



Power Up North London

Business Plan
August 2016

Introduction



Power Up North London was formed by three local Transition Town groups in Kentish Town, Dartmouth Park and Tufnell Park. Transition Towns are a network of groups each based in a small geographical area which aim to create greener and more resilient communities. They are very local in nature and there are over 30 groups in London alone to reflect this. Due to the enthusiasm of people outside this immediate area to join the group we decided to call ourselves “Power Up North London” (PUNL) so as not to exclude people in the local area based on where they lived- in reality the reach of our group spreads as far as Highgate and Camden Town.

The Transition Town groups had collaborated previously in a North London Energy Challenge, which allowed people to compete to save on household energy use over the course of a year. Transition Kentish Town also had experience in setting up a community business having founded the highly successful Kentish Town Vegbox scheme.



PUNL began in April 2014 with a public meeting set up by the three Transition Town groups to discuss whether there was support for a local energy generation project in the area. Over 60 local residents attended, demonstrating a considerable amount of enthusiasm for a project. Out of that first meeting a “core group” was set up to meet monthly to take the project forward. The core group engages with the wider community through its own mailing list, through Transition Town meetings, local community engagement such as stalls at fairs and markets, and its website, print and social media.

The PUNL core group has met every month since April 2014, and in October 2015 became a registered Community Benefit Society. It was decided early on that given the urban environment of the local area and the government subsidies available at the time, solar PV would be the appropriate technology to focus on for PUNL’s first few projects, with an opportunity to review other avenues at a later date.

This business plan outlines the vision of Power Up North London, our first solar project at St. Anne’s Church Highgate and the accompanying share offer and plan for engagement, the long term goals of the Society, our organisation and membership, the society’s finances and a risk analysis.



Company documents can be viewed online at <https://powerupnorthlondon.org/about/governance/>

Power Up North London's vision

Our Vision

Our local community, and other communities across the UK, have ownership of the generation of their own clean energy, delivering social, financial and environmental value

Our Aims

What this means in practice, is that our aims are as below (and as outlined in our Theory of Change):

