

# Oldham Community Power



## Share Offer Document 2016

Share Offer little target: £348,000

Share Offer stretch target: £658,900

Closing date: July 14<sup>th</sup> 2016

## Directors' Letter

June 2016

Dear Potential Society Members,

Oldham Community Power is an exciting community based initiative whose aim is to generate electricity from solar panels based on Council owned and community buildings in Oldham.

### *Why generate for Oldham?*

A large number of Council owned and community buildings in Oldham have the potential to generate some or all of their onsite heat and electricity using renewable energy technologies.

Many of the buildings we are planning to install on are schools, so we are working with others to offer educational benefits from the project as well.

We are also looking at the potential to use some of the project's income to support community buildings with refurbishment works and energy efficiency measures.

### *A true community project*

This is a true community energy project. This community share issue allows anyone to become a Member though priority membership will be given to the residents, charities, and businesses of Oldham.

### *This share offer*

This Share Offer will pay for the costs of construction. We are aiming to raise enough funds to install a small solar power system on up to 25 different community buildings. In order to install on some of these buildings our minimum target is £348,000. To install on all of them we need to raise £658,900.

You are invited to become a Member of the Society. **You can subscribe to this Share Offer for as little as £100.** Members should receive a fair return on investment projected at 4.0% IRR.

Our structure is based on other successful renewable energy Societies across the UK, including several community-owned multiple solar power installation projects.

This Share Offer Document gives you the information you need in order to decide if this investment is right for you. We hope you do decide to join us and become a Member of Oldham Community Power.

**The Directors**

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## Summary of Offer

This is a summary of the offer to acquire shares in Oldham Community Power ('the Society'). This summary should be read as an introduction only and any decision to invest should be made on the basis of the document as a whole.

## Introduction

The purpose of this Share Offer is to raise funds to pay for the installation of up to 25 photovoltaic (PV) systems on rooftops of community and Council owned buildings in Oldham, Manchester. The Society aims to be generating electricity by September 2016.

## The Society

The Society's purpose is to generate low-carbon electricity in the Oldham area and to benefit the local community. Electricity generated by the PV panels will be mostly used directly by the building occupants and they will benefit from lower energy bills. It is estimated that the project will displace the equivalent of up to 220 tonnes of carbon dioxide every year.

The Society will generate revenue from the sale of electricity to the building occupants, and from the Feed in Tariff (FiT). The projected annual income will enable the Society to make a payment to a community fund, interest payments to Members, and return all share capital within the first 20 years of operation (the period for which FiT payments are guaranteed) subject to financial performance.



## The Offer

This Offer Document seeks to raise funds of at least £658,900 by the issue of Offer Shares at £1, payable in full on application. The offer will be opened for applications from 12<sup>th</sup> June 2016 and will close on 14<sup>th</sup> July 2016. If the minimum target is reached by 14<sup>th</sup> July but the full target is not reached, the Directors have the discretion to extend the share offer beyond this date.

**A minimum of £348,000 is needed for the project to go ahead. Applications received prior to 14<sup>th</sup> July 2016 will be used for the first set of installations provided that at least £348,000 has been raised** and subject to the conditions set out elsewhere in this document. Priority to the first phase will go to applicants residing in the area served by Oldham Council.

**If the maximum target of £658,900 hasn't been reached, the Share Offer will stay open until 2<sup>nd</sup> August 2016 to raise funds for the remaining installations.** Applications received over and above the first 348,000 will be counted towards the Second Phase. On the 2<sup>nd</sup> August up to the remaining 310,000 of Shares will be issued and as many of the remaining installations will go ahead as possible, subject to the conditions set out elsewhere in this document.

## Considerations

Those applying for Membership should regard these Shares as a long-term investment. They may subscribe for a minimum of 100 and a maximum total of 100,000 offer shares at their £1 par value.

Returns to Members are calculated using the assumptions stated in this Offer Document. The projected return over the expected life of the Project is a rate of 4.0% IRR on remaining capital in the project. The returns for members will be the same regardless of which 'phase' the application falls within.

Shares will not be traded on a recognised stock exchange and are not transferable. Members may apply to withdraw shares after the end of the third year of operation. Share withdrawal is at the discretion of the board. The Society intends to repay Members' share capital over a 20-year period, starting in Year 1 of Operation, subject to financial performance and available funds. From year 21 of operation, the Society will transfer the assets to the schools or community centres or decommission them as desired.

Each subscriber, whatever the relevant stake, automatically becomes an equal Member of the Society on a 'one Member one vote' basis.

## Risks

All investment and commercial activities carry risk. Potential Members should take appropriate advice and make their own risk assessment whilst bearing in mind the social and environmental aspects of the Project.

**Those interested in investing should do so only after reading this document in full and taking appropriate financial and other advice.**

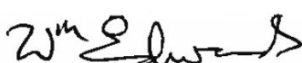
**This Share Offer is not covered by the Financial Ombudsman Service or the Financial Services Compensation Scheme.**

## Declaration

The Directors hereby declare that the information contained in this Offer Document is to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.



Director  
Alan Price



Director  
Bill Edwards



Director  
Colin Salt

## Business Overview

This section provides details about the Project and the organisations that have put it together.

### Renewable Energy Societies

The first renewable energy Society in the UK was Baywind in Cumbria, established in 1997. There are now renewable energy Societies across the UK and across the technologies.

Community Benefit Societies are democratic structures with the legal ability to raise money directly from members of the public. With a 'one Member one vote' system and a board elected from the Membership, they offer a fair and transparent way to operate a community-owned renewable energy enterprise. They can also prioritise investment from the local area, ensuring that financial benefits from renewable energy flow to people in the locality. Societies are registered with the Financial Conduct Authority (FCA).

