



Nadder
Community
Energy

Share Offer Document 2015



Share Offer Document 2015



Nadder
Community
Energy

Nadder Community Energy has appointed Shareenergy as consultants for the administration of this share offer.

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The project website with further documents is available at:

www.naddercommunityenergy.org.uk

Nadder Community Energy Limited is an Community Benefit Society registered with the FCA (reg no. 7189).

This Society has been developed with the help of:



*Nadder Community Energy is
a member of:*



The Directors also thank Alan Truscott of Community First for his support, Simon Davison for the creation of the website, Kate Sinton for the design of the logo and Pete West of Dorset Community Energy for his ongoing help and support.

Photographs by Hugh Synge unless otherwise stated.

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Directors' Letter

28 September 2015

Dear Potential Society Members

This is a limited opportunity to invest in community energy renewables before the government greatly reduces, or removes, the Feed-in-Tariff from next year.

Nadder Community Energy is a new Community Benefit Society which gives you a chance to own solar power at scale. Our first project will own and run ten solar PV installations totalling 440 kW in and around the Nadder Valley in Wiltshire, mainly on commercial and farm buildings. The solar panels will produce clean, low carbon energy, supporting local business and creating a substantial local community fund.

You are invited to become a member of the Society. You can subscribe to this share offer for as little as £100. You will receive a good return on your investment – projected at 5% – along with significant tax benefits for most taxpayers.

Our structure is based upon that of other successful renewable energy societies across the UK, including Dorset Community Energy and many other community solar organisations.

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 Nadder Community Energy.

The Directors

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.

Hugh Synge
Chair

Tom Burnett
Secretary

Sue Reed
Director

Summary of Offer

This is a summary of the offer to acquire shares in Nadder Community Energy Ltd ('the Society'). It 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 £500,000 to pay for the installation of nine solar photovoltaic installations totalling a capacity of 440 kW. They are in the Nadder Valley area of South Wiltshire and mainly on commercial and farm buildings. The Society aims to be generating electricity by early 2016.

The Society

The Society's purpose is to generate low-carbon electricity and to benefit the local community. Electricity generated by the panels will feed into local farms and businesses. It is estimated that the project will displace the equivalent of 166 tonnes of carbon dioxide every year. The Society will generate revenue from the sale of electricity both on-site and to the grid, and from the Feed in Tariff (FiT). The projected annual surplus will enable the Society to make interest payments to members and to endow a local Community Fund.

The Offer

This Offer Document seeks to raise funds by the issue of Offer Shares at £1, payable in full on application. The offer will be opened for applications from 7th October 2015 and will close on Friday 27th November 2015.

Those applying for membership should regard these Shares as a long-term investment. They may subscribe for a minimum of 100 and a maximum of 50,000 offer shares at their £1 par value.

This share offer is designed to be eligible for both EIS and SEIS tax relief. The Income Tax relief on investment under this share offer is 50% for SEIS and 30% for EIS. The number of shares qualifying for SEIS is limited. While it applies the Society will issue each subscriber with one SEIS share and one EIS share, making the overall income tax relief for early subscribers 40% and 30% for later EIS-only subscribers. The Society has applied for Advanced Assurance of reliefs from HMRC, but neither the Society's nor the Members' eligibility for SEIS or EIS tax relief can be guaranteed.

Returns to Members are calculated using the assumptions stated in this Offer Document. The projected return to Members over the expected life of the Project is an interest rate of 5% per annum on remaining capital over a 20-year project period. Any benefit of tax relief is in addition to this.

Shares will not be traded on a recognised stock exchange and are not transferable. Members may apply to withdraw shares from the start of Year 4 of operation. Share withdrawal is at the discretion of the board. The Society intends to repay members' share capital over a 20-year period, subject to financial performance and available funds.

Each shareholder, 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. 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 nor by the Financial Services Compensation Scheme.

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 solar in particular has been a success story in recent years.

Community Benefit Societies such as this one 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).

