated in a field adjacent to the village hall, owned by Dr Keith Dickerson, a **Power4KcC** board member and Chairman of Kelsale-cum-Carlton Parish Council. He has granted use of this portion of the field to the society for 25 years, *at no charge*. A lease has been agreed between Dr Dickerson and **Power4KcC** guaranteeing rights to use of the land, including access, for the duration of this project.

### **Insurance**

The installation will be covered by an extension to the current insurance policy maintained by the Village Hall Management Committee.

## **Membership and Shareholding**

Please read this section carefully. If you need any advice, please consult a bank manager, solicitor, accountant, stockbroker or other independent financial advisor authorised under the Financial Services and Markets Act 2000. Before buying shares you should take note of the following:-

- The economics of energy generation mean generation of returns takes time. Therefore investors should regard this as a long term investment with a minimum investment period of three years.
- **Power4KcC** is the trading name of Kelsale-cum-Carlton Community Energy Limited, incorporated as a community benefit society. It provides an opportunity to invest in local renewable energy with the expectation of both 'social dividend' and a financial return. All applications are subject to the terms set out in the Rules of Kelsale-cum-Carlton Community Energy Limited.
- The minimum shareholding for ordinary members is a single share priced at £20 and the maximum individual investment allowed by law is £20,000, or 1,000 shares.

## **Risks**

All investment and commercial activities carry risk. Members should make their own risk assessment and bear in mind the social, environmental and financial aspects of investing in this project

The Directors consider this a long term investment, dependent on the FiT which is guaranteed for 20 years by UK government legislation. The Directors have worked hard to identify and mitigate relevant project risks but you should be aware of the following risks before investing. All these may affect our ability to generate returns and may lead to you losing the money invested in shares. In particular you should appreciate that:

### *Regulatory Risks*

- Changes in Government legislation may reduce revenues generated from the FiT scheme
- There may be legislative changes which affect the payment of the FiT, although on commissioning of the systems they will be guaranteed by the government for 20 years

### *Economic Risks*

- **Power4KcC** may be unable to raise sufficient capital to develop any renewable energy projects – in which case sums invested will be returned
- Overhead costs are estimates and may go up or down over time
- The share issue may not raise sufficient capital in the time allotted

- If the society lacks sufficient cash to enable shares to be withdrawn then withdrawals may have to be delayed
- The levels of electricity generation forecast for the installation may not be achieved.
- An investment in shares is an investment in a trading business not a loan or deposit.
- This investment is not suitable for those who require a guaranteed income or ready access to capital.
- Please note the value of your investment can go down. The share capital value of your investment will not go up and you may not get back the amount you invested.
- The investment is for a minimum period of three years.
- Interest payment is not guaranteed.
- The target returns stated in this share offer are based on financial modelling incorporating reasonable estimates of a range of variable and uncertain factors, having due regard to historic evidence and the experience gained by the Board, including electricity prices, hours of light and sunshine level, operational costs, the reliability of the equipment installed and replacement and repair costs. ***A spreadsheet giving details and spelling out the assumptions on which target returns are based is available at the society's registered office or on the website.***

#### *Other risks*

- There may be interruptions to the generation of electricity caused by financial or legal matters which may reduce and/or delay revenues
- There may be interruptions to generation of electricity caused by mechanical/electrical failure or equipment which may reduce and/or delay revenues
- The project may be delayed for technical, legal or financial reasons
- Although the systems will be fully insured, the usual 'Acts of God' exceptions apply
- Investment in the shares should be seen as a long term ethical, social and environmental investment
- Equipment purchased by the society is supported by guarantees from companies believed by the society to be financially strong, but equipment suppliers, contractors, community and other building owners, purchasers of electricity or other contracting parties with the society could fail to meet their obligations
- Descriptions of possible returns are illustrative only. There are variable and uncertain factors associated with any energy project
- Shares will not be transferable. Shares can only be withdrawn (redeemed by the society for the price paid for them) in accordance with the Rules. Shares are not transferable so you will not be able to

sell them, except back to the society for the price you paid for them, or for less.

- This list is not necessarily comprehensive and you should read the entire share offer to consider other risks which may impact upon your investment.
- Prospective members should also read and understand the Rules of Kelsale-cum-Carlton Community Energy Limited.

The directors seek to protect against these risks through implementing prudent management practices including a Risk Management Plan.

## **Withdrawing Shares**

Investments are for a minimum of three years. Thereafter shares are withdrawable on three months' notice and up to a maximum of 4% a year of share capital in issue at the start of the financial year. All applications will be processed on a first come first served basis. Any applications received but not approved for withdrawal in the year will be rolled forward to the next year until the application for withdrawal amount has been repaid in full. Where a year's cap has not been used in full the directors may decide to roll this forward to the following year.