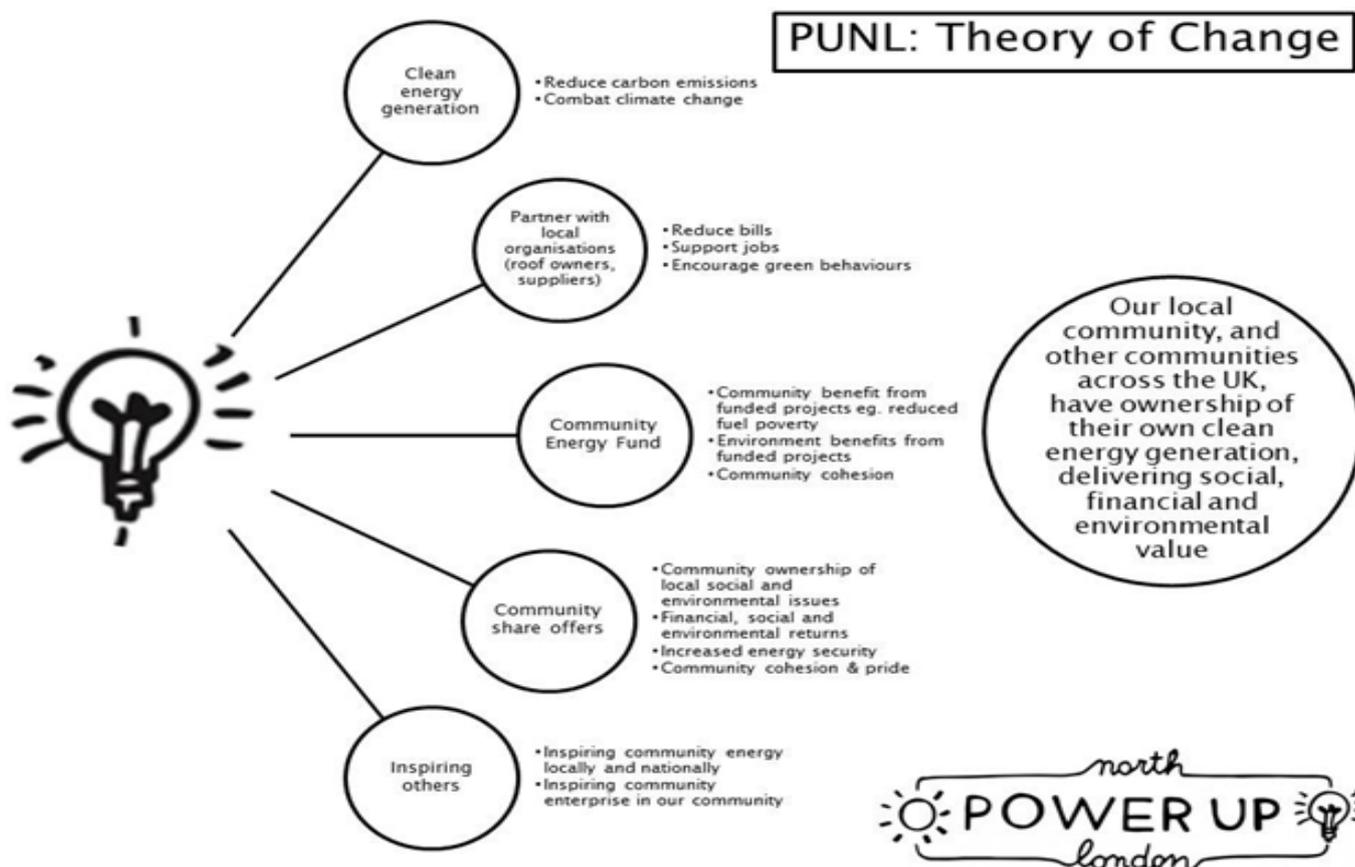
1. Clean energy generation to deliver environmental value
 - a. Reduce carbon emissions
 - b. And as a result, combat climate change
2. Partner with local organisations (roof owners, suppliers, etc.) to deliver social, environmental and/or financial value
 - a. Reduce bills for local residents / organisations
 - b. Support jobs (through PUNL or through working with local suppliers)
 - c. Encourage the community to think about their energy use and adopt greener behaviours
3. Deliver social, financial and environmental impact through our Community Energy Fund using our surplus
 - a. Be an enabler for community-led projects that will deliver social, financial and/or environmental value to our community, e.g. Helping with energy efficiency measures to address fuel poverty for those who need it most in our community, recognising that these measures have both social and environmental value
4. Community share offers to create social, environmental and/or financial value
 - a. Community ownership of local clean energy generation
 - b. Financial, social and environmental returns for investors
 - c. Increased energy security and local resilience
 - d. Community cohesion, relationship building and pride for local area
5. Inspiring other communities to create social, environmental and financial value
 - a. Inspiring others to develop projects like ours in their own communities
 - b. Inspiring community enterprise in our own community

Our Mission

To deliver community energy projects that create social, environmental and financial value in line with our aims and contribute to our vision for change.

Our Theory of Change

Our vision, aims and mission are demonstrated visually in our Theory of Change.



The Big Picture

We believe that all communities should be generating as much clean energy as possible. It has been calculated that London could generate 20% of its electricity needs from rooftop solar, but only 0.5% of London roofs had solar PV in February 2016. North London is a relatively untapped area for community energy projects despite having some of the highest levels of social investment in the UK.

The UK Government is on track to miss its targets of 15% energy consumption from renewable sources by 2020 and support for solar and onshore wind in particular has come to a halt, with current policy focus on new nuclear and gas generation. In keeping with the ethos of the Transition movement, Power Up North London hopes to demonstrate that communities can be the source of positive change, becoming greener and more resilient. Many communities across London and the UK have embarked upon community energy projects and we felt it was time that North London joined the revolution.

The project

Power Up North London's primary purpose is to install a series of community owned solar installations on community buildings in North London. When the project began, there was a clear model for community energy projects that used the government Feed-in-Tariff scheme as a source of income. We have one project pre-accredited to take advantage of the September 2015 Feed-in-Tariff rate, at St. Anne's Church Highgate.

The profits will be used to pay back a small return on investment from our community share offers, reduce energy prices for community buildings, and in the longer term create a fund to spend on further community energy projects, the nature of which will be decided democratically by members of the community. As our first project is a solar installation on a church building we envisage that the profits will be spent on funding activities in the church's community hall, the nature of which will be decided by parishioners and local residents. Longer term we hope to generate enough revenue to be able to fund a range of projects in our area that meet environmental and/or social goals, such as energy saving programmes to help address fuel poverty.

We believe community ownership of renewable energy will be empowering for members of the community, and will be a great way to engage schools and other groups around issues of energy and climate change.