### Oldham Community Power

Oldham Community Power Limited (OCP) was incorporated and registered with the UK Financial Conduct Authority as a Community Benefit Society number 7281 on 8<sup>th</sup> Feb 2016. There are currently 3 Directors drawn from the community who have experience and interest in community and renewable energy. In addition, there is a fourth Director who has been appointed by the Council to safeguard the interests of Oldham Council where its assets are being used by the Society. All the community-based Directors will in future be elected from among the Membership.

The Society's Rules are based on Co-operative UK's Model Rules for a Community Benefit Society. A copy of Oldham Community Power's Rules is available by application to the Society (see back of this Offer Document for contact details).

Oldham Community Power has its objectives and aims built into the Rules of the Society. The Society's Directors are bound by these Rules and must operate according to these objectives and in the best interests of their Members at all times.

#### Our Objectives are:

- ⇒ To install and operate low carbon energy generating equipment to reduce the Community's impact on the environment, reduce the Community's energy bills, and generate a revenue income stream for the benefit of the Community and for reinvestment in the Society.
- ⇒ To improve the energy efficiency of Community buildings, including schools, through the retrofit of fabric improvements.
- ⇒ To facilitate the maintenance of Community buildings through the provision, where appropriate and at the discretion of the Society, after due diligence and affordability assessment, of loans to Community groups or organisations legally representing those Community groups for the purpose of repairs, building maintenance and improvement.
- ⇒ To provide education and awareness-raising on issues of climate change and energy for Communities and households.
- ⇒ To provide training and education for members of the Community to give them skills which will enable them to obtain employment in the local low carbon economic sector.
- ⇒ To engage in activities which strengthen the local low carbon and environmental economic sector in Oldham, Greater Manchester and the UK.

## The Project

A feasibility study has been completed for each of the sites and their suitability for PV confirmed, including the maximum size of installation. Following a competitive tendering process, Renewables4Business have been awarded the installation contract by Oldham Community Power.

Although some of the buildings are being transferred to community groups, all the buildings remain in the control of Oldham Council at present. Leases have been drawn up for use of the roof-space for each of the sites by Oldham Council; these will be transferable to new building owners if needed. Individual Leases will be signed once the technical and financial go-ahead has been given for each building. All the building occupants will also enter into Power Purchase Agreements with Oldham Community Power.

The installations will be split into two build phases, each being paid for by a different phase of the Share Offer. Individual projects have been assigned to each build phase based upon the progress towards signing the lease, their relative rate of return, and other factors such as size of installation and complexity of install. If a particular planned installation in the first phase is delayed we will bring forward a later install if possible.

From July onwards, our website ([www.oldhamcommunitypower.org.uk](http://www.oldhamcommunitypower.org.uk)) will be regularly updated with install progress.

Further buildings may be added at a later date by Oldham Community Power which will be funded by further Share Offers. Later additions will need to be technically and financially suitable.

## The People Who Will Benefit

A whole range of buildings have been considered and the following have agreed to be part of the project. We will install on the sites once the funds are raised and as each agrees the lease and power purchase agreement:

Schools	Community Buildings
Propps Hall Primary	ARC
Beever Primary	Chadderton Town Hall
Higher Failsworth Primary	Failsworth Town Hall
Medlock Valley Primary	Fitton Hill Library
Greenacres	Groundwork
Blackshaw Primary	Neon
Whitegate End Primary	Honeywell Community Centre
South Failsworth Primary	John Howarth Visitors Centre
Mather St Primary	Sholver Community Centre
Springbrook Upper	Springhead Community Centre
	Wildbrook Gardens



## Project Timeline

This is an indicative timeline showing planned progress of the Project from this point onwards. Please note, as each individual install is fairly small, timescales will be swift (a few days each).

Month	Milestones
June 2016	Share Offer opens
July 2016	Initial Share Offer ends & extended Share Offer Opens, if needed First Installations begin
August 2016	Extended Share Offer ends and remaining Installations installed
September 2016	Installations completed
April 2017	Society AGM
Spring 2018	2nd Society AGM - first payments to Members

## The Technology

The PV panels being used are Tier 1 BenQ Green Triplex 250W multi-crystalline panels, with a 10 year product/workmanship warranty, 25 year linear performance warranty to 80%, and are manufactured in Europe.

We will be using the Solis range of inverters using various sizes to meet PV system requirements. These have a 10 year warranty and are manufactured in China by Ginlong Technologies.

In total, the panels should generate up to 420,000 kWh per annum in year 10 of operation. Each individual installation will vary in output according to the number of panels installed, any shading on site, and the orientation of the roof.

## Electricity Sales

The electricity produced by the panels will mostly be used on site. The amount used on site will be monitored and billed to the community groups. The remainder will be exported into the local network.

Oldham Community Power have agreed to sell the electricity to the sites at a rate which is lower than their electricity contract. As each site is on a different contract, the rates will vary but most will pay 8-9p/kWh.

In addition, the Society will receive a projected Feed-in Tariff of 4.25p/kWh for installations of 10kW or less and 4.46p/kWh for installations between 10 and 50kW. Half the electricity generated on every site below 30kw will be deemed to have been exported and will also receive the export Feed in Tariff of 4.85p/kWh. Feed in Tariff rates increase with inflation as they are index linked to the Retail Prices Index.

The installations do not have this Feed in Tariff rate locked in yet. This is because a review of the Feed in Tariff in Autumn 2015 removed the ability to lock in rates for community installations of this scale for new groups like ours who hadn't already registered their sites. The Feed in Tariff rates projected may fall slightly if the installations are not completed by the end of September or if a very large number of other installations occur, triggering an early reduction in rates. The details of this are discussed further in the Risks section.