If **Power4KcC** receives applications for withdrawals which exceed the cap, they may seek to increase the amount of withdrawals over the cap subject to the circumstances of the society at that time, or seek to raise additional capital to finance share withdrawals.

The withdrawal of shares is suspended for the first three years of operation to enable **Power4KcC** to build up cash reserves. The scope for being able to withdraw shares in the future will be dependent upon **Power4KcC** developing a successful business and hence cash flows to pay out share withdrawals, or contingent on the society raising additional capital for the purpose of paying out share withdrawals. Shares will normally be repaid at the original price.

The directors of the society have the right to change the notice period for withdrawals, or to suspend withdrawals.

## **Returns to Members**

**Power4KcC** may pay interest annually at a rate agreed by the members at each Annual General Meeting in the light of the year's performance and the circumstances of the business. (This rate is currently estimated as 3-4% per annum). In some years the members may decide not to pay interest, and individual members are free to waive some or all of their interest payments in which case the value of those payments will be used

to increase **Power4KcC**'s cash-flow.

## **Voting**

Each member has one vote regardless of the size and value of their shareholding. Members will be kept informed of the society's services and developments through the **Power4KcC** website (currently in preparation), by e-mails where the member so wishes, by occasional newsletters, annual reports and Annual General Meetings.

## **Legal Information**

This document is issued by Kelsale-cum-Carlton Community Energy Ltd. (trading as **Power4KcC**) registered number IP032347, as a community benefit society incorporated in England and Wales on 28 March 2014 under the Industrial and Provident Societies Act 1965.

As a community benefit society, we do not need to be authorised by the Financial Conduct Authority to take deposits by issuing these withdrawable shares. Therefore, the money you pay for your shares is not safeguarded by any depositor protection scheme or dispute resolution scheme. The society unlike banks and building societies, is not subject to prudential supervision by the Financial Conduct Authority.

This document does not need approval (and has not been approved) by an 'approved person' under section 21 of the Financial Services and Markets Act 2000. This offer of shares is not regulated by the Financial Services and Markets Act 2000 or subsidiary regulations. This document does not constitute a prospectus within the meaning of the Prospectus Regulations 2005. These regulations do not apply because there is a specific exemption for community benefit societies that conduct their business for the benefit of the community.

As a member and shareholder of **Power4KcC** you own **Power4KcC**. If **Power4KcC** is unable to meet its debts and other liabilities, you may lose the whole amount held in shares. This may make it inappropriate as a place to invest savings. Your investment in your share account receives interest but does not enjoy any capital growth. It is primarily for the purpose of supporting the society rather than making an investment. As a community benefit society, the maximum return offered to investors will always be limited.

## **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 elect to nominate a recipient for the value of the shares (but only up to the

amount set out in law) and thus (under current legislation) remove the value of the shares (up to the amount set out in law) from your estate for probate purposes ie the shares may pass to the nominee outside the Will of the deceased. The nominated property will nevertheless form part of the deceased's estate for Inheritance Tax purposes, unless the estate is an excepted estate.

## **Documents**

The Rules of **Power4KcC** are available on our website or at our registered office, as are our Planning Approvals and DNO Approvals.

## **How to Apply**

To become a member complete our share application form on the back page of this share offer and send it to **Power4KcC**. Payment at this stage needs to be made by cheque, made payable to Kelsale-cum-Carlton Community Energy Limited.

Note that you only need to purchase one share to become a member of KCCE. Applications and payments must be received at our office as soon as possible and no later than 5pm on 14 June 2014. Membership is open to individuals aged over 16, corporate bodies, voluntary organisations and public sector investors. In the event of over-subscription, applications for five shares or fewer will be accepted in full; larger applications will be scaled down proportionately and at the discretion of the directors.

**Power4KcC** is the trading name of Kelsale-cum-Carlton Community Energy Ltd, registered number IP032347 as a community benefit society incorporated in England and Wales on 28 March 2014 under the Industrial and Provident Societies Act 1965.

## Share Application Form

Name.....

Address.....

Telephone.....

Email.....

I have read the share prospectus, and having taken into account the statements of risk I confirm that I would like to become a member of **Power4KcC**.

I wish to apply for.....shares @ £20 each, total cost £.....

Signed.....

Date.....

Please make your cheque payable to Kelsale-cum-Carlton Community Energy Limited, and send it together with this form to:

**Power4KcC**

Share offer

c/o Messrs Pulham & Co, Solicitors

Egmere House

Market Place

Saxmundham

Suffolk IP17 1AG

E: [jsp@pulham.co.uk](mailto:jsp@pulham.co.uk)

T: +44 (0) 1728 602 084

***Share applications must be received by 5pm, 14 June 2014***