



## **Business Plan Summary**

Community Renewable Energy (CoRE) aims to work with the Voluntary and Community Sector to develop renewable energy systems that will generate income for communities and provide them with sustainable, low cost reliable energy supplies. In return, CoRE will take a stake in the companies set up to fund the establishment of more community owned renewable energy systems.

### **Need**

Renewable energy is any form of energy that can be used and is renewable in the short-term. In most cases, it utilises the sun's energy; directly (eg. solar panels) or indirectly (eg. wind). We include wood and other biomass in this definition, provided sufficient vegetation is replanted to replace that used for energy.

We need to develop community owned renewable energy systems for three reasons:

1. Non-renewable energy sources are by definition finite
2. Our current dependence on fossil fuels is responsible for climate change, which, uncontrolled, could have serious implications for our long-term future. Energy prices are also rising substantially in response to both growing demand and a growing awareness that we are nearing the end of usable oil reserves. Communities who have tackled these problems in Europe have generated substantial incomes and/or reduced their energy bills, this has so far not yet happened in the UK.
3. Despite community groups showing interest in renewable energy, it has been too complicated for most of them to turn this interest into reality. We are therefore proposing an enabling social enterprise approach that will overcome these difficulties and allow communities to generate much needed funds for community activities.

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## **The service**

We intend to work with community based groups to establish two types of companies:

1. Joint ventures between CoRE and a community organisation to establish larger renewable energy systems such as wind turbines or hydro electrics
2. Membership co-operatives, involving community based organisations and individuals who combine together, sometimes with fuel suppliers, to set up a number of smaller renewable energy systems supplying members

We also intend to set up companies that will supply services to these companies, such as the selling of Renewable Energy Obligations (ROCs)

We plan to establish these companies in three phases:

1. Quick and certain returns – Combined Heat and Power Systems, Wood fired heating
2. Higher risks, higher rewards – eg large wind turbine projects
3. Vertical developments – eg energy supply company

This business plan covers Phase 1 and will involve the establishment of four companies. They are:

1. The Renewable Energy Corporation – setting up biomass CHP generate heat and electricity for members initially in four locations.
2. Community Wood Energy – selling heat generated through wood fired heating systems to members (mostly Development Trusts, Schools and other large users). CWE will install, run and own the heating systems and manage the supply of wood from a wood producer's cooperative who will also have a stake in the company.
3. Berwick Community Renewable Energy Company – a joint venture between Berwick Development Trust and CoRE to set up an 800 kWh wind turbine for which a feasibility study has been conducted and land secured.
4. The Teesdale Community Renewable Energy Company – a joint venture with Teesdale Village Hall Consortium to provide renewable energy systems for the 33 members of the consortium and their communities.

## **Finance**

We anticipate that the first three of these companies (we have not done sufficient work in Teesdale to assess income generating capacity) will, by the end of year three be generating income of £78,000 per annum. This will be sufficient to maintain and grow CoRE.

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CoRE, and its member companies, will have a substantial requirement for capital of just over £2 million, which will be provided for through interest free loans, interest bearing loans, grants and, in the case of Berwick wind turbine, equity stakeholders.

Grants will also be required to revenue fund the establishment of CoRE and its member companies. Revenue and capital grants are expected to amount to £344,000.

By the end of year 3 CoRE companies will be generating £94,000 return for the communities it works with in addition to saving or reducing energy costs.

## **Organisation**

CoRE will have a manager and administrator and has been set up as a company limited by guarantee. Ultimately we expect it to become a charitable company. Its board is made up of 4 representatives from companies it establishes, 2 representatives of support agencies, 2 staff representatives and 3 co-optees.

The companies it sets up will have various structures, but it is envisaged that most of these will be Community Interest Companies. These companies will then covenant a proportion of their profits, ranging from 10-60% depending on the input made by CoRE into their establishment.

Covenanting of profits will often be for a limited period, but in all cases this period will allow for the repayment of CoRE's input.. After this period, some member companies will shift to paying a membership fee and for services provided by CoRE. After a certain period, all CoRE member companies will be free to leave CoRE membership.

## **Marketing**

During the period of this business plan, CoRE will focus its marketing and engagement activities on community groups interested in renewables, policy makers and funders. It will use a range of strategies to reach these target groups.

A key element will be the CoRE Network. This has already been established and currently has a membership of around 60 community groups and support agencies. It will be further developed to meet on a regular basis to enable interchange of information between members, to identify possible services and companies CoRE could develop with community groups and provide a voice for the sector.

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## **Objectives and impacts**

A number of objectives against which CoRE's performance can be measured have been set. Key of these is the establishment of four community owned renewable energy companies.

Achieving this will require a modest investment of around £340,000 in grants. This will enable CoRE to become self sustaining and to help communities generate nearly £100,000 a year income. It should be stressed that these figures are based on energy prices staying at current levels and not continuing to rise, as they have been and are predicted to do. It will also reduce carbon dioxide emissions by over 2200 tonnes and directly create seven new jobs.

But this is far from all. Once CoRE is established it will have the potential to grow the number of community renewable sector exponentially. This will have a major impact in terms of environmental and financial sustainability of these communities.

It is widely predicted, that energy supplies will, in the future, no longer be as dependable as they are now. It may therefore be that CoRE's biggest contribution will be the provision of dependable, stably priced relatively low cost energy to communities that they manage and control. Such communities are therefore likely to have huge economic and social advantages compared to those dependent on a diminishing and erratic conventional energy supply.

Additional information can be obtained from:

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The official launch of Community Renewable Energy was on 2<sup>nd</sup> February, 2007 at The Rising Sun Countryside Park, North Tyneside. The launch speech was made by The Hon. Stephen Byers MP, Chair of the UK Climate Change Panel.