## Project Management and Support

Oldham Community Power will be working closely with Renewables4Business, Shareenergy, and Oldham Council to ensure the project is delivered on schedule. One of the Directors, Alan Price, is an experienced project manager who is being employed separately in this role to coordinate the installations. The installation period is set over the summer to maximise good weather days and to avoid working in school premises during times when pupils are present.

Alan and Renewables4Business will be responsible for coordinating all contractors with the individual community projects requirements and advising on any changes made to the project plan or budget due to unavoidable circumstances such as bad weather. Along with the cash contingency shown in the budget here, a time contingency is built into the project timeframe.

This project is being developed by the Directors with the very welcome support and experience of:

- Action Together, [www.vaoldham.org.uk](http://www.vaoldham.org.uk) - Who are a support and development organisation for voluntary, community and faith groups across the borough. They connect people, ideas and resources and aim to build vibrant communities by increasing volunteering and strengthening social action.
- Oldham Council's Strategy, Partnerships and Policy Team, [www.oldham.gov.uk](http://www.oldham.gov.uk) - The teams role is to help Oldham Council deliver their vision of a cooperative, low-carbon, inclusive council.
- Shareenergy, [www.shareenergy.coop](http://www.shareenergy.coop) - A coop who specialises in helping communities develop, fund, and own renewable energy projects throughout the UK.

Oldham Partnership



## Financial Projections

The total cost for all the installations including project costs is £658,900. Oldham Community Power will be liable for all on-going operating costs associated with the installation and will negotiate the sale of electricity and benefit from the Feed-in Tariff and any other current or future incentives.

The projections assume that all the funds will be raised through the Share Offer. If sufficient funds are only raised for the first phase, the project will have lower running costs and the projected return remains the same.

Financial Projections prepared and approved by the Board are summarised here. The figures are based on contracts entered into and estimates received by the Society. The Directors take responsibility for the reasonableness of the projections in this Offer. Projected returns to Members are calculated according to projected income and expenditure during the life of the Installation. The Society will commence operations when electricity and FiT revenues commence. The projected finance model includes the return of Members' capital over the 20-year period during which FiT is paid.

At present it is envisaged that the installations will be donated to the individual community groups' buildings who can then benefit from the remaining useful lifespan of the panels (up to 30 years). However, at the end of the leases the Society may choose to replace the installations or not, and to continue in business or wind up, according to the business of the Society at that time.

## Tax Relief

Enterprise Investment Scheme tax relief has been withdrawn for most community renewable energy projects.

Should a major event occur which substantially reduces the value of Shares, members may be able to claim Loss Relief based on their income tax band and the total reduction in value of their membership. As the construction of the installations will only commence once funds are raised and sufficient time is available to complete prior before Feed in Tariff rates drop, it is highly unlikely that this Relief would need to be utilised.

## Projected Member Returns

An illustrative example of how the projections would relate to a Member investing £1,000 assuming the project stays in line with the assumptions stated below.

Example of Members return (£)								
A £1000 Member gets	yr. 1	yr. 2	yr. 3	yr. 4	yr. 5	yrs. 6-10	yrs. 11-20	all yrs. 1-20
Interest on investment £	17.28	17.62	18.68	19.76	16.20	96.75	276.15	462.45
Capital repayment £	0.00	52.00	52.00	52.00	52.00	252.00	500.00	1,000.00
Total	67.28	67.62	68.68	69.76	66.20	346.75	776.15	1462.45

## 20 YEAR INCOME AND EXPENDITURE PROJECTIONS

Projections assuming all installations completed:

		Year 1	Year 2	Year 3	Year 4	Year 5	Total over 20 years
Headline figures	Operating Surplus	£ 43,028	£ 43,716	£ 44,411	£ 45,114	£ 42,977	£ 948,811
	Member Distributions	£ 10,085	£ 45,196	£ 45,887	£ 46,586	£ 44,446	£ 943,280
	Cash in bank	£ 32,944	£ 31,214	£ 29,487	£ 27,765	£ 26,046	
<b>PROFIT AND LOSS</b>							
	<b>Income</b>						
	Generation	£ 18,725	£ 18,956	£ 19,189	£ 19,424	£ 19,660	£ 420,310
	Exported elec.	£ 5,356	£ 5,449	£ 5,543	£ 5,638	£ 5,735	£ 126,232
	On-site sales	£ 34,195	£ 34,787	£ 35,387	£ 35,995	£ 36,612	£ 805,900
	<b>Total income</b>	£ 58,276	£ 59,192	£ 60,119	£ 61,058	£ 62,007	£ 1,352,442
	<b>Expenses</b>						
	Operating Expenses	£ 15,247	£ 15,476	£ 15,708	£ 15,944	£ 19,030	£ 403,631
	<b>Total expenses</b>	£ 15,247	£ 15,476	£ 15,708	£ 15,944	£ 19,030	£ 403,631
	<b>Operating Surplus</b>	£ 43,028	£ 43,716	£ 44,411	£ 45,114	£ 42,977	
	Depreciation	£ 32,944	£ 32,944	£ 32,944	£ 32,944	£ 32,944	£ 658,873
	Loan Interest + Fees	£ -	£ -	£ -	£ -	£ -	£ -
	Corporation tax						
	Interest earned	£ -	£ 165	£ 156	£ 147	£ 139	
	<b>Surplus</b>	£ 10,085	£ 10,772	£ 11,467	£ 12,170	£ 10,034	
	<b>Distributions</b>						
	Community Fund	£ -	£ 250	£ 250	£ 250	£ 250	£ 4,750
	Member Interest payments low	£ 10,085	£ 10,518	£ 11,209	£ 11,909	£ 9,768	£ 284,407
	Member Interest payments high	£ -	£ -	£ -	£ -	£ -	£ -
	<b>Total distributions</b>	£ 10,085	£ 10,768	£ 11,459	£ 12,159	£ 10,018	£ 289,157
	<b>Retained funds</b>	£ -	£ 4	£ 8	£ 11	£ 15	£ 781
<b>CASHFLOW</b>							
	Retained Funds	£ -	£ 4	£ 8	£ 11	£ 15	
	Add back depreciation	£ 32,944	£ 32,944	£ 32,944	£ 32,944	£ 32,944	£ 658,873
	Member Capital repayment	£ -	£ 34,678	£ 34,678	£ 34,678	£ 34,678	£ 658,873
	Loan Capital repayment	£ -	£ -	£ -	£ -	£ -	£ -
	Cashflow in year	£ 32,944	-£ 1,730	-£ 1,726	-£ 1,722	-£ 1,719	
	<b>Cash in bank</b>	£ 32,944	£ 31,214	£ 29,487	£ 27,765	£ 26,046	

