

READING BOROUGH COUNCIL

REPORT BY DIRECTOR OF ENVIRONMENT AND NEIGHBOURHOOD SERVICES

TO:	STRATEGIC ENVIRONMENT PLANNING AND TRANSPORT COMMITTEE		
DATE:	4 APRIL 2017	AGENDA ITEM:	12
TITLE:	COMMUNITY SOLAR PROJECT - UPDATE AND OUTCOMES OF PROJECT		
LEAD COUNCILLOR:	COUNCILLOR PAGE	PORTFOLIO:	STRATEGIC ENVIRONMENT, PLANNING AND TRANSPORT
SERVICE:	SUSTAINABILITY	WARDS:	ALL
LEAD OFFICER:	BEN BURFOOT	TEL:	0118 9372232
JOB TITLE:	SUSTAINABILITY MANAGER	E-MAIL:	ben.burfoot@reading.gov.uk

1.0 EXECUTIVE SUMMARY

- 1.1 This report seeks to inform the Committee of the progress made in establishing Reading Community Energy Society Ltd. (RCES).
- 1.2 In 2016 a new organisation called Reading Community Energy Society (RCES) was launched. The Society was formed in order to install renewable energy owned by and for the benefit of the community.
- 1.3 RCES's mission is to help reduce climate change emissions, by helping local communities to benefit from the local generation of clean energy.
- 1.4 Reading Community Energy Society was created by local volunteers, known as the Berkshire Energy Pioneers, the local council and Energy4All who have over 12 years' experience in the community green energy sector.
- 1.5 Over the three months of July, August and September 2016, solar panels were installed on a range of community buildings including places of worship, community, council and charity buildings. Just under 700 solar panels were installed, reducing carbon emissions by approximately 82 tonnes per annum, or 1679 tonnes over twenty years.
- 1.6 Energy from the solar panels is sold to host buildings at a price of 8p per kWh, with the price fixed for 20 years. This price was set to be less than existing tariffs and to offer good value in the future when energy prices are expected to be higher.

- 1.7 The panels have been funded by the people of Reading and renewable energy supporters nationwide. In May 2016 a share offer was launched to install the solar panels. The share offer was fully subscribed within two weeks. Over 120 people invested over £224k in the project. This is the first scheme of its kind in Reading. The Council purchased 10,000 (£1) shares.
- 1.8 The Society works on the basis of the shareholders receiving an initial return of 5% p/a to members of the Society.
- 1.9 Any further proceeds will be fed into a community benefit fund. The Community Benefit fund is predicted to yield £132k over the 20 years of the project to be spent on local sustainability and energy efficiency projects.
- 1.10 The Society is governed by eight directors including two nominated Councillors.
- 1.11 The Local Strategic Partnership supported the establishment of the Society, enabling more funding to be available for the Community Benefit fund.
- 1.12 The Council is hosting systems on four of its sites.

2.0 RECOMMENDATIONS

- | |
|--|
| 2.1 That the Strategic Environment Planning and Transport Committee note the launch of Reading Community Energy Society Ltd. and endorse its activities. |
|--|

3.0 BACKGROUND AND DETAILS OF SCHEME

- 3.1 In August 2015, the Government announced that it was dramatically reducing the subsidies available for photovoltaic solar panels called Feed-in-Tariff (FiT). However, an exemption for community schemes was subsequently announced. The Council joined forces with a local group, the Berkshire Energy Pioneers, to work with an organisation called Energy4All to pre-register 28 buildings to comprise a community solar scheme.
- 3.2 The Strategic Environment Planning and Transport Committee on 24th November 2015 agreed to lease RBC owned building roofs to Reading Community Energy Society in order to install solar panels using capital raised by a public share offer [Link to report](#).
- 3.3 The scheme did not require capital funds from RBC but raised funds through community share issued by 'Reading Campus Community Energy' trading as 'Reading Community Energy Society Ltd' (RCES).
- 3.4 The Council nominated two Councillors to be appointed to the board of the partnership (of the total of eight board members). Currently there are three representatives from Berkshire Energy Pioneers, one member of the

Reading Climate Change Partnership (RCCP) and two members from Energy4All (E4A). Reading Borough Council has one unelected place on the board as 'community representative' under the rules of the Society and one elected place on the board as a shareholder. Elected board positions are re-elected in thirds each year.

- 3.6 The capital finance was raised through the share offer, which was launched in May 2016 and which raised the capital in a period of less than two weeks. Investing in the scheme gives shareholders an estimated initial return on investment of 5% per annum. After shareholder returns and annual costs any surplus funds are paid into the Community Benefit fund.
- 3.7 The Local Strategic Partnership also made a contribution to the Society, which covered set up costs as well as providing a ring fenced up-front community benefit fund which can be used to support local community capital expenditure projects from the outset.
- 3.8 Energy4All provides project management, strategic and administrative support to the board. They also managed the launch and share offer and the install of the solar panels. Their involvement will continue while the FIT payment is in place and for the duration of the leases (20 years).
- 3.9 Members of the board have agreed the financial model which pays a proportion of the profit to shareholders and the balance is made available for the community benefit fund. The fees payable to E4A were agreed through the Service Agreement and Development Agreement.
- 3.11 The profits of the organisation will be used to fund local charitable activities. In the Society rules it states that the objectives of the organisation are to carry out:
 - The conservation of energy through advice on energy efficiency including energy efficient products and the supply of energy efficient products;
 - The generation of income to provide grants to community organisations in the locality of any energy project supported by the Society;
 - The promotion of awareness of environmental and related Issues and support for educational initiatives related to renewable energy; and
 - Enabling the local and wider community to share in the ownership of, and reinvest in, renewable and low carbon energy generation and energy efficiency initiatives.
- 3.12 RBC have supported the development of RCES through support and advice provided by its officers, by providing host buildings for solar panels, by actively publicising the share offer, by providing elected Council members to take positions on the board and by providing funds in exchange for

shares. This has been beneficial to the reputation and ultimately to the success of the scheme.

