

SHARED COMMUNITY OWNERSHIP



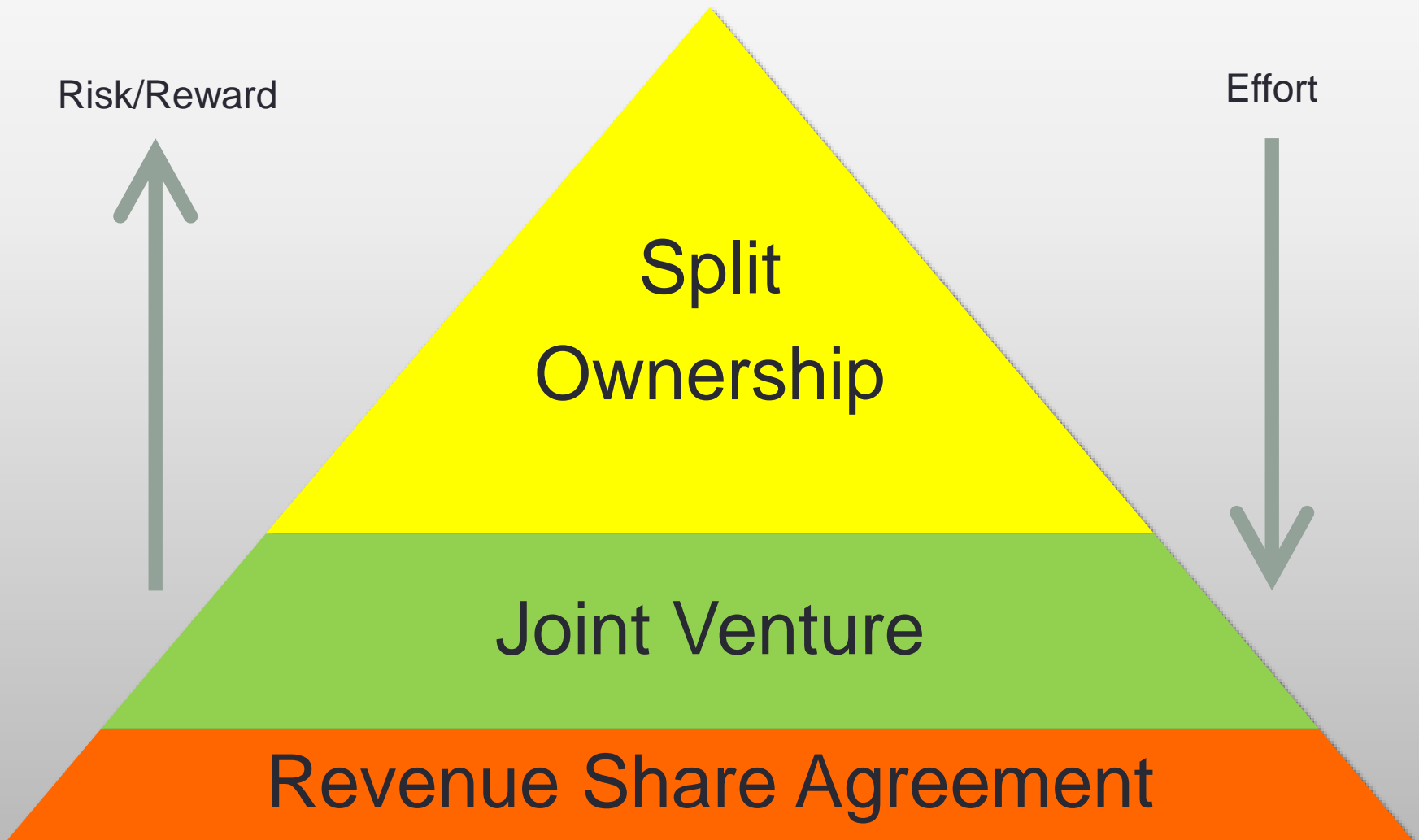
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What is Shared Ownership between the Community and Private Companies?