Projections assuming just first installations completed:

		Year 1	Year 2	Year 3	Year 4	Year 5	Total over 20 years
Headline figures	Operating Surplus	£ 23,398	£ 23,770	£ 24,145	£ 24,525	£ 23,291	£ 514,160
	Member Distributions	£ 6,009	£ 24,431	£ 24,803	£ 25,179	£ 23,941	£ 508,629
	Cash in bank	£ 17,390	£ 16,478	£ 15,570	£ 14,667	£ 13,767	
<b>PROFIT AND LOSS</b>							
	<b>Income</b>						
	Generation	£ 10,722	£ 10,855	£ 10,988	£ 11,123	£ 11,258	£ 240,681
	Exported elec.	£ 1,829	£ 1,860	£ 1,893	£ 1,925	£ 1,958	£ 43,102
	On-site sales	£ 19,289	£ 19,623	£ 19,961	£ 20,304	£ 20,652	£ 454,592
	<b>Total income</b>	£ 31,840	£ 32,338	£ 32,842	£ 33,352	£ 33,868	£ 738,375
	<b>Expenses</b>						
	Operating Expenses	£ 8,441	£ 8,568	£ 8,697	£ 8,827	£ 10,578	£ 224,215
	<b>Total expenses</b>	£ 8,441	£ 8,568	£ 8,697	£ 8,827	£ 10,578	£ 224,215
	<b>Operating Surplus</b>	£ 23,398	£ 23,770	£ 24,145	£ 24,525	£ 23,291	
	Depreciation	£ 17,390	£ 17,390	£ 17,390	£ 17,390	£ 17,390	£ 347,793
	Loan Interest + Fees	£ -	£ -	£ -	£ -	£ -	£ -
	Corporation tax						
	Interest earned	£ -	£ 87	£ 82	£ 78	£ 73	
	<b>Surplus</b>	£ 6,009	£ 6,380	£ 6,756	£ 7,136	£ 5,901	
	<b>Distributions</b>						
	Community Fund	£ -	£ 250	£ 250	£ 250	£ 250	£ 4,750
	Member Interest payments low	£ 6,009	£ 6,126	£ 6,498	£ 6,874	£ 5,636	£ 160,836
	Member Interest payments high	£ -	£ -	£ -	£ -	£ -	£ -
	<b>Total distributions</b>	£ 6,009	£ 6,376	£ 6,748	£ 7,124	£ 5,886	£ 165,586
	<b>Retained funds</b>	£ -	£ 4	£ 8	£ 11	£ 15	£ 781
<b>CASHFLOW</b>							
	Retained Funds	£ -	£ 4	£ 8	£ 11	£ 15	
	Add back depreciation	£ 17,390	£ 17,390	£ 17,390	£ 17,390	£ 17,390	£ 347,793
	Member Capital repayment	£ -	£ 18,305	£ 18,305	£ 18,305	£ 18,305	£ 347,793
	Loan Capital repayment	£ -	£ -	£ -	£ -	£ -	£ -
	Cashflow in year	£ 17,390	-£ 911	-£ 908	-£ 904	-£ 900	
	<b>Cash in bank</b>	£ 17,390	£ 16,478	£ 15,570	£ 14,667	£ 13,767	

## Assumptions

The Projections are based on the following principal assumptions:

1. That this and any subsequent Share Offers will raise all the funds required and that loan facilities will not need to be accessed. Should loan facilities be required, returns to members may reduce. Loan facilities which offer the best terms to the Society will be approached in the first instance.
2. That annual energy production of the installations will be in line with the estimates made and will reduce at a linear rate no greater than the production warranted by the manufacturer. In the event that the predicted energy production falls below the projected levels and the warranty not being enforced, the revenues of The Society will be reduced. In the case of a technical fault, the Society will endeavour to make sure that this is covered by technical warranties and/or insurances. However, these may not cover all eventualities.
3. Current expectations relating to the global energy market and the UK electricity industry will remain reasonably consistent and reasonably favourable to the project over the next 20 years, resulting in continuing demand for electricity produced by the installation.
4. Historical Government commitment to retaining Feed-in Tariff rates for existing projects at existing rates will be retained in spite of any cuts for future projects ('grandfathering').
5. That the p/kWh of supply to the community centres will not fall below an average of 9.0p/kWh and will increase in line with the energy retail price index.
6. Prices at a reasonably similar level to those currently obtainable for ongoing maintenance and other operating costs will be achieved through the life of the Installation (after allowance for annual inflation).
7. Operation and maintenance costs will be incurred from the start of operations and will rise no faster than inflation.

