

Chairman's statement for year ending 31st December 2016

The report is for the year 2016 during which our three smaller sites had a full year's generation and two new larger sites started generating in April 2016.

Key Developments

The year started with the co-op having to deal with many regulatory changes which came into effect at the end of 2015. Despite the significant lowering of feed-in-tariff rates, withdrawing of pre-registration and withdrawal of EIS relief the following was achieved:

- A successful share offer raising over £110,000 for the two new PV systems at Imberhorne and Crawley Down Schools.
- Both schools were generating within 2 weeks of the funds being raised. Our contractors, Joju, provided great support to the co-op to get those installations done with minimal notice. Both schools and West Sussex County Council (WSSCC) proved to be excellent partners for the co-op.
- Repower received a payment of £50,000 from the Chiddinglye solar farm as a result of the work done by the directors and volunteers in assisting this project getting planning permission. A further £5,000 will be paid to Repower each year rising with inflation.
- We got both our new schools registered with Ofgem.
- We received the community award from the Renewable Energy Association for developing community renewable energy projects. Thanks to Jesse for applying for the award which was presented to Jane and Jesse at a ceremony in June.
- After a huge effort we got our new schools' sites registered for export, thanks almost entirely to Jane.

Financial Performance and Accounts

The financial performance continues to improve. Last year we paid 2.08% interest to members that invested in the earlier share offers, this year we are proposing an overall interest rate of 4.98%. We should be in a position to pay at or near the target rate of 5% in the coming years and in time we should have additional funds for community projects. Members that invested in 2016 will receive interest rate for the 9 months that their funds were invested for.

A number of factors have reduced the co-op's estimated profit for the year ending 2016. Some are short term, such as the lack of export payments and lower income from the sale of electricity to Imberhorne due to lack of export data which has now been resolved. On the long term factors, two of the sites; Turners Hill and Balcombe schools both underperformed their original estimates by more than 10%. Our long term costs will be higher than the original budgeted due to difficulty predicting them. Energy4All have reduced the administration charge for 2016 which has helped us to pay the 4.98% payment proposed. We have budgeted to pay the full cost next year. Energy4All have helped reduce our costs, especially with our insurance, and have provided great support to the board with accounts and administration.

Our sites are depreciated over the duration of the 20 years of feed-in-tariff. We have depreciated our sites from the date of installation and depreciation costs are slightly higher this year as we added 4 months of depreciation for Turners Hill and Balcombe schools which was omitted from last year's accounts.

Interest Payable for 2016

We have £8,141 to be distributed as interest to members, representing 4.98%.
If members pass the resolution we will pay the interest in May.

Change to Taxation on Interest- up to £1,000 interest can be tax free.

From 6th April 2016 basic rate income tax payers can receive £1,000 interest per annum tax free and 40% income tax payers can receive £500 interest tax free. Interest paid by the co-op may now be tax free for some members.

Community Benefit

As I suspected it has not been a quick and easy process to distribute our community benefit money that fits the criteria already in place. The funding allocation set out at last year's AGM has proved to be too prescriptive. It has been hard to engage some of the sites despite the current funding crisis in WSCC schools.

Progress has been made at Imberhorne School and the co-op signed an agreement in December to install approximately £11,000 of LED lighting in the next few months.

It has proved difficult to find a suitable project at Balcombe School as LED lighting was fitted by the school in 2016.

We are working with Turners Hill School to install battery storage to capture some of the solar power currently going to the grid. The co-op are keen to demonstrate battery storage technology which would help give us a clearer understanding of its potential as the prices start to fall.

The co-op will look for further opportunities for projects that offer strong carbon saving or promote innovation.

Administration

From my point of view, the role of Energy4All in the financial and secretarial administration has been a very positive development. It was a struggle for our small team to manage some of the admin and E4A has the experience and skills to provide the information we need and substantially reduce the significant time commitment of directors and volunteers.

E4A have also been able to significantly reduce our insurance premium and cut out other unnecessary costs. Their involvement not only makes the running of the co-op more professional but also provides long term stability. Their involvement represents great value for the co-op. Hopefully, with the backing they provide, this might encourage more members to consider standing as directors!

We have moved our bank account to Handelsbanken from Barclays which is preferable in terms of administration, costs and banking ethics.

Electricity Generation

Our three established sites were operational for the whole year and the 2 new school sites from April. There were no breakdowns at any of these sites. It was a below par year for solar generation with our figures set out below.

Site/Predicted yield before installed.(kWh)	Capacity in kW	2015 Generation kWh	2016 Generation kWh
Grange Farm (18,514)	17.94	17,298*	18,045
Balcombe School (9,163)	9.75	1,659*	7,864
Turners Hill School (13,968)	16.00	2,128*	12,188
Crawley Down School (41,752)	49.92	-	33,887*
Imberhorne School(46,475)	49.92	-	36,660*
TOTAL	143.53	21,085	108,644

*system installed partway through year.

Grange Farm generated at near the original estimate, on site usage is about 70% of the energy generated, which is 5% more than predicted. Both Balcombe School and Turners Hill School generated well below estimates. Some shading at Turners Hill has been removed which might improve the situation and the very poor June weather has a higher impact on generation on this site due to the steeply facing East and West facing panels. Balcombe School suffers from more shading than suggested by the contractors and with Turners Hill School is likely to significantly under perform. I should have a clearer picture of generation at Imberhorne and Crawley Down by the date of the AGM as both sites by then will have been operating for a year.

The Team

As the only remaining board member from last year's AGM I have been very reliant on our two newest board members. Rachael's knowledge and understanding of how co-ops work has made her invaluable to the co-op. Julian has provided both the legal expertise and enthusiasm that help make the board effective.

The board relies on our committee of volunteers. Jane has represented the co-op at a number of events such as the Balcombe fete, talks and conferences. We would not be registered for export payment without her. Our volunteers Jackie, Charles, Gillian, and Jesse have all represented the co-op at events and have helped with admin and so much more.

Future Developments

The co-op would like members to share their thoughts on future developments at the AGM. We have been approached about funding further solar installations on community buildings. Would co-op members be interested in further share offers or should the co-op take out loans to fund such projects? The reduction in Feed-in-tariffs will mean the co-op will need to choose the sites very carefully to ensure a suitable return. Please come to our AGM and contribute your ideas to its future.

Tom Parker
Chairman