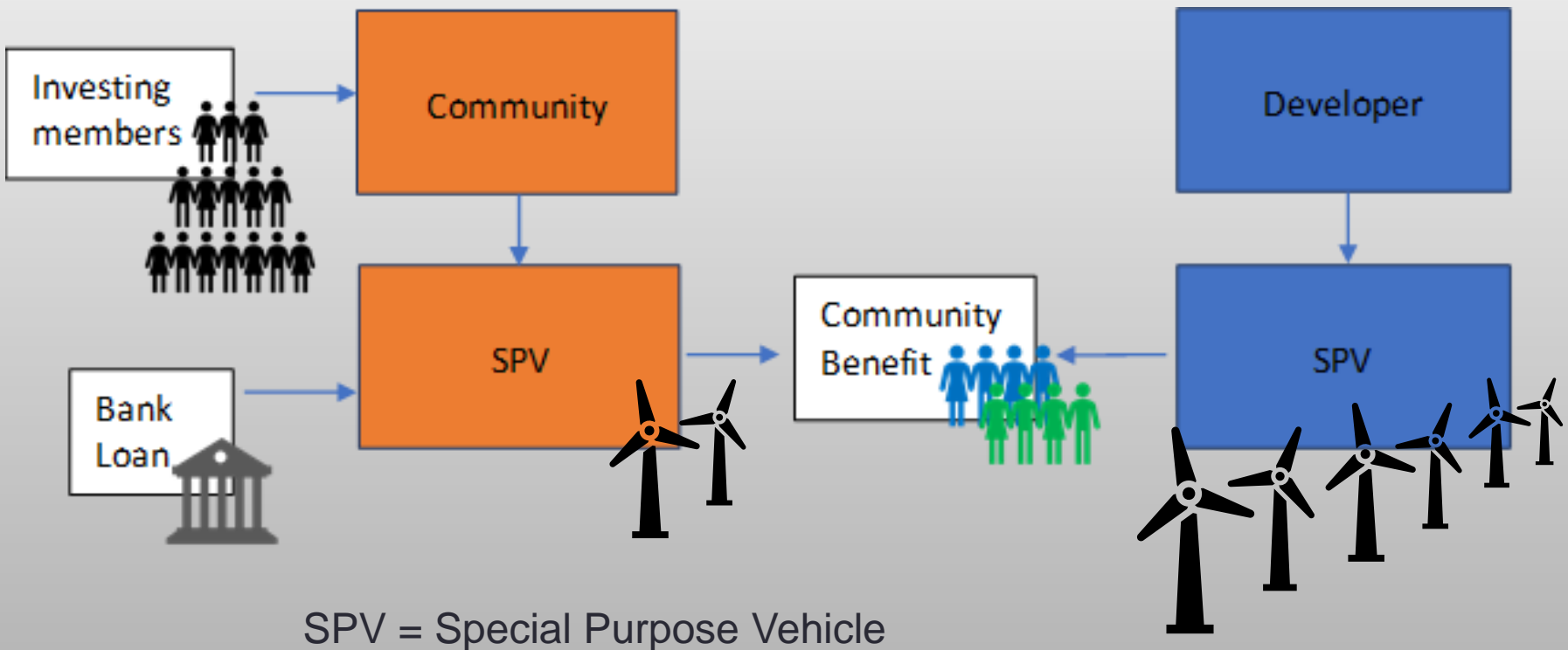
- It is where an opportunity is offered by a developer of a commercial scale renewable energy project for a proportion of that project, or the value it generates, to be owned by members of the local community
- Typically, a share offer is launched by a local co-operative, with members of the local community given priority on shares
 - Loans could also be available from GB Energy

Hierarchy of Shared Ownership



1. Split Ownership

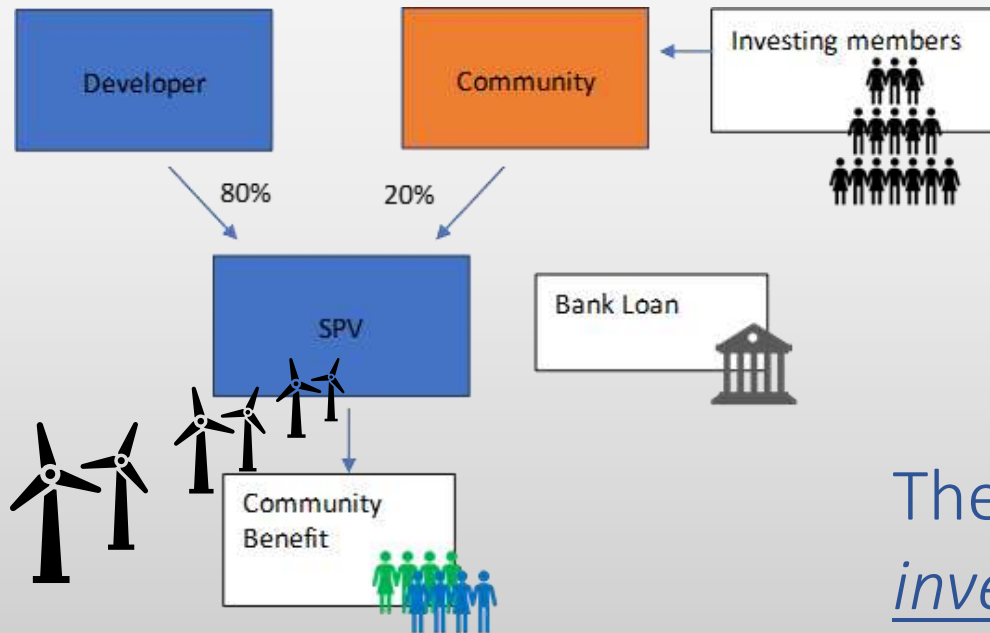
The community entity owns an energy asset (at least one wind turbine or % of a solar farm) in a separate legal entity with its own grid connection, financing arrangements and power purchase agreement.