All members of Power Up North London are volunteers currently but we would like to be in a position eventually where we can become a fully formed social enterprise and create paid jobs to benefit the community.

Long term viability

The Government's decision to cut the feed-in-tariff by 65% in January 2016 means the model used by most community energy projects to date looks unviable with the new rates, for the majority of projects. However, given the resilient nature of the community energy movement, new models and options are already emerging. Power Up North London aims to deliver our project at St. Anne's Church before beginning to explore some of these options in more depth. Options include, but are not limited to

- Refinancing of existing assets to bring them into community ownership
- Entering into an agreement with one of several new energy suppliers on the market who aim to buy energy from community groups.

Competitive Advantage

We have extremely strong local links, based on how the group was formed initially (through the Transition Towns movement), and this has been continued by our current team, exemplified by the scale of the response to our first planning application. Our local links will be strengthened as we gain members through our share offer, giving us a clear competitive advantage in our local area through our ability to carry out projects such as the St Anne's installation. Planning permission was given because we were able to demonstrate a clear community benefit as well as an environmental one- it is unlikely that a commercial developer would have achieved this. We have strong support from local Councillors, and Officers of Camden Council have also indicated their preference for working with Power Up north London on future projects. More recently, we have developed strong relationships with local and London-wide press to further strengthen our competitive advantage as a location-specific community business in the renewable energy sector.

We have built a financial model for a 20-year period that covers a single project at St. Anne's Church. Any further projects will be entered into with the agreement of members of the Society and will only be taken forward if they do not negatively impact the current financial model.

In accordance with PUNL's rules we will hold an AGM each year in which members will have the chance to be elected to the Board. For as long as the society has 3 or more directors on the board it will continue to run. If it is no longer possible to maintain running of the society, the assets will be transferred to a suitable organisation. Share administration will be outsourced to the Registrar's Trust, the cost of which is covered in the financial model, meaning shareholders will be protected if the Society changes hands at any time during the 20-year period. PUNL has an asset lock meaning all assets must continue to be used for the same purpose by any new owner.

St. Anne's Church



In November 2015 Power Up North London was awarded a grant from the Urban Community Energy Fund to cover feasibility costs for one or more solar projects in North London.

We began speaking to St. Anne's Church in Highgate who were considering solar panels as part of a refurbishment project taking place at the Church. With the refurbishment the Church hopes to create more space for community activities including the Church's successful community lunches and a youth project, meaning more daytime use when solar energy can be utilised.

Given the potential benefits of solar to the Church and surrounding community we agreed in early 2016 to use some of our funding to explore the feasibility of a 19kW installation on the south facing roof.



As the Church is listed and in a conservation area, a large part of this feasibility work has been putting together a planning application, which was approved on the 4th July 2016. We now have until 29 September to install the panels in order to qualify for the pre-accredited Feed in Tariff rate, without which the project would not be viable.

Steps completed to date

- ◇ Pre- accreditation of the Feed- in- Tariff rate for September 2015;
- ◇ Feasibility study with installer, including an ongoing investigation into combining 3 electricity meters into 1 to increase the energy that can be used from the panels;
- ◇ Structural calculations by an engineer to determine viability of the installation;
- ◇ Approval of grid connection from the District Network Operator (DNO);
- ◇ Draft legal agreements drawn up by a solicitor;
- ◇ External review of financial model;
- ◇ Successful community engagement; and
- ◇ Invitation to Tender sent out to a number of installers to ensure value for money.





Next steps

- ◇ Signing a lease agreement with the Church;
- ◇ Confirm contract with chosen installer;
- ◇ Raise funds for installation through a community share offer; and
- ◇ Install panels and submit Feed-in- Tariff application before 29 September 2016.

Finance

Accounts

Since PUNL became a registered Community Benefit Society, we have received a grant from the Urban Community Energy Fund of £13,000 of which we have spent £11,000 on feasibility costs including

- ◇ Structural calculations by an engineer to determine viability of the installation;
- ◇ Draft legal agreements drawn up by a solicitor;
- ◇ External review of financial model; and
- ◇ Directors insurance.

Urban Community Energy Fund grants are to be used for feasibility costs only, therefore the remaining funds cannot be used to cover installation costs. Any funds not used for feasibility will be returned.

We have received no further income to date.

Our annual accounts will be due within 6 months of October 2016, and will be publicly available on our website.