The Project

The Nadder Community Energy Board and members have undertaken the necessary work in 2015 to bring this project to fruition, aided by a grant of £17,460 from the Rural Community Energy Fund for an initial broad feasibility study to identify sites. At this stage the Society has completed:

- ❑ Site assessments and technical feasibility studies complete on all sites;
- ❑ Grid connection offers in place for all sites (except Bridzor Farm) with no re-inforcement works required;

- ❑ Competitive quotes received for all sites after tender process;
- ❑ Legal Heads of Terms discussed and agreed with all sites;
- ❑ Permitted development status secured for all sites except for Pythouse Farm, which requires a planning application which is pending;
- ❑ Energy Performance Certificates (EPCs) in place for all sites (except Bridzor Farm);
- ❑ Feed in Tariff Pre-Registration obtained for all sites (except Bridzor Farm);
- ❑ Society start-up administration including opening a bank account, with registration for VAT and registration with HMRC pending;
- ❑ Financial modelling completed with assistance of consultants Sharenergy;
- ❑ Advanced Assurance application to HMRC to confirm eligibility for SEIS and EIS shares.

Nadder Community Energy

Nadder Community Energy Ltd was incorporated and registered with the UK Financial Conduct Authority as a Community Benefit Society with registration number 7189 on 12th August 2015. The Society has been set up with three founding Directors. 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 Nadder Community Energy's Rules is available from the Society's website or by application to the Society (see p.2 of this Offer Document for contact details).

Nadder Community Energy is currently focused on the establishment of the first solar arrays but will continue to seek opportunities for community-owned renewables, subject to the approval of its members.



Nadder
Community
Energy

The sites

The proposed sites to be financed by this solar PV share issue are as follows:

<i>Site</i>	<i>Capacity (kW)</i>	<i>Projected Annual output (kWh)</i>	<i>Notes</i>
Berwick Hill Dairy/ Nectar	50	43,543	Drinks distribution company
Berwick Hill Dairy/ Fonthill Water	50	42,048	Water bottling plant
Berwick Hill Dairy/ Guild Anderson	50	40,803	Bespoke furniture maker
Berwick Hill Dairy/ Mail and Print	50	40,803	Printing company
Totterdale Farm Dairy Unit	46	41,960	Large farm storage building
Pythouse Farm	50	47,827	Farm buildings and free range poultry
Pouldens Farm	18	15,660	Livestock building
Totterdale Farm	26	23,712	Grain store
Middle Croft Farm	50	45,486	Livestock building
Bridzor Farm	50	43,493	Livestock building
Totals	440	385,335	

Guild Anderson – case study of a site

“Guild Anderson make bespoke kitchens and furniture on the Berwick Hill Dairy site and we are thrilled to be part of the Nadder Community Energy project. Our machinery uses a substantial amount of electricity and after the installation the vast majority of our consumption will be met by the solar panels on the roof. As well as lowering our electricity bill I am delighted that we will be significantly, and permanently, reducing our environmental impact.”

Nick Anderson,
Owner and Head Designer



Guild Anderson



▲ The Berwick Hill Dairy buildings, this one occupied by Nectar, are modern commercial buildings on an old farm site.

Technology, installers, monitoring & maintenance

Solar PV is a well-established renewable energy technology and its performance and returns under the Feed-in-Tariff are well understood. As such it provides a low risk investment opportunity.

Nadder Community Energy has selected high quality solar panels from established global Tier 1 manufacturers. All of the solar panels have at least a 10-year manufacturer's end user warranty and a performance guarantee of greater than 80% of the original solar electricity output after 25 years.

All Nadder Community Energy installations have specified high efficiency inverters (the box that connects the direct current from the solar panels to the 240-volt alternating current grid supply) manufactured by Fronius which is a world market leader. The inverters are warranted for 10 years.

The installations will be carried out by TH White, Dorset Energy Solutions and Energy-tec, leading locally based installers. They provide a workmanship warranty for 10 years (the same as the equipment warranties).

Servicing and maintenance will be carried out by a contracted party and this will include daily checking of the systems and an annual service. A component replacement fund of £5/kW/year is included in our financial model to cover inverters failing after year 10 and other component failure. All our sites will have performance monitoring available online.

