



Wiltshire
Wildlife
**Community
Energy**

BUSINESS OVERVIEW

October 2014





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Business Overview and Financial Projections



The purpose of this document is to explain Wiltshire Wildlife Community Energy (WWCE) to potential members and to present our overall financial projections. It should be read in conjunction with any share offer document.

WWCE is a community-owned sustainable energy company. We believe a community-owned structure is the right model to create local support for renewable energy installations, and that local, decentralised supply offers a viable and resilient business model. Our purpose is to benefit our local community through increased resilience, cheaper energy costs, greater local value added and through the recycling of our profits into projects that will mitigate against climate change.

We work closely with Bath & West Community Energy Ltd who provide the experience and expertise to build a viable business, and we are convinced that our business model is robust, profitable and competitively differentiated.

We believe that focusing on renewable electricity, in particular solar PV, will enable us to build a platform from which we can develop community based services supplying renewable electricity, heat and energy efficiency.

This document gives an overview of WWCE for potential members, and accompanies the prospectus being issued to invite members to invest in the company. In the longer term we have ambitions to become a major local generator of renewable energy through solar, wind and other renewable technologies.

A key part of our plan is to provide community benefits that include generating a significant community fund from surplus profits, offering local people opportunities to invest in local projects and generate good returns, an emphasis on building local supply chains wherever possible, all within the context of a community enterprise offering good governance and local accountability.



Vision and Goals

Our vision is to create a financially sustainable, community-owned energy enterprise that will deliver renewable energy via a strong community model that will maximise local investment, strengthen our local economy and build community resilience.

At the same time we will promote the conservation and protection of wildlife and its habitats, safeguard the environment for public benefit and support sustainable development projects from funds raised on a not-for-profit basis.

WWCE'S GOALS ARE TO:

- Generate a significant proportion of the local renewable electricity by 2026, amounting to over 100 MWe.
- Commission 20 MWe of renewable electricity projects by 2018.
- Offer opportunities to local people to invest and generate a good return from WWCE and its projects.
- Generate a community fund that will recycle surplus profits back into further local projects covering, for example, wildlife conservation, energy efficiency, sustainable development or local food initiatives.
- Promote the conservation and protection of wildlife and its habitats.
- Support local businesses by sourcing goods and services locally wherever possible.

As an Industrial and Provident Society set up for the benefit of the community (or 'Community Benefit Society'), WWCE has a democratic governance structure, with one member one vote regardless of size of shareholding thereby maximising local accountability and control.



History & Projects

Wiltshire Wildlife Trust (WWT) has always been one of the most progressive in the country on sustainability issues, recognising early on that climate change was a major threat to wildlife and that the key to helping wildlife adapt to it involved encouraging and supporting people to live more sustainability.



Snakeshead Fritillaries at Clattinger Farm. Photo: RyanTabor

WWCE also recognised that Wiltshire in the first decade of the 21st century had one of the worst records in the country for renewable energy installation compared to per capita energy use, Trustees were keen to set a good example and install some renewable energy capacity on Trust land and buildings.

The first steps were taken by installing solar panels on three roofs at the Trust's Langford Lakes and Clattinger Farm reserves, but a larger statement was felt necessary. Large-scale wind and solar potential sites were explored and prospective commercial and not-for-profit partners looked at closely before a partnership with Bath & West Commercial Energy to develop a solar array at Chelworth was entered into, resulting in planning permission being gained in April

2013 and the formal registration of WWCE to develop the project on the 2nd July 2013.

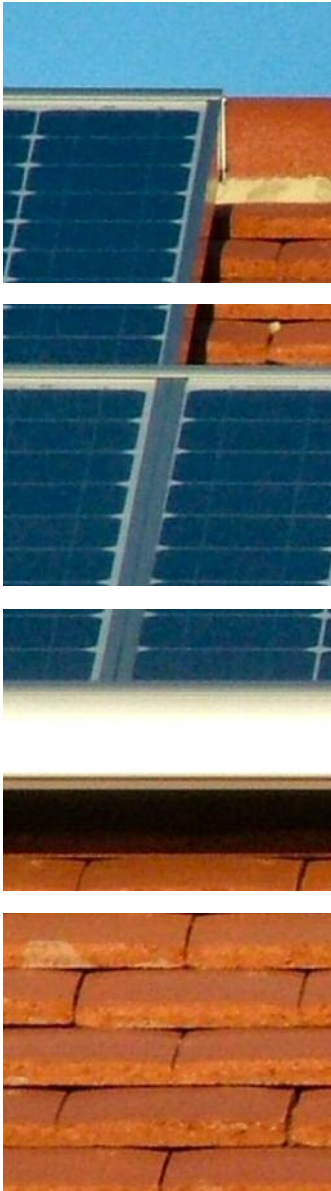
A share offer to build Chelworth raised £1.275 million between July and September 2013 against an initial target of £500,000 – meaning that no loan finance was needed. The existing WWT rooftop panels were purchased as well with the money in December, confirming WWCE registration under the Enterprise Investment Scheme and enabling investors to claim tax rebates on their investments.