**Projections and assumptions such as these are inherently less reliable over longer time spans.**

## Notes on the Financial Projections

1. The projections in this offer document are based on work carried out by the Board, aided by Sharenergy, Oldham Council, Voluntary Action Oldham and Renewables4Business.
2. Inflation is modelled at 1.5% per annum over the 20-year period.
3. Income is based on the projected FiT rates of 4.25p/kWh for installations below 10kW and 4.46p/kWh for installations between 10kW and 50kW, electricity sales as negotiated with host sites, and the relevant Feed-in-Tariff export rate. These projected rates are highly dependent on the quantity of other PV systems installed in the UK. A 10% depression penalty will be applied if the overall capacity of new installations in the UK exceeds 49MW total of sub-10kW capacity and 17 MW total of 10-50kW capacity between June and September 2016. At the time of writing, earlier deployment levels of this scale of PV had only filled around 1/4 of the total capacity available.
4. Depreciation of equipment is straight-line over the 20-year period and creates a fund to pay back Members' capital. Capital is here modelled as being returned to Members annually after year 1 subject to the maintenance of a contingency reserve within the Society.
5. Business rates are set according to the published rates for Oldham Council and assume 50% discretionary rate relief which we expect to be available.

6. Insurance costs are set at £1,300/year – this is based on an estimate using data from other similar projects.
7. Maintenance is assumed to be very minimal and is restricted to the costs of maintaining the meters and cleaning every couple of years plus a contingency to cover faulty inverters, minor repairs, and electrical inspection from year 5.
8. It is assumed that the inverters will each need to be replaced or repaired once over the twenty years. The costs of extending the warranty or replacing the inverters are assumed to be an additional cost to the coop every 5 years.
9. Interest on cash in bank is conservatively modelled at 0.5% for the entire 20 years.
10. All profits are allocated to depreciation charge, retained for possible decommissioning costs (retained funds), or paid as interest to members so the projections do not predict a liability for Corporation Tax. Note that Members may be liable for Income Tax on their returns from investment, although we expect these interest payments to be eligible for income tax relief under the new Personal Savings Allowance.
11. Normal monthly cash expenditure is expected to be small and will be amply covered by the generation and FiT income. The Projections anticipate that the Society will be cash positive each year from the commencement of operations. The Directors plan to place any net surpluses from the scheme into a community fund, providing for good causes in the Oldham area. This fund is anticipated to be small/nil at present but will be agreed annually based on first meeting all other costs and obligations outlined in this Share Offer document.

## Risk Factors

All investment and commercial activities carry risk, and investors should take appropriate advice and make their own risk assessment whilst bearing in mind the social and environmental aspects of this investment opportunity. Attention is drawn to the following:

### General investment risks

- The value of shares can fluctuate according to the value of the underlying business.
- Offer Shares will not be transferable or traded on a recognised stock exchange.
- Members wishing to withdraw their share capital will be able to apply to the Board for this purpose after the third year of operation. Withdrawal of share capital is at the discretion of the Board.

### Renewable energy industry risks

- Government policy towards renewable energy may change. However throughout the operation of the FiT successive Governments have maintained the commitment to the process of 'grandfathering' which ensures that whatever tariff a project is registered for at the commencement of operation, will remain the same for the duration of the FiT period. This payment is also index linked to RPI.
- New technology, inventions and developments may render existing technologies and equipment obsolete. However, PV is a mature technology and we have selected a respected manufacturer for the panels (Bloomsberg Tier 1 rated) and inverters so that technological advances of this magnitude within the life of the project are considered unlikely.
- Long-term changes to weather patterns could result in lower levels of production. However, there is no evidence that the Society is aware of that this will affect energy production at this site. Atypical short-term weather conditions could affect expected levels of generation, although overall patterns outside anticipated parameters are unlikely.
- Operational costs may rise faster than anticipated during the life of the Project. For this scale of installation, typical operational costs are very low.

### Risks specific to the Society

- The projections are based on the predicted energy yields. If the energy yields were to be lower on average over the project period then Members' returns are likely to reduce. However, conservative assumptions using industry-standard methods have been used.
- Equipment failure due to exceptional circumstances would increase maintenance costs and this would impact on Society income. However, warranties will be in place for equipment and loss of production. Accidental and malicious damage will also be covered under insurance.
- None of the sites have as yet signed a Lease with Oldham Community Power. However, the Council who own the buildings have made a commitment to the project proceeding and have given the Society an exclusivity agreement. Draft Leases are under negotiation and it is likely that the final Leases will include some clauses which would require the panels to be removed from each particular site under certain eventualities.
- Any changes to the FiT that occur before the installations are commissioned could result in a change to projections, or in the worst case, non-viability of the project. A review of deployment levels and current FiT rates will be completed before each

installation is given the go ahead and paid for. If commissioning were to be delayed such that the projected FiT was not available Members predicted return would reduce. Individual installations may not proceed if they are too close to the deadline.

- A large digression (drop) in FiT rates caused by a surge in installations would impact on the overall project and its viability and lead to a reasonable drop in income. The likelihood of this is expected to be low, though the Directors and their advisors will check the regularly published installation statistics so that they can cancel or reduce installations if this risk occurs. The project benefits from obtaining most income from on-site use which minimises overall exposure to changes in FiT tariffs.
- Advance assurance is not available for the reduction in business rates for which Directors believe the Society is eligible. In the event that the Society's application for business rate reduction is declined by the relevant Local Authorities, then Members' returns are likely to reduce.