Electricity sales

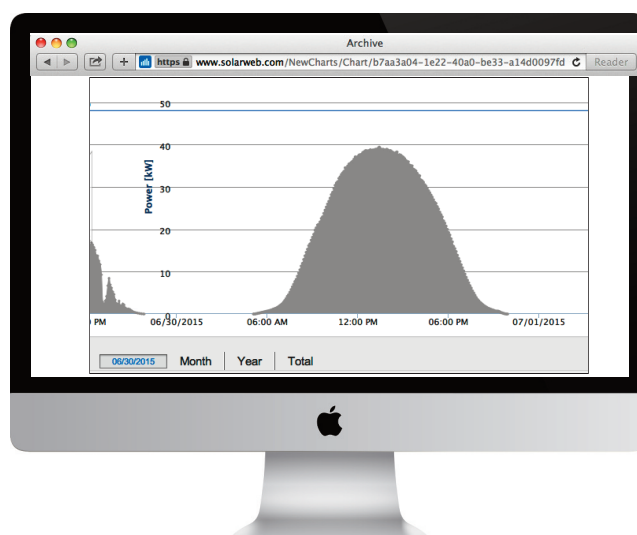
The electricity produced by the solar panels will in the first instance be used on site by the businesses based there. The surplus will be exported into the local network. The Society will seek to maximize income by obtaining quotes from the leading buyers of renewable electricity for power purchase. In addition the Society will receive the Feed-in Tariff.

Pre-registrations for the Feed-in Tariff were obtained in September 2015 (for all but one site), in order to assure that the rates of Feed-in Tariff then in force will apply for this project. Pre-registration holds the current rate for 12 months and the panels must be generating before the end of September 2016 in order to receive this rate.

▼ Visualisation of the key parameters of a 35 kW rooftop system, displayed on SMA's Sunny Portal.



▼ Output of a 48 kW system on a sunny June day, as displayed by the Fronius online monitoring system.



Timeline

This is an indicative timeline showing planned progress of the Project from this point onwards:

Oct-Nov 2015	Share offer carried out
Dec 2015	First installations
March 2016	Completion of installations
May 2016	First Society AGM
May 2017	Second AGM. First interest payments to Members and Community Fund.

Community Fund

The Society will create a Community Fund which is projected to increase over time to a total of £268,000 over 20 years. Please note that in the early years the Fund will be small, due to the need to build up an operating reserve (see p.12).

Legal Agreements

The Society is advised by lawyers Foot Anstey LLP, who have extensive experience in the renewable energy industry. Supported by Regen SW, they have produced generic legal agreements for community energy societies, to facilitate low legal costs and successful start-ups.

Non-binding Heads of Terms have been signed for every site. These documents outline the main terms under which the Society will occupy and rent the air space above the buildings or the land on which the panels will be constructed, as well as the power purchase agreements (PPAs) with the building occupiers.

The Society will take up a 21-year lease on the sites, allowing time for construction and 20 years of operation. Once the share offer is complete, final leases and PPAs will be signed.

▼ Solar installation is now well established; some 730,000 households in the UK now have solar PV systems.



Financial Projections

Financial Projections approved by the Board are summarised here and further information on key elements is provided. If you have further queries on these projections, please contact us.

EIS and SEIS Tax Relief

The Society intends to apply for both Seed Enterprise Investment Scheme (SEIS) and Enterprise Investment Scheme (EIS) tax reliefs for this share offer.

Income Tax relief is a percentage of the value of the shares, which qualifying Members can claim back against income tax for the financial year in which the shares were issued (or the previous year). Shares qualifying for EIS or SEIS must then be held for 3 years.

If shares lose value then members can set this loss (minus the initial relief) against income for tax purposes in that year (or the previous year). Funds invested in an SEIS or EIS scheme can also provide hold-over relief of Capital Gains Tax if you have recently sold an asset.

The Income tax relief under SEIS is 50% and under EIS is 30%. However, the number of shares qualifying for SEIS is limited, in this case to c. £133,000. In order that tax reliefs are made available fairly, the Society will issue shares on a first-come, first-served basis along the following lines:

For the first c. £266,000 of shares:

If subscribers indicate that they wish to apply for tax relief, the Society will issue half of their shares under SEIS and half under EIS. The overall income tax relief available to any Member is therefore 40%.

For the remaining c £234,000 of shares:

The remaining shares will be offered under EIS (for those requesting tax relief.) The overall income tax relief is therefore 30%.