The Chelworth array build started early in 2014 and began generating electricity in May 2014. The first AGM took place in July 2014, one year after registration, and interest payments of 7% were approved to investors. It was also announced at the AGM that the next project to be presented before investors would be Braydon Manor Farm.



The Market

The Feed in Tariff has been the major mechanisms for driving the organisation's business strategy to date.



Additional drivers included the Government's Localism agenda, the potential for community renewables to add value within the development of renewable energy at the sub 5MW scale where there was less commercial interest and within the planning process, the potential for individual investment opportunities to strike a chord with those looking for ethical investment and an increasing desire to take action amongst people at a local level.

Another important driver is the publication of Government's first-ever UK Community Energy Strategy. The Community Energy Strategy has put in place a number of working groups to address the most pressing problems around financing, grid connection, planning, hydro and shared ownership with commercial developers.

These working groups are currently reporting to Secretary of State for Energy & Climate Change, Ed Davey, who has committed to ensuring that tangible improvements are implemented as a result.

Significant reductions have been implemented in Feed in Tariffs since 2012, in particular for solar PV. Despite significant reductions in technology prices, it is now more difficult to make the smaller roof-mounted schemes financially viable although there is potential for larger roof top systems.

Significant further reductions for larger scale solar farms are being implemented from April 2015 which will make these projects less attractive. Conversely a new subsidy scheme called Contract for Difference is starting in October 2014 which could be promising if solar pv costs drop further.

Increased political resistance to onshore wind at national and local level in Wiltshire reduces the opportunity for wind projects.

All of this places increased emphasis on the outcome of the general election in May 2015 and the priority the new government places on community energy policies.



Community Benefit

WWCE is established as an Industrial Provident Society set up for the benefit of the community or a 'Community Benefit Society', with an asset lock and a governance structure based on one member one vote, regardless of the size of shareholding.

From this foundation WWCE will prioritise the provision of significant local community benefits by:

- Building local energy infrastructure that will make the community more resilient in the face of increasing energy costs and hedge against energy price inflation.
- Paying to a community fund that will enable WWCE to reinvest its surplus profits back into the community, over time reducing the loan burden on community assets and undermining local grant dependency.
- Delivering economic value for local communities by creating an opportunity for local people to invest in, and make a financial return from, local projects and by creating a demand for local services that can offer new opportunities for local businesses.
- Providing local accountability with regards the operation of WWCE and drawing local people into a wider debate how local energy services should be delivered in the future.

Community fund objectives and scope

The overall aim is to support projects which can help mitigate against the effects of peak oil supply and climate change in Wiltshire. The aim is:

- To allocate a proportion of the surplus income from WWCE renewable energy generation projects to the Community Fund, to be decided by a vote of members at each AGM
- To provide financial support via grant funding or investments in local projects within Wiltshire that meet the selection criteria.

Project proposals would have to:

- Demonstrate that they promote environmental sustainability, (rational use of energy, low/zero carbon energy use or production, or renewable energy generation - but not in competition with WWCE's project development activities).
- Emphasis will be on practical projects that lead to real community benefits.