## Management and Administration




This section provides details on the Board and the running of The Society.

### The Board

The current board will run the share issues and oversee the installation of the panels.

Board elections from the new Membership will be held at the first AGM following the Share Offer in Spring 2017.

### Biographies

Bill Edwards	Colin Salt	Alan Price
Bill is also a Director of Saddleworth Community Hydro. He has worked as part of the team that has successfully delivered the award-winning 50kW hydroelectric scheme at Dove Stone Reservoir in Saddleworth.	A former PV installer, Colin has managed installation of multiple 50kWp installations leading up to the FiT reduction in 2011. Including in-depth analysis of yield predictions and system design for potential clients.	Director and main project manager will be Alan Price of Athene Environmental. His experience includes working for Royal Mail where he was responsible for project design plus the development and implementation of multi-million pound projects.
		

### Oldham Council Board Member

Oldham Council have been granted a permanent seat on the Board. This recognises the role and place of Oldham Council in the initial set up of the project and in the number of Council buildings involved in the project.

The Director from the Council will be nominated by the Council annually. The current nominated Director is Councillor Abdul Jabbar.

### Current and intended shareholdings of Directors

The total intended shareholdings of Directors and their direct family Members, including Oldham Council, amounts to £21,000.

### Disclosure

None of the Directors of Oldham Community Power have, for at least the past five years, received any convictions (for any fraudulent offence or otherwise), or been involved in any bankruptcies or receiverships, or received any public recrimination or sanction by a statutory or regulatory authority or designated professional body, or been disqualified from any function by any court.

### Conflicts of Interests

Where any Director declares or is identified as having a conflict of interest, that Director is required to be absent from discussions. Due to the extent of possible conflicts of interest for the

Council appointed Director, the Rules contain a complete description of how this will be managed.

### Remuneration

No remuneration has been paid to Directors by the Society. When the Installations are generating electricity each Director will be entitled to claim fees and/or expenses not exceeding £50 p.a. in addition to travel expenses. Directors' share applications will be met in full, but there are no pension schemes, share option schemes and except for the reimbursement of expenses, there are no other benefits for Directors.

### Board Practices

Directors serve in accordance with the Rules. There are no service contracts for them or the Secretary. The Society currently has no employees and the business is not dependent on key individuals. Day-to-day operations will be managed by the Society, under the supervision of the Board.

As a Community Benefit Society, Oldham Community Power complies with statutory requirements and those of the Financial Conduct Authority. As the Shares will not be listed, Oldham Community Power is not obliged to comply with The Combined Code on Corporate Governance.

### Accounts

Oldham Community Power was registered on 08/02/2016. Its financial year-end is 31/12/16. At the time of commencing the share issue 4 shares had been issued at par to the Directors and founding Members.

### Interest Policy

Members' Shares will attract a payment of interest annually in arrears. Interest rates will vary according to financial performance.

### Legal Proceedings

There have been no governmental, legal or arbitration proceedings relating to the Project or Oldham Community Power and none are pending or threatened which could have a significant effect on the financial position or profitability of the Society.

### Data Protection

Shareenergy Ltd, who will keep the official record of members, are registered under the Data Protection Act. The Board may agree to Shareenergy sending information about similar projects to Members from time to time.

### Rules of the Society

Community Benefit Societies are governed by Rules approved by the Financial Conduct Authority. A copy of the Rules is available from the Society (see contact details on back page of this Offer).

### Further information

Other documents mentioned in this Offer are available from the Society (see contact details on back page of this Offer).

General information sourced from third parties in this Offer Document has been accurately reproduced. As far as the Directors are aware and are able to ascertain from information published by those third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## Share Offer

### Reasons for the Offer and use of proceeds

This Offer is being made so that:

- Oldham Community Power and its Members are able to generate renewable energy and benefit the local community, both financially and through the generation of low-carbon electricity.
- The Society can raise the funds required to complete the installation of PV panels on community buildings across Greater Manchester.
- Members may be as far as possible drawn from the local community.

### Offer Shares

£658,900 (Six Hundred and Fifty Eight Thousand nine hundred) ordinary Shares of £1 are offered at par and payable in full on acceptance of an application on the Terms and Conditions of this Offer Document. The Shares, which will not be traded on any stock exchange, have been created under the Co-operative and Community Benefit Societies Act 2014.

Successful applicants will receive share certificates and their details and holdings will be recorded in a share register to be kept by Oldham Community Power at Sharenergy, The Pump House, Coton Hill, Shrewsbury, SY1 2DP, or any successor business address. Each person or organisation issued with Shares becomes a Member of the Society, with Membership rights defined in the Rules. The principal rights are:

- One vote per holding on resolutions of the Members, including in relation to the appointment of Directors.
- The right to receive a proportionate annual interest payment as a return on the investment in shares (subject to available surplus).
- The right to the return of the original investment at the end of the life of the Installation (subject to available surplus assets and any new business of the Society).
- As a Member, eligibility for election to the Board.

### Share allocation and tax reliefs

Shares will be allocated for the lower amount of 348,000 after the initial closing date and up to 658,900 after the later closing date. In the case of over-subscription additional shares will be allocated up to the full amount of shares requested and up to the full cost of the project. In the case of over-subscription where further shares cannot be allocated, priority will be given to applications from residents, charities, and business based in Oldham borough.

For the avoidance of doubt there are no separate share classes – all shares whenever issued are equivalent Member Shares, carrying exactly the same rights. Similarly, all Members of the Society have equal status.