3.13 RCES's mission is to help reduce climate change causing emissions and to help local communities to benefit from this local generation of clean energy. In order to do this the Society intends to be an ethical, community-based, profitable social enterprise. It will enable Members to make a tangible commitment to mitigate climate change, to receive a fair return and to benefit their local community.

3.14 Over the three months of July, August and September 2016, solar panels were installed on ten community buildings (with one additional scheme installed in January) including places of worship, community and council buildings and charity headquarters in and around Reading. A total capacity of 176kWp, totalling just under 700 solar panels was installed. The solar panels will create an estimated 161,000 kWh of electricity per annum reducing carbon emissions by an estimated 82 tonnes per annum, or 1636 tonnes over twenty years.

3.15 Table 1 - Details of Solar Arrays Installed under the Scheme.

Building	Installed capacity kWp (approx. no. panels)	Energy generation kWh p.a.	Carbon emission reduction tCO ₂ p.a.
Acre Business Park (3 roofs)	19.0 (73)	15829	7.92
Lifespring	37.4 (144)	30813	15.42
Milestone	18.7 (72)	17709	8.86
Just Around the Corner	10.9 (42)	9653	4.83
Central Library	28.9 (111)	26588	13.3
Amersham Road Community Centre	26.3 (101)	25661	13.6
Truefood Coop	13.8 (53)	12159	6.44
Latin Link	2.6 (10)	2457	1.23
Reading Community Church (Meadway)	11.4 (44)	9289	4.65
RISC	4.3 (16)	4152	2.2
St Birinus	7.8 (30)	6731	3.37
Total	176 (696)	161,041	81.82

4.0 CONTRIBUTION TO STRATEGIC AIMS

4.1 The scheme contributes to the following strategic aims:

- Keeping the town clean, safe, green and active;
- Providing infrastructure to support the economy; and
- Remaining financially sustainable to deliver these service priorities.

5.0 COMMUNITY ENGAGEMENT AND INFORMATION

5.1 Section 138 of the Local Government and Public Involvement in Health Act 2007 places a duty on local authorities to involve local representatives when carrying out "any of its functions" by providing information, consulting or "involving in another way".

5.2 Community engagement has been considered in the development of the solar community scheme in particular in promoting the share offer to a cross section of society so all Reading people feel involved and benefit from the scheme.

5.3 Once the scheme is running, shareholders have one member vote each at the AGM to elect board members from the membership of RCES.

6.0 EQUALITY IMPACT ASSESSMENT

6.1 Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to—

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

6.2 An Equality Impact Assessment has been completed.

7.0 LEGAL IMPLICATIONS

7.1 Reading Campus Community Energy Society is registered with Companies House and the Financial Conduct Authority (Registration Number 7156 registered on 03 July 2015). The Directors have been changed to the new Directors detailed in in paragraph 3.5 above.

7.2 RCES is a Society governed by the rules (appendix 1) as set out and agreed by its directors. It is a separate organisation from Energy4All who developed and administer the scheme and who sit on the Board of Directors.

7.3 The services provided by Energy4All and the charges levied are set out in the Service Agreement between RCES and Energy4All.

7.6 The Council has set out in Heads of Terms the lease arrangements which will be incorporated into leases drawn up between Reading Borough Council the Lessor and RCES, the Lessee.

8.0 FINANCIAL IMPLICATIONS

8.1 Under the scheme, the host buildings benefit from fixed, low cost energy (8 pence per kWh) for the lifetime of the scheme (20 years) which forms part of the income of RCES. The other incomes will be the FiT for 20 years and the export tariff for 25 years.

8.2 The financial benefits to the Council are i) The securing of a favourable price for energy supplied fixed for 20 years. ii) interest on RBC owned shares and iii) the ownership of the Solar PV system after 20 years and supply of free electricity for the remaining life of the system.

8.3 Other hosts of systems benefit in the same way as above but may not own shares and therefore would not derive incomes from this. A small number of the sites were provided with zero cost energy to assist with their running costs.

8.4 The cost of the scheme has been met through the share offer and the financial benefits are therefore to the shareholders, but also benefit building owners and the local community activities that are supported by the scheme.

8.5 RBC invested £10,000 in shares.

8.6 The Local Strategic Partnership provided funding of £67,402 to the RCES using its Capital Local Area Agreement Performance Reward Grant. As these funds are capital, only certain costs can be met. The remaining funds will additional capital support for expenditure on community benefit projects. The conditions and the auditing processes relating to this funding has been provided to RCES.

9.0 BACKGROUND PAPERS

9.1 Report to committee - scheme and leases - [Link](#).

9.2 www.readingenergy.coop

9.3 Photographs of panels www.readingenergy.coop/gallery

9.4 Report to committee shares - [link](#)