The share offer

To enable the installation of the solar panels on St. Anne's Church by the September deadline, we need to raise £30,100 (£29,165 for the cost of installing the panels, plus £935 administration costs) by 31 August 2016.

The share offer consists of 30,100 shares of £1. The minimum investment is £250 but a lower minimum of £100 is available to Parishioners of the Church as we wish to particularly encourage those who use the building to have a stake in the project.

In the event the Share Offer fails to raise the £30,100 necessary, the project will not proceed.

Shares will be allocated on a first- come first- serve basis. In the event applications exceed the target amount, unsuccessful applicants will be placed on a waiting list and be given priority for PUNL's next share offer, should one take place.

Financial Model

The following information is based on PUNL's financial model, which has been developed in line with best practice from the community energy sector.

The model can be adapted to take into account future projects, but as St. Anne's Church is our only confirmed project to date, the below is a summary of the model based on expenditure and income from this project alone.

Capital costs of the project are anticipated to be covered fully by equity from community shares.

Financial summary- Income and Expenditure

| Year | yr 0 | yr 1 | yr 2 | yr 3 | yr 4 | yr 5 | summary yrs 6-10 | summary yrs 11-20 | summary yrs 1-20 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------------|----------------------|---------------------|
| INCOME AND EXPENDITURE | | | | | | | | | |
| Income from FITs | 482 | 1,928 | 1,957 | 1,986 | 2,015 | 2,045 | 10,689 | 23,214 | 43,835 |
| Income from Exports | 123 | 494 | 504 | 514 | 524 | 534 | 2,834 | 6,385 | 11,789 |
| Income from onsite use | 72 | 288 | 294 | 300 | 306 | 312 | 1,653 | 3,724 | 6,877 |
| Total income | 678 | 2,710 | 2,755 | 2,800 | 2,845 | 2,891 | 15,176 | 33,323 | 62,500 |
| Export meter charges | - | 14 | 55 | 56 | 57 | 58 | 316 | 714 | 1,316 |
| Operation & maintenance | - | 60 | 242 | 246 | 251 | 256 | 1,388 | 3,137 | 5,783 |
| Rates and insurance | - | 58 | 230 | 235 | 239 | 244 | 1,322 | 2,986 | 5,505 |
| Administration | - | 121 | 485 | 495 | 505 | 515 | 2,787 | 6,297 | 11,608 |
| Total Expenses | - | 253 | 1,012 | 1,032 | 1,052 | 1,074 | 5,812 | 13,134 | 24,211 |
| Operating Surplus | 425 | 1,699 | 1,723 | 1,747 | 1,772 | 1,796 | 9,364 | 20,189 | 38,289 |
| Depreciation | - | 376 | 1,504 | 1,504 | 1,504 | 1,504 | 7,522 | 14,667 | 29,710 |
| Bank Interest | - | - | 19 | 18 | 17 | 16 | 70 | 81 | 222 |
| Net Surplus for Distribution | 49 | 194 | 237 | 261 | 284 | 309 | 1,912 | 5,603 | 8,801 |
| BALANCE SHEET | | | | | | | | | |
| Capitalised Installation (net of depn) | 29,710 | 28,206 | 26,702 | 25,197 | 23,693 | 22,189 | 14,667 | 0 | 0 |
| Cash at Bank | 376 | 1,880 | 1,801 | 1,722 | 1,643 | 1,564 | 1,168 | 0 | 0 |
| Total Assets | 30,086 | 30,086 | 28,503 | 26,919 | 25,336 | 23,752 | 15,835 | 0 | 0 |
| Members' Equity | 30,086 | 30,086 | 28,503 | 26,919 | 25,336 | 23,752 | 15,835 | - | - |
| DISTRIBUTIONS | | | | | | | | | |
| Members interest payments | - | 49 | 194 | 237 | 261 | 284 | 1,912 | 3,652 | 6,849 |
| Community Fund | - | - | - | - | - | - | - | 1,951 | 1,951 |