### Interest payments

Interest will be paid on the balance of each Member's account at the rate determined by the Directors but with a lifetime target of 4.0% IRR being achieved by the end of the 20 years. subject to annual financial performance. The date on which entitlement to interest arises will be announced each year. It is envisaged that any interest unclaimed for a period of 7 years will be cancelled for the benefit of all Members. Interest payments are restricted to that rate which in the opinion of the Directors is required to obtain and retain the capital required by the Society. No special procedures have been established for non-resident holders.

### Voting rights

Each Member has one vote, regardless of the number of Shares held. There are no pre-emption rights.

### Rights to share in profits/surpluses

All Members are entitled to share in interest declared out of annual profits, such payments to be divided equally between the total Shares in issue. This means that a Member with 10,000 shares has a single vote but will receive interest on all 10,000 shares.

When the Installation comes to the end of its life Members may choose to liquidate

the Society, in which case assets will be realised and the net proceeds applied in repaying any outstanding Members' share capital. Any surplus will not be paid to Members but will be transferred to another body with similar aims as required by the Society's Rules.

### **Redemption provisions**

Redemption of Shares may take place in accordance with the Rules. Members do not have the right to withdraw share capital but the Board of The Society has the power to permit Shares in The Society to be withdrawn by agreement between the Board and the Member. Members can apply for withdrawal of share capital after the third year of operation. In addition, the Board has the power to return capital to Members at its discretion.

### **Taxation**

Interest payments made to Members will be subject to relevant United Kingdom taxation. It is expected that payments will be made gross and investors will be responsible for declaring this income on their tax returns as required.

### **Provisions on death of a Member**

In accordance with the Society's Rules, on the death of a Member of the Society, their personal representative can apply for withdrawal of the share capital. Return of share capital under this provision will be prioritised by the Board over any other return of Member's capital.

## **Terms and Conditions**

### **Eligibility**

The Offer is open to any person (over 16 yrs. old) or organisation meeting the Membership requirements.

### **Application procedure**

- Shares shall be applied for using the Application Form following the Guidance Notes.
- By delivering an Application Form an Applicant offers to subscribe, on the Terms and Conditions contained in this Offer Document, for the number of Shares specified, or such lesser number as may be accepted.
- An Applicant who receives Shares agrees to automatic Membership of the Society and to be bound by its Rules.
- An application once made cannot be withdrawn.
- Multiple subscriptions will be admitted providing that they do not result in a Member (other than a Registered Society) holding more than the maximum permitted amount.

### **The Offer timetable**

The Offer will remain open until 14<sup>th</sup> July 2016. None of the Society, its Directors or advisors will be responsible for loss of interest or any other benefit suffered by Applicants during the period the monies are held by the Society.

### **Procedures on receipt of Applications**

- Offer cheques/bankers' drafts will be presented on receipt and may be rejected if they do not clear on first presentation.
- Surplus Application Monies may be retained pending clearance of successful Applicants' cheques.
- Applications may be rejected in whole, or in part, or be scaled down, without reasons being given.

- Application Monies in respect of any rejected or scaled-down Applications shall be returned no later than one month after the end of the Offer.
- No interest is payable on submitted Application Monies which become returnable.
- Applications on incomplete or inaccurate Application Forms may be accepted as if complete and accurate.
- The Society reserves the right not to enter into correspondence with Applicants pending the issue of share certificates or the return of Application Monies.
- Results of the Offer will be published on the Project website within one month after the Offer has been closed.
- In the case of oversubscription, Directors' applications will be met in full and the Directors shall, at their discretion, determine the appropriate allocation of Shares
- Share certificates will be issued to successful Applicants within one month after the end of the Offer Period.

### **Amount to invest**

The price of each share is £1. The minimum number is 100. The maximum is 100,000, including any existing shares held. Annual interest payments will be based on the number of Shares you hold, but you will only have one vote, regardless of the number of Shares you hold.

### **Declaration**

In signing the Application Form you are making an irrevocable offer to enter into a contract with the Society.

Under Money Laundering Regulations, you may be required to produce satisfactory evidence of your identity and it is a condition of the Offer that you do so as requested.

Non-UK residents must take responsibility for ensuring that there are no laws or regulations in their own country that would prevent them from investing in or receiving income from a UK Society.

### **Pricing, trading and dealing arrangements**

Shares are offered at their par value of £1. The underlying asset value of each Share is likely to remain at £1 and any Share redemption will take place at par.

### **Applying for Shares**

Before completing the Application Form you should consider taking appropriate financial and other advice. Your attention is particularly drawn to:

- The Risk Factors section which describes risks relating to an investment in the Offer Shares.
- Terms and Conditions of the Offer. By completing the Application Form you will make an irrevocable offer which may be accepted by the Society.
- The Rules of the Society. In buying Offer Shares you will become a Member of the Society and will be bound by those Rules.

### **Allocation**

The number of Offer Shares you apply for will not necessarily be the number of Shares you will receive. If the Offer is over-subscribed your application may be scaled down, or even rejected in its entirety.

Priority will be given to applications from community groups benefiting from the Installations and to local applicants (defined as persons, charities and businesses who are directly served by Oldham Council).

### **Payment**

Please attach a cheque or bankers draft, drawn on a UK bank or building society, for the exact amount shown in the box under 'Amount to invest'.

You may also pay by bank transfer. Cash payments cannot be accepted.