The Board will endeavour to ensure that this Share Offer qualifies for EIS and SEIS tax relief. Advanced Assurance of eligibility has been applied for from HMRC. However, the Directors are not in a position to absolutely guarantee eligibility. Investors should take their own advice as to whether they are eligible for EIS or SEIS tax relief.

EIS Income Tax relief example

Karen is a qualifying taxpayer who subscribes for 10,000 shares under this share offer. She is allocated 5000 SEIS-qualifying Shares and 5000 EIS-qualifying shares.

The SEIS relief available is £2,500 (£5,000 at 50%).

The EIS relief available is £1,500 (£5,000 at 30%).

The total income tax relief available is therefore £4,000 or 40%.

If her income tax liability for the year (before EIS relief) was, for example, £8,000, she could reduce it to £4,000 as a result of her investment.

For more information, see:

<http://www.hmrc.gov.uk/eis/> and

<http://www.hmrc.gov.uk/seedeis/>

Budget

£500,000 is required to cover the installation of the 9 sites and the associated development and other implementation costs. The breakdown is shown below and includes a provision for a small contingency fund:

	£
1. Capital cost of installations	443,818
2. Development costs	17,660
Pre-share offer costs	9,060
Share offer costs	8,600
3. Implementation costs	33,100
Site-specific costs (grid, legal, meters, provisions)	24,100
General implementation cost	9,000
4. Contingency (implementation)	5,422
Total	£500,000

Assumptions

The Projections are based on the following principal assumptions:

1. That annual energy production of the Installations will be in line with the estimates made. In the event that the predicted energy production falls below the projected levels 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 warranties and/or insurances.
2. Current expectations relating to the global energy market and the UK electricity industry will remain reasonably consistent and reasonably favourable to the Installation over the next 20 years, resulting in continuing demand for electricity produced by the Installation.
3. Historic 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.
4. Prices at a reasonably similar level to those currently obtainable will be achieved through the life of the Installation (after allowance for annual inflation).
5. 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.

▼ The Nadder River, here seen passing through Tisbury, defines our region.



20 year income and expenditure projections

P&L and Cashflow (£)								
Year	1	2	3	4	5	Summary 6-10	Summary 11-20	Summary 1-20
PROFIT AND LOSS								
Operating income	65,521	66,364	67,214	68,072	68,937	357,914	784,790	1,478,811
Income from FIT	44,944	45,522	46,105	46,694	47,287	245,510	538,325	1,014,387
Income from exports	6,554	6,638	6,723	6,809	6,895	35,799	78,496	147,914
Income from sites	14,024	14,204	14,386	14,569	14,755	76,604	167,969	316,510
Operating Expenses	15,368	16,185	16,509	16,839	17,176	91,171	196,430	369,678
Export meter charges	1,550	1,581	1,613	1,645	1,678	8,906	20,689	37,661
Service & maintenance, sinking fund	6,537	6,668	6,801	6,937	7,076	37,560	71,886	143,466
Rates and insurance	2,471	2,520	2,571	2,622	2,674	14,196	32,978	60,032
Administration	4,810	5,416	5,525	5,635	5,748	30,510	70,876	128,519
Gross Profit	50,154	50,179	50,705	51,233	51,761	266,742	588,360	1,109,133
Depreciation	25,000	25,000	25,000	25,000	25,000	125,000	250,000	500,000
Interest	-	500	1,000	1,500	1,412	5,735	4,853	15,000
Net Profit for Distribution	25,154	25,679	26,705	27,733	28,173	147,478	343,213	624,133
Members interest payments	25,000	25,000	25,000	25,000	23,529	95,588	80,882	300,000
Community Fund	154	679	1,705	2,733	4,643	51,890	262,331	324,133
Cashflow								
Operating cashflow	25,000	25,000	25,000	25,000	25,000	125,000	250,000	500,000
Less capital repaid to members	-	-	-	29,412	29,412	147,059	294,118	500,000
Opening cash	-	25,000	50,000	75,000	70,588	66,176	44,118	-
Closing cash	25,000	50,000	75,000	70,588	66,176	44,118	-	-
Example of member's cashflow (£)								
Member subscribing £1000 with tax reliefs								
Year	1	2	3	4	5	Summary 6-10	Summary 11-20	Summary 1-20
Interest on investment	50	50	50	50	47	191	162	600
Capital repayment	-	-	-	59	59	294	588	1,000
Income Tax refund SEIS	400	-	-	-	-	-	-	400
Income Tax refund EIS	300	-	-	-	-	-	-	300
Total cashflow with SEIS & EIS tax relief	450	50	50	109	106	485	750	2,000
Total cashflow with SEIS & EIS tax relief	350	50	50	109	106	485	750	1,900
Total cashflow with no tax relief	50	50	50	109	106	485	750	1,600
	No EIS	EIS only	SEIS +EIS					
Members' Projected Return	5.0%	9.1%	10.8%	Community Fund: £324,133				