Financial summary- Cash Flow

| Year | yr 0 | yr 1 | yr 2 | yr 3 | yr 4 | yr 5 | summary yrs 6-10 | summary yrs 11-20 | summary yrs 1-20 |
|--------------------------------|--------|--------|-------|-------|-------|-------|---------------------|----------------------|---------------------|
| CASHFLOW | | | | | | | | | |
| Capital raise | 30,086 | - | - | - | - | - | - | - | 30,086 |
| Capital expenditure | - | 30,086 | - | - | - | - | - | - | 30,086 |
| Operating cashflow | 376 | 1,504 | 1,504 | 1,504 | 1,504 | 1,504 | 7,522 | 14,667 | 29,710 |
| Less capital repaid to members | - | - | 1,583 | 1,583 | 1,583 | 1,583 | 7,917 | 15,835 | 30,086 |
| Opening cash | - | 376 | 1,880 | 1,801 | 1,722 | 1,643 | 1,564 | 1,168 | 376 |
| Closing cash | 376 | 1,880 | 1,801 | 1,722 | 1,643 | 1,564 | 1,168 | - | - |

Financial summary- Balance Sheet

| Year | yr 0 | yr 1 | yr 2 | yr 3 | yr 4 | yr 5 | yr 10 | yr 20 |
|--|--------|--------|--------|--------|--------|--------|--------|-------|
| BALANCE SHEET | | | | | | | | |
| Capitalised Installation (net of depn) | 29,710 | 28,206 | 26,702 | 25,197 | 23,693 | 22,189 | 14,667 | 0 |
| Cash at Bank | 376 | 1,880 | 1,801 | 1,722 | 1,643 | 1,564 | 1,168 | 0 |
| Total Assets | 30,086 | 30,086 | 28,503 | 26,919 | 25,336 | 23,752 | 15,835 | 0 |

Assumptions:

The financial model assumes

- ◇ Development and installation costs will be in accordance with the quotes received;
- ◇ Electricity generation of the project in the first year will be 16,492 kWh;
- ◇ Feed-in Tariff rate in the first year is 11.71p/kWh;
- ◇ Export Tariff in the first year is 4.91p/kWh;
- ◇ Electricity is charged to the church at a 30% discount;
- ◇ Our income from the export tariff will be from a deemed export of 50% of electricity generated;
- ◇ Maintenance costs are £150 per annum in the first year;
- ◇ Administration costs are £485 per annum in the first year;
- ◇ Insurance costs are £230 per annum in the first year;
- ◇ All costs as well as income from electricity sales and the Feed-in Tariff increase by RPI each year, estimated at 2.0%;
- ◇ Bank interest rate on deposits will be 1% per annum;
- ◇ Annual reduction in panel efficiency of 0.5%;
- ◇ Members withdraw their capital in line with projections;
- ◇ Corporation Tax rate of 20%; and
- ◇ Site uses 25% of electricity generated.

Withdrawal of Shares

In Year 0 and 1 of our financial model the society will use its income to accumulate a small cash reserve, which from Year 3 allows for the opportunity for members to apply to withdraw their shares (from 1 April 2018). Share withdrawal is subject to the Board's discretion and the financial position of the Society and shares should be viewed as a long term investment in the society.

The financial projections assume that as capital is built up, it is repaid to members over time rather than retained in PUNL's bank account. This decision of whether to repay capital and how much to repay will be proposed by the Board and brought as a motion to each AGM. The reasons for early repayment of capital are that:

- It is felt that it is beneficial for capital to be returned to investors rather than being held in PUNL's bank account; and
- It enables higher returns to shareholders overall, as interest is repaid on reducing amounts of capital over time.

From Year 3 onwards the financial projections depend on the Board receiving sufficient applications for withdrawal of shares from the membership. The scheme will be viable if all members decide to hold all their Shares for the full 20-year life of the project; however, the Community Fund would be significantly smaller.

Community Engagement



Power Up North London has a strong existing community network through local Transition Town groups. Over the past two years we have aimed to expand this network through attending events and meetings, through a quarterly newsletter and social media. In the process of working with St. Anne's we have engaged with parishioners at the church's Spring Fair, and with neighbours on St. Anne's Close and Highgate West Hill.

Engagement to date has involved

- ◇ Presentation at "Re-energising Camden" conference organised by Camden Council 2014;
- ◇ Street stall at Alma Street Fair, Kentish Town, 2015;
- ◇ Presentation at "Renewables in the UK" event with Friends of the Earth in Kentish Town 2016;
- ◇ Attending meeting of Dartmouth Park Neighbourhood Forum 2015;
- ◇ Stall at St. Anne's Church Spring Fair 2016;
- ◇ Quarterly newsletters (150 recipients, plus inclusion in Transition Town newsletters with 1000+ recipients);
- ◇ Regular Twitter engagement (500+ followers);
- ◇ Website including blog; and
- ◇ Two articles in the Camden New Journal.