Split Ownership – Key Features

- Assets are fully owned by the community
 - Control of the business
 - Can sell the electricity
 - Distribute the profits
 - Can access loan finance
- Genuine partnership with the developer pre-planning
 - GB Energy (CEF) development funding?
 - Share cost / Share risk
- Risk of not raising capital
- How to value the asset – Cost+
- Separate grid connections
- Complicated legal agreements
 - Need an experienced development partner

2. Joint Venture

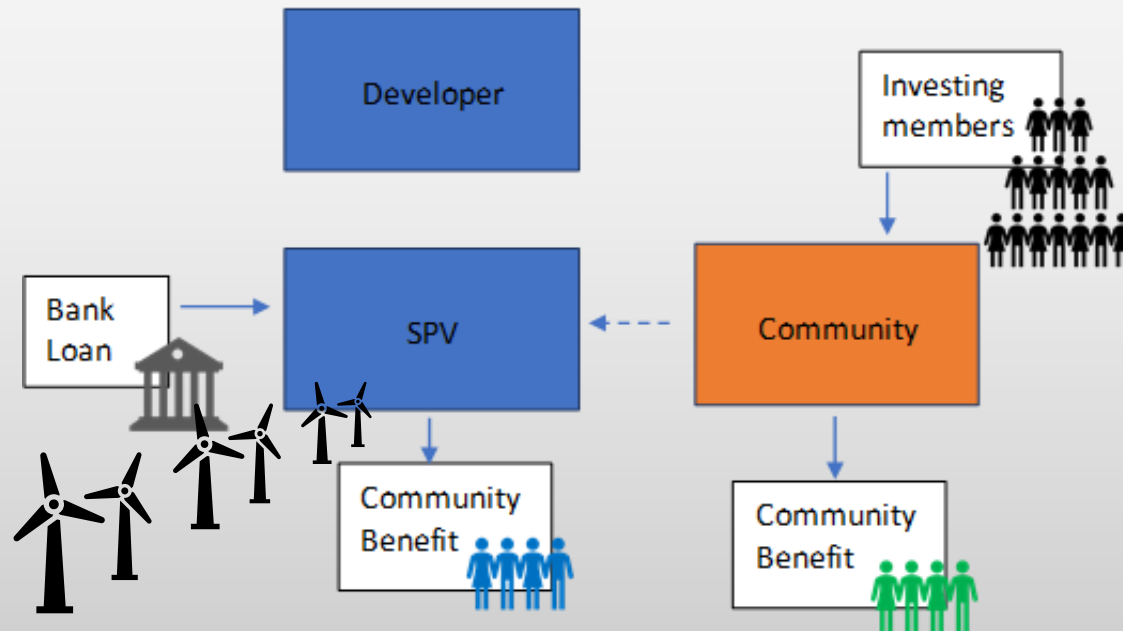


The community entity invests in the project and owns a percentage of the shares.

Joint Venture – Key Features

- One SPV
 - One set of contracts
 - One grid connection
 - One lender
- Shareholder's Agreement
 - Minority shareholder
 - Less control, although community representative can sit on the board
 - No say in electricity sale
 - How to price the share
- Returns to Community Members
 - Depends on financial structuring
 - Potential for a larger investment than Revenue Share
- Not a community owned business