Notes on the Financial Projections

1. The projections in this offer document are based on work carried out for the Board by Thomas Burnett and Sharenergy and are aligned with industry best practice. Each assumption has been documented and evidenced. The figures are based on contracts entered into and estimates received by the Society.
2. All profits are either distributed to members as interest or gifted to the community fund and hence there is no liability for Corporation Tax. The community fund is projected to be worth £324,133 over 20 years.
3. Income is based on 20-year Feed-in Tariff (FiT) period with the locked-in FiT Generation Tariff of 11.71p/kWh (except for Bridzor Farm, which is at the 2015 Q4 rate of 11.30p/kWh); electricity sales as negotiated with host sites; the current FiT export rate of 4.85 p/kWh; and the market export rate of 4.67p/kWh.
4. All generation yield is based on the conservative industry Standard Assessment Procedure (SAP 2012). On-site usage amount is based on system size and on-site demand as provided by hosts. An annual degradation factor of 0.7% is applied to all generation as per the performance guarantee of the panels.
5. Service and maintenance will be carried out by a third party contractor for less than £10/kW and a sinking fund to cover component and inverter failure at the rate of £5/kW for the first 15 years. A provision has been made that one roof will need repair over the 20 years.
6. Business rates are set according to the nationwide valuation for solar PV. Insurance costs are set at £3.70/kW/year based on a quote from a reputable broker that is underwritten by Royal Sun Alliance.
7. Administration costs of the Society include: 1) £2,500/year covering book-keeping, production of annual accounts, maintenance of membership database, preparation of AGM papers and annual return, FCA and other regulatory fees; 2) £700 for Directors insurance; 3) website costs £110; 4) Company secretary costs ranging from £1500 in year 1 to £2,000 from year 3 onwards.
8. 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 3.
9. The projections are based on a default position where the panels are decommissioned at the end of 20 years operation and have no residual value. In practice it is expected site owners will wish to take over ownership.
10. Inflation on electricity and RPI are modelled at 2%, as is interest on cash in bank.

▼ *Solar installation has brought work to our area.*



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 Feed-in Tariff (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.
- ❑ New technology, inventions and developments may render existing technologies and equipment obsolete. However, solar PV efficiencies are progressing slowly 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.

Risks specific to the Society

- ❑ The projections are based on the predicted solar yields. If the solar yields were to be lower on average over the project period then members' return would 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, end-user warranties will be in place for panels, balance of plant and workmanship. Accidental and malicious damage will also be covered under insurance and public liability insurance is provided.
- ❑ Any changes to the FiT that occur before the panels are commissioned could result in a change to projections, or in the worst case, non-viability of the project. However the Society has applied for Pre-registration from Ofgem to ensure that the modelled FiT level is available until September 2016. If commissioning were to be delayed such that this FiT was not available, Members' predicted return would greatly reduce.

Management & Administration

This section provides details of the Board, Members and the running of the Society.

The Board and existing Members

The current Board consists of Hugh Synge (Chairman), Thomas Burnett (Secretary) and Susan Reed. However, very soon the existing Members listed on these pages will become Directors and this enlarged Board will then oversee the running of the share issue and the installations of the PV systems. Board elections from the new membership will be held at the first AGM following the share offer.

Details of current members of the Board:

Tom Burnett (Secretary) has provided specialist renewable energy consultancy services to businesses and other organisations since 2012, and is a lead adviser to Dorset Community Energy, our sister body in the next door county. His clients include start-ups, installers, site owners, project developers and community organisations. Before that, he spent 10 years working for Shell in projects, technology and commercial roles.