To raise £30,100 from our planned share offer, we estimate we will need to engage with 1,000 – 1,500 people based on the following assumptions;

- ◇ The average investment will be £1000 but we would like to attract a larger number of smaller investments if possible;
- ◇ Therefore our target number of investors is between 30 and 50;
- ◇ To achieve this, we believe that we will need approximately 300 – 500 "supporters" of which 10% will become investors; and
- ◇ To secure this number of supporter we aim to reach an audience or at least 1500 people in the local area.





To reach this number of people and to target the groups we would most like to engage we will use the following channels;

1. We will launch our share offer with a public meeting at St. Anne's Church, which particular effort made to advertise the event (and share offer) to Parishioners and residents of St Anne's Close and Highgate West Hill (between Langbourne Ave. and Swain's Lane) who we are keen to engage and have become members
2. The Share Offer to feature in Power Up North London and Local Transition Town newsletters
3. Daily tweets
4. Articles in the Camden New Journal, Kentish Towner and Ham & High
5. One or more street stalls
6. Attending local Transition Town meetings and other local group meetings such as Neighbourhood Forums, local Green Party and Labour Party meetings, Camden Climate Action Network, Greenpeace and Friends of the Earth
7. Posters and copies of share offer document in local independent cafes, pubs and community centres



Organisation

Power Up North London is a registered Community Benefit Society. This means the Society's activities must primarily deliver benefits to the community as outlined in our rules, and not just for members. The primary benefits must be social as opposed to financial. Buying shares PUNL grants automatic membership. Members are entitled to receive the Society's annual accounts, vote at the Society's Annual General Meetings, and stand for election to the Board of Directors. Members will democratically decide on future projects and how PUNL's Community Energy Fund is to be administered. Each member has one vote irrespective of the number of shares they own.

The current Directors and Core Group as described below will be given the option to invest in the share offer in keeping with the rules that apply to all members of the Society.

Staffing requirements

The current core group members have provided sufficient levels of input to enable the project to get this far. We advertised in 2015 for an accountant to add financial expertise. If a member of the group drops out or the workload increases, we may seek to advertise for new members of the team to cover specific roles.

The Directors and Core Group

Power Up North London has a core group of members with their names, skills and experience outlined below. The Society had four directors, all with different areas of expertise. The directors have legal responsibility for the society, and are joined by a wider core team of volunteers. Directors and other core group members all work on a voluntary basis.

Core Group meetings are monthly and open to anyone to join. While directors have stayed the same throughout, the core group membership changes over time with new members joining and others leaving or contributing to specific parts of the project.



Nikki Brain, Director (Chair)

Nikki has been Chair of PUNL since it began in 2014. An International Politics graduate with a background in policy and campaigning, Nikki is excited by the potential renewable technology has to democratise energy and put power in the hands of communities. Nikki is Coordinator of PRASEG, the Parliamentary Renewable and Sustainable Energy Group and has previously worked in policy and communications roles in a number of voluntary sector and private sector organisations. Nikki chairs PUNL meetings and leads on communication and stakeholder engagement for the group.



Ben Pearce, Business Development and Company Secretary

Ben is another founding member of Power Up North London, from Transition Kentish Town. Ben is a Senior Social Business Analyst for CAN Invest, managing social investment funds that invest into social enterprises. Ben also provides consultancy to social enterprises in a range of areas such as impact measurement and strategic/business planning. He leads on PUNL's business planning utilising these skills to develop our impact-led strategy for growth. Ben believes that shaping sustainable communities with the backdrop of climate change is one of the key things that will define our generation.



Sara de le Serna, Project Manager, St. Anne's Church project

Sara has been an active part of PUNL since its first meeting in May 2014. Originally from Madrid, she came to London to study a masters in renewable energy, after which she started working in a low carbon strategic management consultancy. Through her work, she has been involved in projects in the energy and transport sectors giving advice to policy decision making. She believes in the wide benefit of local renewable energy initiatives such as PUNL not only from an environmental, but also from an economic and social perspective, and she is attracted by the challenge of delivering community projects through local collaboration and thrilled to see a direct impact of her work into a tangible outcome.