3. Revenue Share Model

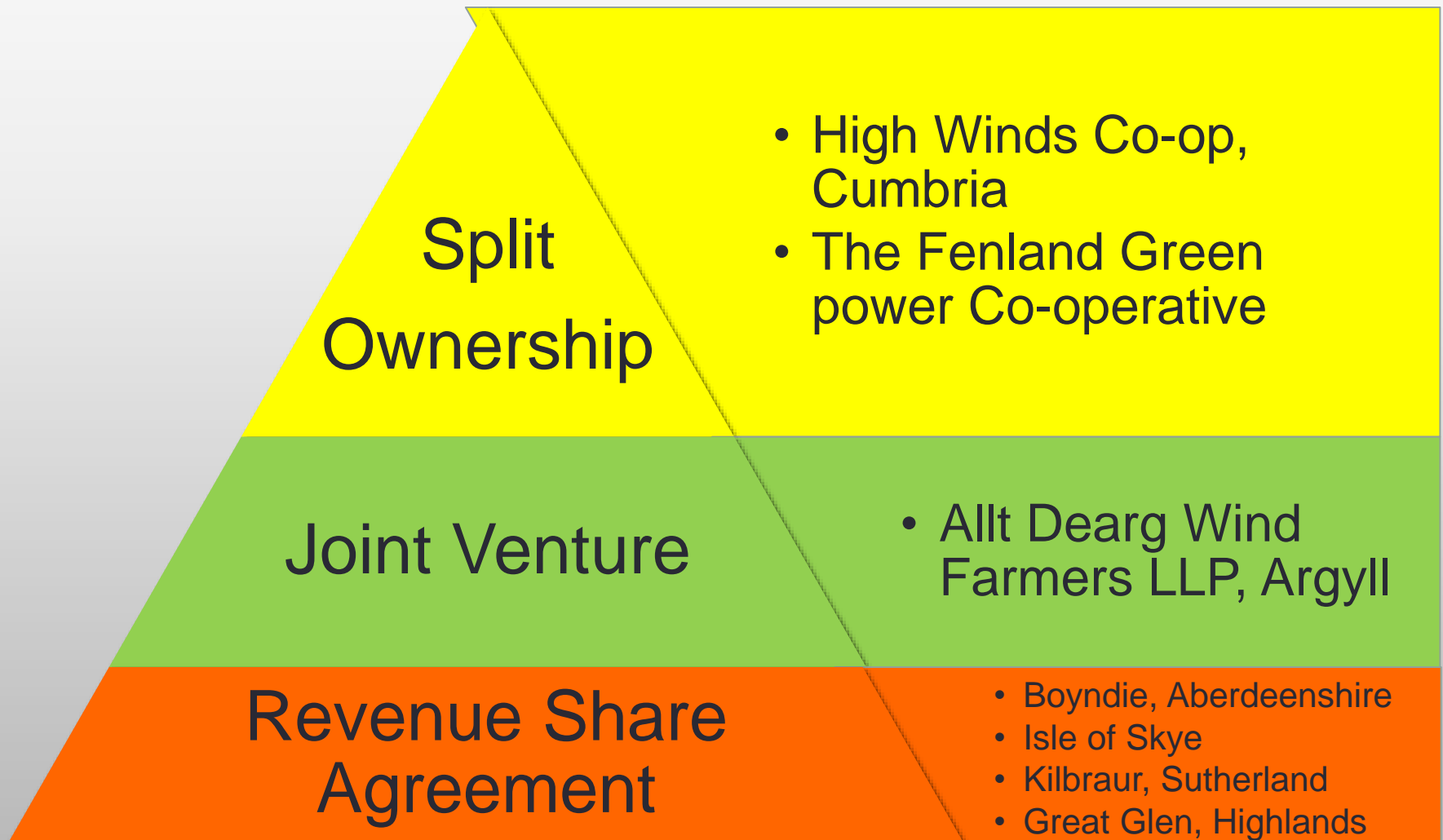


An agreement entered into by the community entity with the SPV. The community entity purchases a percentage of the wind farm's net revenue. There is no ownership of assets or shares

Revenue Share – Key Features

- A simpler model for both community and developer
 - Least effort and risk for community but less potential income
 - Developers don't like complicated ownership structures
- No ownership of the private company assets
- A share of project income, less operating costs
- No involvement in project finance
 - Local community invited to invest on project commissioning
 - No project construction risk
 - Return on investment starts from day 1 of the investment
 - Price of share is negotiable
- Cannot raise debt finance on a share of revenue
- Little engagement with the operation of the project

Examples of Shared Ownership





Great Glen Energy Co-op



Kilbraur Wind Energy Co-op



Boyndie Wind Farm Co-op



Isle of Skye Renewables Co-op

Shared Ownership

- A genuine share of the project
- Adds value to the developer and the community
- Invested individuals are engaged
- Split ownership greatest reward but complex
- A community development partner is invaluable
- Government support for shared ownership
- The only way to achieve community energy at scale

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