Sue Reed has lived in Tisbury for 13 years and has been active in community groups including Climate Friendly Tisbury and Tisbury Community Garden. As a parent and resident of the area, she is enthusiastic about sustainability and renewable energy.

Hugh Synge (Chair) has a background in the environmental movement, working for many years at Kew Gardens on the conservation of plants around the world. About ten years ago, combined with a move to Tisbury, he started a business in renewable energy, to help people reduce their carbon emissions. He now works part-time as an adviser on renewable energy, with an interest in both practical installation and in energy policy.

Details of Members soon to be Board members:

Amy Burnett has a background in community development, working both as a researcher and for several international development projects, with a focus on environmental issues and climate change. She is presently doing a PhD on low-carbon neighbourhood planning. She undertook the community engagement and communications aspect of the Feasibility Study for Nadder Community Energy.

▼ *Management team – the present Directors and Members of Nadder Community Energy. From left to right, Maggie Paul, Hugh Synge, Jamie Meldau, Tom Burnett, Sue Reed and Ralph Perry Robinson.*



Dr James Meldau lives in Tisbury and works as a gardener. He is also a private tutor teaching mathematics and physics. His academic background was in physics. He has been keenly interested in environmental issues and renewable energy for many years.

Maggie Paul is a former teacher, but for 25 years was a counsellor, therapist and trainer, now semi-retired. She has a keen interest in renewable energy, particularly since her involvement as a leader in Climate Friendly Tisbury from 2007 onwards, which helped to raise awareness of alternative energy. She feels that Nadder Community Energy is now the ideal vehicle for our neighbourhood to take things forward.

Ralph Perry Robinson has been involved in architectural practices for 25 years (of which over 15 have been spent in Teffont) and has a keen interest in sustainable and low energy construction. He is a member of the Passive House Trust and the Sustainable Building Association, and is currently Energy Policy Officer for Wiltshire Council, promoting renewables and energy efficiency. He also makes furniture.

Current and intended shareholdings of Directors and existing Members

The total intended shareholdings of Directors, existing Members and their direct family members amounts to £13,850.

Disclosure

None of the directors or proposed directors of Nadder Community Energy 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 reprimand or sanction by a statutory or regulatory authority or designated professional body, or been disqualified from any function by any court.

Conflicts of interests

Hugh Synge is contracted by Energy-tec Ltd, a renewable energy installer based in Wilton, to help this company ensure compliance with the Microgeneration Certification Scheme and to prepare energy assessments, certificates, user manuals and other relevant documents for their clients.



Thomas Burnett provides project management services to the Society.

In both cases, these directors play no part in decisions made by Nadder Community Energy regarding these contracts and Hugh Synge will play no part in decisions on any contracts between Nadder Community Energy and Energy-tec Ltd.

Remuneration

No remuneration has been paid to Directors. When the Installations are generating electricity each Director will be entitled to claim fees and/or expenses not exceeding £100 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 will have 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, Nadder Community Energy complies with statutory requirements and those of the Financial Conduct Authority (FCA). As the Shares will not be listed, Nadder Community Energy is not obliged to comply with The Combined Code on Corporate Governance.

Administration

The Company Secretary will oversee the administration of the business with specific services being outsourced and in particular £2,500 to cover book-keeping, production of annual accounts, maintenance of membership database, support of members, preparation of AGM papers and annual return, FCA and other regulatory fees.

Accounts

Nadder Community Energy was incorporated on 12th August 2015. Its financial year-end is 31 March. At the time of commencing share issue, except for the issue of 7 shares at par, no other transactions have taken place.

Legal proceedings

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

Rules of the Society

Community Benefit Societies are governed by Rules approved by the Financial Conduct Authority. A copy of the Rules is available on the Society's website or from the Society (see contact details on p.2 of this Offer).

Further information

Other documents mentioned in this Offer are available from the Society (see contact details on p.2 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 that third party, 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:

- ☐ Nadder Community Energy 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 install the solar installations
- ☐ Members may be as far as possible drawn from the local community.