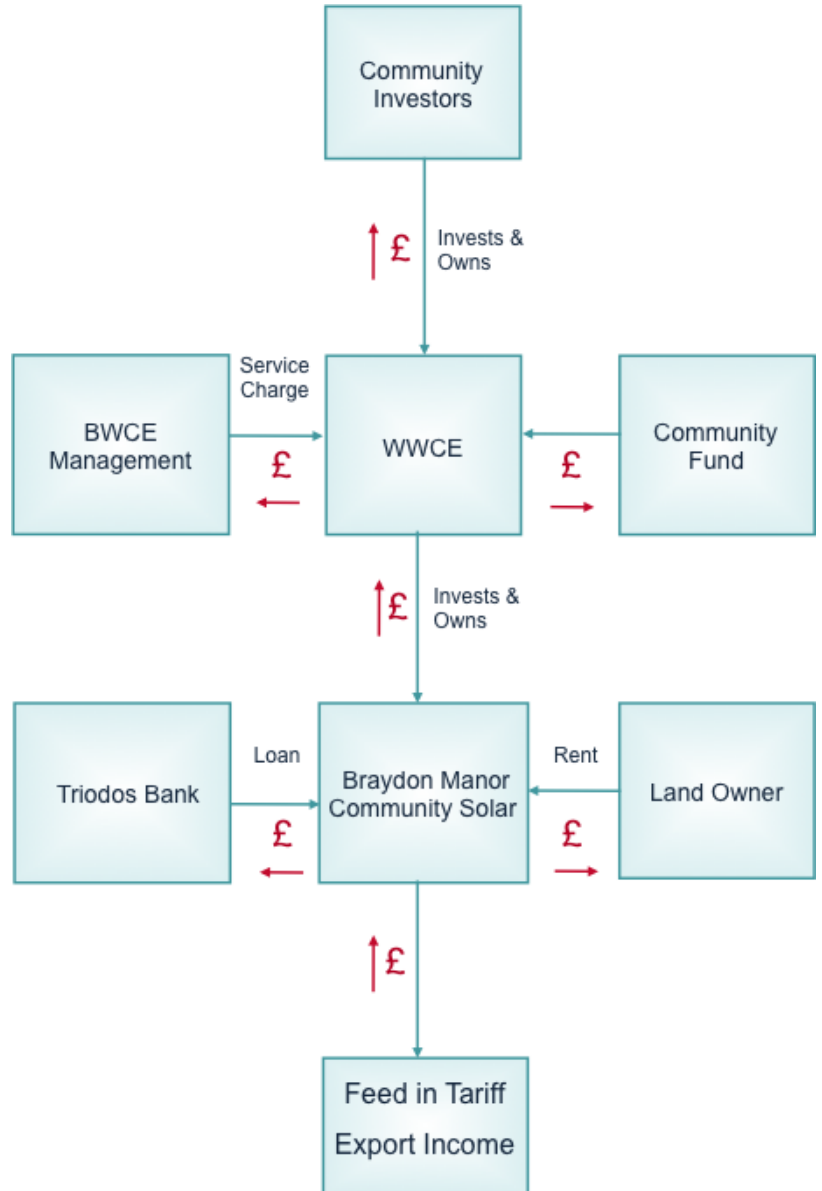
Business Model

WWCE’s business model involves:

- Developing community renewable energy projects through local partnerships
- Securing investment via local share offers and matching debt finance, institutional investment and/or co-investment
- Securing income via the Feed in Tariff and the FIT CFD Scheme and sales of electricity exported
- Operating and maintaining its own assets.
- Re-investing surplus profits in a Community Fund.

WWCE will utilise this foundation to develop its business plan to take advantage of new policy developments such as the Community Energy Strategy and look to develop appropriate partnerships necessary to set itself up as a local community owned energy supplier.

WWCE will manage its power plant installations through one or more Special Purpose Vehicles (SPVs). These are limited companies wholly owned by WWCE, which enable third party funding and contracts to be associated directly with the generating assets being funded/contracted.



Board and Governance



Lesley Bennett – Chair

As well as being a former Trustee of Wiltshire Wildlife Trust, Lesley's business experience includes being Customer Director at Wessex Water and a Director at Swindon & Marlborough NHS Trust, Malmesbury River Valleys Trust and North Wiltshire Council for Voluntary Service.



Peter Capener

Pete has worked in sustainable energy for nearly 30 years. He was chief executive of the Centre for Sustainable Energy in Bristol and is currently a Director of Community Energy England, a member of the ministerial Community Energy Contact Group and has been advising government during the development of the UK Community Energy Strategy.



Jeff Kenna

Jeff has a PhD in solar energy from Cardiff University. In 1982 he co-founded Energy for Sustainable Development Ltd which spun out several successful businesses including Camco Clean Energy plc which was listed on the London Stock Exchange with Jeff as CEO. Since 2011 he has been MD of BWCE and is non-executive Chairman of Camco.



Emma Chapman

Emma is Director of Business and Commercial Services at Wiltshire Wildlife Trust. She has been a branch and local business manager at Barclays and chief executive of a Nottingham-based enterprise agency. She has also been chief executive at the educational charity NWES WoW (World of Work).