**Before completing this Application Form you should:**

- Read the accompanying Share Offer Document
- Pay special attention to the Risk Factors set out in this Offer Document
- Consider where you need to take financial advice or other advice
- Read the Rules of Oldham Community Power available from the Society

I wish/my organisation wishes to invest a total amount of £       .00 in Oldham Community Power on the Terms and Conditions of the Offer Document at the price of £1.00 per Share. *You may subscribe not less than £100 and not more than £100,000.*

**Title (Mr/Mrs/Ms/other):**

Surname:

Address:

**Day-time Telephone:**

Please provide your email address if possible to keep admin costs down.

To allow payments from the Society to you to be paid by bank transfer and not by cheque, please provide bank details.

**If the Application is an organisation please fill in the contact details above and also**

Organisation name:

Organisation address:Type of organisation:Registration number:Position of authorised signatory:

**We would be grateful if you would inform us how you first heard of this Share Offer:**

*Please continue to and sign the Declaration overleaf*

## Declaration

I confirm my understanding that:

- This Application may be withdrawn if a supplementary Offer Document is issued, but not otherwise and if and when accepted by the Society forms a contract in law on the Terms and Conditions of the Offer Document.
- An Applicant who/which is not UK resident is responsible for ensuring that this Application complies with any laws or regulations applicable outside the UK to which he/she/it is subject.
- If the Offer reaches its target early it is possible that an otherwise eligible Application will not be accepted in part or in whole.

I confirm that:

- I have read the Offer Document (including the Risk Factors and the Guidance Notes to this Application Form) and the Rules of the Society.
- I am over 16 and the Applicant meets the Offer eligibility criteria.
- The Society is hereby authorised to make such enquiries as are deemed necessary to confirm the eligibility of this Application.
- The Applicant is not relying on any information or representation in relation to the Offer Shares or the Society that is not included in the Offer Document.
- The Applicant shall provide all additional information and documentation requested by the Society in connection with this Application, including in connection with money laundering, taxation or other regulations.
- If signing this Application on behalf of any person/organisation I am doing so with explicit authority.

I understand that any cheque supporting this application will be presented for payment upon receipt and I warrant that it will be paid on first presentation.

<b>Signature</b> (Applicant/on behalf of Applicant organisation as applicable):	<b>Date:</b>
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### Payment

I wish to pay by      cheque: ☐      transfer:      ☐ (tick as appropriate)

Cheque	Transfer
Please attach a single cheque or banker's draft for the amount shown above, payable to Oldham Community Power Limited and crossed a/c Payee.	Please transfer to the following account: Oldham Community Power Limited Sort code: 08-92-99 Account no.: 65798807 Please use the Applicant name as the reference attached to the transfer.

Send your completed Application Form and payment to:

Oldham Community Power Limited, c/o Sharenergy, The Pump House, Coton Hill, Shrewsbury, SY1 2DP or sign, scan and email to [info@sharenergy.coop](mailto:info@sharenergy.coop)

This application form can be photocopied and additional application forms are available. For all enquiries use the contact details on the back of this Offer document.

**THANK YOU FOR APPLYING TO JOIN OLDHAM COMMUNITY POWER.**

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## Glossary

**Applicant** An applicant for Offer Shares through submission of an Application Form.

**Application Form** The form in this Offer Document that must be completed and returned in accordance with the Terms and Conditions of this Offer and the Guidance Notes.

**Application Monies** The total gross sum realised by this Offer.

**Board** The Board of Directors of Oldham Community Power.

**Climate Change** The phrase widely used to describe changing weather patterns as a direct result of global warming.

**Community Fund** A fund endowed by the Society that is to be distributed to local organisations.

**Directors** The directors of Oldham Community Power.

**FiT (Feed in Tariff)** Incentive for electricity generation introduced by HM Government on 1st April 2010 under powers from the Energy Act 2008.

**Installations** in this Offer Document refers to all of the photovoltaic panels, inverters, and ancillary equipment of the Project in its whole or an Installation in part where it applies to a single site.

**kW (kilowatt)** A unit that measures power and is equal to 1 thousand watts.

**kWh (kilowatt hour)** A unit that measures energy and is equal to the energy that can provide the power of 1 kW for the period of one hour.

**MWh (megawatt hour)** A unit that measures energy and is equal to the energy that can provide the power of 1 MW for the period of one hour.

**Offer** The Offer of Shares in the Society contained in this Offer Document.

**Offer Costs** The expenses incurred by or on behalf of the Society in issuing this Offer Document.

**Offer Period** The period during which the Offer will remain open (including any extension) as set out in the Offer timetable in this document.

**Offer Shares** New shares of £1 in the Society, offered at par on the Terms and Conditions and payable in full on application.

**Oldham Community Power (or the Society)** Oldham Community Power Ltd. A Community Benefit Society Registered with the FCA No. R

**Oldham Community Power Shares** Ordinary shares of £1 in Oldham Community Power.

**PPA** Power Purchase Agreement for the sale of electricity.

**Project** The proposed ownership and operation by the Society of a portfolio of PV installations.

**Projections** The financial projections for the Society set out in this document.

**Rules** The Rules of the Society, available on demand.

**Shareenergy** Shareenergy Co-operative Limited. A Registered Society (registered no. 31237R)

**Site** the location of one or more of the proposed Installations.

**Terms and Conditions** The terms and conditions of the Offer contained in and constituted by this Offer Document.

For enquiries relating to this Share Offer contact Leila on:  
01743 277119; leila@shareenergy.coop

For administration enquiries such as how to make payments please contact Etty on:  
01743 277119; admin@shareenergy.coop

**Please also visit our project website with further documents  
and information**

**[www.oldhamcommunitypower.org.uk](http://www.oldhamcommunitypower.org.uk)**

Find us on:



[www.facebook.com / oldhamcommunitypower](https://www.facebook.com/oldhamcommunitypower)



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