

Appendix 2 - Table of risks

Risk	Mitigation	Impact	Likelihood (Mitigated)	Risk
Bencom decides to borrow money but due to insufficient incomes cannot make payments.	<ol style="list-style-type: none"> Loans would be secured against the panels, use FiT, energy payments and export revenues to pay it back. The FiT and Export tariff are paid by a utility company who are legally bound to pay the FiT applicant for twenty years from the date of registration and the rate will increase according to the indexing. The PPA agreement is binding on the building owner. PV technology is well established and yield estimates are conservative to ensure that sufficient incomes could be generated even on a year with low insolation (sunshine). Further schemes would not be progressed using borrowed finance alone. Community share would be the preferred initial option. Borrowing may be progressed to finalise the funding of a scheme. In this situation, preference would be given to the lender before shareholders (subject to agreement of members). Once the debts had been serviced, shareholders dividends would be paid. 	Financial loss – medium	Low	Low
PV systems fail and predicted income is not achieved	E4A to monitor systems and will raise issues to the board. Any potential damage to solar panel is covered by buildings insurance. RBC systems are covered by insurance but the high excess means that a claim would be unlikely and the Council would be liable for repair of any systems which are not covered by revenue Loss of income is not covered. It is unlikely that large numbers of panels would fail based on experience of other schemes.	Low Financial – the loss of FiT could reduce community share fund. Reputational - Shareholders dividends could reduce	Medium	Low
Potential host buildings don't get free solar panels or free electricity and complain.	Buildings are chosen on their technical merit and this is made clear to the shareholders and building hosts. The order of installs will be decided and clarified (i.e. larger system sizes get priority)	Low Reputational. Conflict of interest for board members.	Medium – needs to be managed and communicated	Low
Can't pay shareholders the agreed return on their investment	The share offer document makes clear that investors money is at risk. Any investor takes on this risk by choice. The solar panels will not be installed without the sufficient funds being raised and the FiT being available. Shareholders will get back their capital investment if the panels are not installed.	Medium Reputational Financial	Low	Low
A host building wants to leave the scheme	Lease allows buildings to leave the scheme upon repaying the depreciated capital cost plus 25%. The Shareholders capital investment would be returned without interest. Their share ownership would reduce and their annual dividends would be reduced.	Medium Reputational Financial	Medium	Medium
A host building wants to temporarily remove the panels	Allowed in the lease, possibly at the cost of the host organisation, and in a way that minimises the loss of FiT	Medium Financial	Medium	Medium
Decision regarding RBC buildings conflict with the other interests of an RBC councillor/ officer	Decisions on RBC buildings have been delegated to officers and the Lead Councillor at the SEPT Committee on 24/11/2015 and will be made outside of Bencom meetings.	Medium Conflict of interest	Medium	Medium
Decisions on distribution of community funds conflict with the other interests of an RBC councillor/ officer	Criteria on distribution of community funds is set out in the Bencom rules, but where these differ from Council priorities. Directors of the Bencom need to take decisions in accordance with its objectives and not in the interests of any other body that they represent where this is not in accordance with the objectives of the Bencom, as detailed in 3.11 above.	Low Conflict of interest – Board member would not vote	Low	Low
Investors hold the Council responsible if their investment is not profitable due to the association of the Bencom with RBC.	It will be made clear to investors through the share offer documentation that the Bencom is the accountable body and that no other organisation that members of the board also belong to is in any way accountable for the failure of the scheme	Medium Reputational	Low	Low
Bencom members (Shareholders) disagree with board decisions	Shareholders are given the option to vote on decisions that affect the Bencom. Shareholders may pull out of scheme if they are not satisfied. Shareholders can also vote out board members at the AGM.	Medium Reputational Financial	Low Low	Low