David Bunker – Company Secretary

David is a chartered accountant and member of the Academy of Experts with over 20 years' experience in public practice. He has a long standing interest in sustainability, serving for many years as a trustee of the Centre for Sustainable Energy and is currently a director of Windcluster 2000 Ltd, a Cumbrian windfarm.



David De Saxe

David's business career was principally in multiple retail, food distribution and logistics. He was Overseas Finance Director of Marks and Spencer plc before leaving to practise accountancy as a sole practitioner with emphasis on business management and taxation.



Margaret Kershaw

As Head of Business Support at Wiltshire Wildlife Trust Margaret's role included finance, HR, ICT and Health & Safety. As Company Secretary she oversaw all land acquisitions. She retired in March 2014 but helped set up WWCE and was delighted to become a non-executive Director.



Board and Governance



James Page

James is currently Head of Engineering at Joju Solar. He previously worked in telecoms and broadcasting, from both a technical and regulatory front. He has an engineering degree from Cambridge.



Chris Patrick

Chris worked for two large businesses in junior, middle management and senior positions, mainly with finance and administration duties. He is retired now, but keeps busy with maintenance of the Village Hall, auditing charity accounts and helping Treasurers of local organisations.



John Watson

John is recently retired with 12 years Public Service in the military and over 30 years' experience in industry Commercial and Public Sector prime contracting. He was at school in Marlborough, had a two year naval posting in Corsham and has lived in Wiltshire since 2002.

WWCE is governed by a set of rules that are approved by the Financial Conduct Authority. These can be seen on our web site www.wwce.org. The WWCE board comprises 2 classes of directors:

- 4 permanent directors elected by Wiltshire Wildlife Trust and BWCE (2 from each). The 2 BWCE directors act as executives and report on the management of the company to the Board.
- 5 directors elected by the members on a 3 year basis, with one third of these director standing down each year (although they can be re-elected).



Ed Hannam of solartest completes the final tests before switch on at Chelworth



Management

WWCE business is managed by BWCE under contract. There are two contracts:

- A contract for developing and raising funds for new projects. BWCE does this work entirely at its own risk and is paid on success from funds raised. If projects fail then BWCE is not paid. The amounts paid are at market rates. BWCE uses any profit from this activity to develop other projects for its partner organisations including WWCE.
- A contract for operating and managing the projects. This covers management of contractors, invoicing and bookkeeping, member communications, payment of interest and contributions to the community fund, organisation of member meetings etc. The amounts paid for each project vary and are presented in the share offer document.

BWCE has a professional team with many years' experience in both renewable energy and community work. For further details see www.bwce.coop.



Future projects



WWCE has a target of installing 20 MW of projects by 2018. It is intended that these shall range from small roof top projects to larger solar arrays such as Braydon Manor. Appropriate scale wind turbines may be considered if suitable sites can be identified. It will develop these with BWCE and other

organisations such as Swindon Commercial Services.

WWCE will use the same financial criteria to decide on the viability of new projects such that the return to existing members is not jeopardised.



Financial Projections

BASIS OF FINANCIAL PROJECTIONS:

These financial projections have been produced for review alongside the share offer document for the Braydon Manor Solar Array. As a result these financial projections have been produced to demonstrate how the Braydon Manor Farm project affects WWCE’s operational performance and its subsequent ability to continue to offer the target returns to members and the community benefits central to WWCE’s business model.

These projections are therefore based on WWCE’s existing project portfolio plus the Braydon Manor Farm Solar Array, see box below.

PROJECT PORTFOLIO
WWCE’s Operational Solar PV Projects

Langford Lakes	10 kW
The Fisheries	4 kW
Clattinger Farmhouse	4 kW
Chelworth	1000 kW

The first three are referred to as ‘Rooftops’ in the financial projections.

WWCE’s Proposed Solar PV Project

Braydon Manor Farm Solar Array	5000 kW
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As outlined in associated Share Offer Document

The income and expenditure on the future projects outlined within this business plan update, to be delivered by WWCE, are not included since the detailed finances are not yet known. Full financial projections will however be included within an updated version of this document and published alongside future WWCE share offer documents.

Future projects will only be pursued if they meet hurdle rates of return that will not negatively affect existing members’ investment, the organisation’s ability to meet its target return for future investors and WWCE’s ability to generate significant community funds for re-investment into local communities.