Offer Shares

£448,000 (Four Hundred and Forty Eight Thousand) 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 Sharenergy, on behalf of the Society, at 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 on a first come, first served basis. Applicants are asked on the application form if they would like to be allocated shares that attract tax relief. Each subscriber choosing the tax-relief option will be allocated half of their shares (to nearest round number) as SEIS-qualifying shares and half as EIS-qualifying shares. The maximum of 132,540 of shares qualifying for SEIS will be issued shortly before the EIS shares are issued.

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 a projected rate of 5% (paid gross, annually). 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.

The intention of the Board is to make the first interest payment in May 2017, following the first full year of operation and approval by the Members at the Society's AGM.

Any interest unclaimed for a period of 7 years will be cancelled for the benefit of 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 the interest approved by the AGM, out of annual profits. Such payments will be divided equally between the total Shares in issue.

When the Installation comes to the end of its life, should Members choose to liquidate the Society, assets will be realised and the net proceeds applied in repaying 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.

Payback and withdrawal of share capital

Based on the business plan approved by the Directors, Nadder Community Energy intends to return Members' capital starting from Year 4 (as required by EIS and SEIS tax relief regulations) with all capital being repaid by Year 20. It is intended to do this at 1/17 of the capital invested each year (see Cashflow Summary for details); this is subject to financial performance.

Members may apply to withdraw some, or all, of their shares from the start of Year 4, subject to sufficient funds being available and at the discretion of directors.

Taxation

Interest payments made to Members will be subject to 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.

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.

▼ *This well designed roof-top PV system on a farm building at Berwick St Leonard was one of the first in our area.*



Ralph Perry Robinson

Terms & 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 amount.

The Offer timetable

The Offer will remain open until all shares are subscribed. 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/banker's 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.

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.

Amount to invest

The price of each share is £1. The minimum number is 100. The maximum is 50,000. 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.

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.

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.

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.

Nadder Community Energy Share Application Form

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 Nadder Community Energy available from the Society.

PLEASE USE CAPITALS AND BLACK INK AND COMPLETE BOTH PAGES

I wish/my organisation wishes to invest a total amount of £

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.00 in Nadder Community Energy on the Terms and Conditions of the Offer Document at the price of £1.00 per Share. **You may invest not less than £100 and not more than £50,000.**

Do you wish to be allocated shares qualifying for SEIS and EIS tax relief? Yes ☐ No ☐

Individual Applicant details

Title (Mr/Mrs/Ms/other):			
Forenames:		Surname:	
Address:			
Post code:		Day-time telephone:	

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

[illegible]

If you would like payments from the Society to be paid by bank transfer and not by cheque, please provide bank details:

Name on account:	
Sort code:	Account number:

If the Applicant 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:	

All applicants: please continue 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.

Signature (Applicant/on behalf of Applicant organisation as applicable):	Date:
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Payment

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

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

Send your completed Application Form and payment to:

Nadder Community Energy Ltd
c/o Sharenergy
The Pump House
Coton Hill
Shrewsbury, SY1 2DP

or sign, scan and email to admin@sharenergy.coop

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

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This application form can be photocopied and additional application forms are available. For all enquiries use the contact details on p2 of this Offer document.

Thank you for applying to join Nadder Community Energy.

Glossary

Applicant

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

Application Form

The form in this Offer Document which 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 Nadder Community Energy.

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 which is to be distributed to local organisations.

Directors

The directors of Nadder Community Energy.

FiT (Feed in Tariff)

Incentive for electricity generation introduced by HM Government on 1st April 2010 under powers from the Energy Act 2008.

Nadder Community Energy (or the Society)

Nadder Community Energy Ltd. A Community Benefit Society Registered with the FCA No. 7189.

Nadder Community Energy Shares

Ordinary shares of £1 in Nadder Community Energy.

Installations in this Offer

Document refers to the solar PV panels, inverters, cabling and ancillary equipment of the Project.

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.

PPA

Power Purchase Agreement for the sale of electricity.

Project

The proposed ownership and operation by the Society of one or more Solar Installations

Projections

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

Regen SW

The renewable energy agency for the southwest.

Rules

The Rules of the Society, available on demand.

Shareenergy

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

Sites

The location of the proposed Solar Installations.

Terms and Conditions

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



Nadder
Community
Energy

Share Offer Document 2015