Adam Spence, Treasurer

Adam joined Power Up North London in February 2015, wanting to support clean energy initiatives alongside a career in commercial investment management and fundraising. Adam is a chartered accountant with 8 years' post qualification experience. Adam qualified from general practice, gaining experience in accounting, taxation and audit. Upon qualifying, he spent seven years at a leading media investment house, responsible for fundraising projects and the management of deployed funds on behalf of investors. This included providing financial and commercial guidance to companies in the media sector, requiring a number of Finance Directorships. In January 2016, Adam set up his own investment and advisory group, Edition Capital, along with three other colleagues.



Ian Grant, Director

Ian Grant was part of the team which ran "North London Energy Transition Challenge", an energy efficiency challenge for a year between different areas in North London. Ian has been an editor and writer on the environment and built environment for over 30 years. He has produced reports for NGOs and Government and has developed content for over 120 conferences/events on environmental issues. He has extensive experience managing a small company having founded two publications and is also a freelance consultant. Ian sits on several working groups of the Environmental Industries Commission.



Vijay Bhopal, Volunteer

Vijay joined PUNL in 2016, having moved from Edinburgh to North London. He is a co-founder of Scene, a social enterprise that supports the community energy movement through research and consultancy services, and designs ICT products for the energy access sector. He is delighted to be involved on the other side of the fence, as a volunteer. Vijay believes that community energy projects are crucial for engaging a wider audience within the themes of energy transitions, climate change and ethical investment. They are also fantastic examples of social enterprise being used for good, helping to strengthen communities with long-term revenue streams.

Risk

General risks

The value of shares and income from them may fluctuate and shareholders may not get back the amount invested. Investment in smaller unquoted businesses is likely to involve a higher degree of risk than investing in larger companies and those traded on the stock exchange.

Shares will not be tradable. Shares can be withdrawn (i.e. redeemed by PUNL for the price paid for them – in this case £1 each) in accordance with the Rules but may not be withdrawable at short notice or when shareholders wish to do so. If PUNL lacks sufficient cash to enable Shares to be withdrawn when desired, withdrawal may be delayed or not possible and this is solely at the discretion of the Directors. Shares should be seen as a long-term proposition for the life of the Project.

Shares in PUNL are not regulated investments for the purposes of the Financial Services and Markets Act 2000 and therefore you do not have the protection provided by that Act. This Share Offer is exempt from regulation under that Act and regulations made under it, so there is no right to complain to an ombudsman; and this Share Offer does not need approval and has not been approved by an approved person under that Act. This Share Offer is not regulated by the Prospectus Regulations 2005, which do not apply because there is a specific exemption for fundraising by a Community Benefit Society. PUNL is registered with but not authorised by the FCA and therefore the money you pay for your Shares is not safeguarded by any depositor protection scheme or dispute resolution scheme. The Shares are not covered by the Financial Services Compensation Scheme ('FSCS').

Renewable energy industry risks

- ◇ PUNL has the FiT rate guaranteed for 20 years, however future policy changes may affect this. If the Government may attempt to cancel the contract the panels will need to be sold;
- ◇ Weather patterns, electricity prices and business costs can fluctuate;
- ◇ New inventions and developments may render existing technologies and equipment obsolete;
- ◇ Unexpected maintenance costs in excess of budget provision can arise; and
- ◇ Although Solar Power systems are extremely reliable, electrical or other failure can interrupt the generation of electricity or the distribution network and lead to unexpected costs and interruptions of generation. Manufacturer warranties and guarantees offer some protection.

Risks specific to this project

- ◇ The target share interest payments are not guaranteed and may not be achieved;
- ◇ The calculations in the financial model are based on a conservative estimate of the church's energy use (25% of energy generated) and exporting the remainder to the grid. The actual figures may vary which would impact the rate of return. The estimate of usage used in the Financial Projections is based on historic demand for electricity where this has been available and forecast solar energy generation; and
- ◇ A draft Heads of Terms is in place and PUNL is undergoing discussions with St. Anne's to enable a lease to be drawn up and signed by both parties. If an agreement is not come to, the project will not go ahead;

Projections show that expected returns to members can be achieved with 8 buildings installed

- ◇ Equipment to be purchased by PUNL will be supported by guarantees from companies believed to be financially robust, but equipment suppliers, contractors, purchasers of electricity or other contracting parties with PUNL could fail to meet their obligations.

After 20 years ownership of the solar panels will transfer to St. Anne's Church which will benefit from the free electricity from this point on.

- ◇ In the unlikely case the panels need to be removed for roof maintenance, electricity will not be generated for this period, negatively affecting the returns set out in the financial model.