ASSUMPTIONS

The key assumptions behind the financial projections include:

RPI: 3%

Electricity Price Rise: 1% above RPI (well below National Grid’s base case forecast for electricity price increase)

Panel performance: Range from 850kWh/kWp to 980kWh/kWp depending on project

Solar Panel Degradation: 0.5%/yr

Solar FIT: Varies from 44p/kWh for smallest of roof mounted schemes to 6.34 p/kWh for largest ground mounted scheme

Insurance: 0.2-0.3% of capex/yr

O&M: £10/kW/yr - £20/kW/yr

Forecast members’ interest: 7%

Rent: £5,000/yr per MW for ground mounted schemes.



COMMENTARY ON FIGURES

The figures show a strong cashflow with cash generation of over £11m, which is used to pay members' interest, members' capital and the community fund. Some cash is retained as working capital.

The profit and loss projections assume that the projects are revalued each year on the basis of the net present value of the future cash flow at a discount rate of 8%. This leads to a revaluation profit in early years and a loss in later years.

Since both interest payments to members and donations to the community fund are tax deductible, there is no taxable profit.

Projections assume annual 7% payment to members and all member capital invested returned over 22 years.

Actual repayments into the community fund and to members will be dependent on performance of the projects and the amount of cash that need to be retained for working capital.

The cash outflow and P&L loss in the last five years are what would be expected, as reserves are drawn down and cash paid out to contribute to the community fund and so move towards a zero balance.

However here we are only projecting the finances for our existing projects and the Braydon Manor Farm Solar Array, which will be wound down in the period concerned.

In practice new investments will come on stream so we will be showing positive profits and cash flow.



Financial Projections

P&L	FY14-18	FY19-23	FY24-28	FY29-33	FY34-39	Total
Revenue	3134	4356	5089	5952	4772	23303
Expenses	-754	-1089	-1258	-1458	-1974	-6533
Depreciation	-1202	-1419	-1283	-946	-410	-5261
Revaluation	1100	1041	77	-1586	-1978	-1346
Loan Interest & Fees	-699	-839	-561	-146	0	-2245
Sub Total	-1556	-2306	-3025	-4136	-4362	-15385
Less						
Members' Interest	-1028	-1339	-1252	-928	-86	-4634
Available Surplus	550	711	812	888	324	3284



Balance Sheet

EOY commencing 1 April	2018	2023	2028	2033	2038
Balance Sheet					
Fixed Asssets	7195	6817	5611	3079	720
Current Assets					
Cash at Bank	171	76	93	170	100
Reserve accounts	209	311	431	267	267
Debtors	59	87	119	155	147
	439	473	643	592	514
Current Liabilities					
Creditors	-57	-140	-236	-346	-474
Loan due in 12 months	-132	-195	310	0	
	-189	-335	-546	-346	-474
Net Current Assets	250	138	97	246	40
Long Term Liabilities					
Loan	-3040	-2184	-857	0	0
Net Assets	4405	4771	4851	3325	760
Represented by:					
Members' Equity	3946	3760	3224	1064	42
Reserves	460	1011	1627	2261	718
	4405	4771	4851	3325	760



Cash Flow

	FY14-18	FY19-23	FY24-28	FY29-33	FY34-39	Total
Capex	-6100					-6100
Loan Finance	3400					3400
Members equity	2700					2700
Feed in Tariff Income	1644	2254	2561	2909	532	9900
Export tariff	1431	2075	2496	3006	4244	13251
Total income	3075	4329	5057	5915	4776	23151
Rent	-138	-188	-218	-253	-338	-1135
Insurance	-63	-86	-99	-115	-156	-519
O&M	-284	-430	-494	-573	-783	-2563
Management Cost	-183	-257	-298	-345	-459	-1541
Other costs	-17	-27	-31	-36	-50	-161
Contingency	-13	-19	-22	-26	-37	-118
Total Opex	-697	-1006	-1163	-1347	-1824	-6037
Operating surplus before financing	2378	3323	3894	4567	2952	17115
					0	
Loan interest	-689	-824	-543	-134	0	-2191
Loan capital	-328	-793	-1212	-1167	0	-3500
Bank Fee	-10	-15	-17	-12	0	-54
Net Cash	1350	1691	2122	3254	2952	11370
Members' Interest	-1028	-1339	-1252	-928	-86	-4634
Members' capital repaid	-89	-186	-536	-2159	-1022	-3993
Reserve accounts	-209	-102	-120	164	0	-267
Community Fund	-90	-159	-195	-254	-2020	-2719
Period end balance	171	76	93	170	44	

