

# Blackshaw Head Community Wind Turbine Prospectus for Community Share Offer

An opportunity to invest in the sustainability of your community brought to you by Pennine Community Power Limited, a Community Benefit Society (Registered with the Financial Services Authority, no. 31588R)

## What we are doing

Pennine Community Power is installing and operating a wind turbine at Warcock Hill Farm in the Calderdale village of Blackshaw Head. Planning permission has been obtained and leases signed with the landowners where the turbine will be sited. The purchase and installation of the turbine will be funded by a combination of grant funding and community investment. Pennine Community Power will in turn be owned and managed by the members of the community who invest in it. Once an appropriate return has been paid to investors the profits from the turbine will be used to benefit the community of Blackshaw Head.

This document is an offer to invest in the Blackshaw Head wind turbine - the first renewable energy installation of Pennine Community Power. It is intended that the Society will support, participate in and directly own other community owned renewable energy schemes. These future schemes will also directly benefit communities in the Pennines. The growth of Pennine Community Power will involve future issues of community shares and an increase in shareholder membership.

## The share offer

|               |                            |
|---------------|----------------------------|
| Target amount | £28,000                    |
| Offer begins  | 21 <sup>st</sup> June 2012 |
| End of offer  | 31 <sup>st</sup> July 2012 |

## Who are Pennine Community Power?

Pennine Community Power Limited is a community owned renewable energy enterprise which arose from the activities of Blackshaw Environmental Action Team (BEAT). Pennine Community Power will be owned and controlled by its community shareholders.

## What will Pennine community Power do?

Pennine Community Power has the following objects:

- 1.To build a sustainable community, environmentally, socially and economically
- 2.To develop the profitable supply of energy from renewable resources for the benefit of the community.
- 3.To ensure the democratic control of renewable energy resources with the opportunity for residents to invest and control such resources.
- 4.To ensure that the value from development of renewable energy resources shall be retained within the local economy.
- 5.To create local sustainable livelihoods.
- 6.To provide support to other organisations with similar aims.
- 7.To educate and inform the general public around the issues of sustainability, climate change and renewable energy.

Whilst Pennine Community Power will be profitable, it is not the primary purpose of the Society to generate a return for investors, but rather to benefit the community. Pennine Community Power however aims to offer a small return on investment, which is sufficient to attract the investment in the first place. The assets of Pennine Community Power are locked, which means that if the Society is dissolved, the members cannot benefit above the value of their shares. Any residual value after repayment of shares would be passed to another asset locked organisation with similar objects to Pennine Community Power Limited.

The current founding members of Pennine Community Power Limited are:



**Dr Ashley Sharp** Ashley is a resident of the adjacent parish of Heptonstall where he moved three and a half years ago to found Sustainable Sources Ltd, a company which propagates corals and marine ornamentals for the aquarium trade. As a company director and secretary he has hands on experience of establishing and running a business from start-up. He is an officer of BEAT and has been at the forefront of presenting the sustainability plan to the residents of Blackshaw parish.



**Finn Jensen** Finn has lived in Blackshaw Head for over 15 years, was one of the founders of BEAT over 14 years ago and has been one of the BEAT officers since. Finn is a qualified teacher, works for MERCI, a Manchester based sustainability charity, ([www.merci.org.uk](http://www.merci.org.uk)) as a development worker, has worked as a legal caseworker for ten years and as a manager for 5 years. Apart from BEAT Finn's community work includes four years as a school governor, is currently involved in Hebden Bridge Transition Town, in dCarb Upper Calder Valley and in Blackshaw Optimistic Gardeners. Finn was the founder of Electronic Immigration Network and was a trustee for 14 years.



**Paul Willson** Paul is a senior manager in the Power Generation group in Parsons Brinckerhoff, the leading UK consultants in the field. He has over fifteen years experience of the development and operation of many types of power plant, from small straw-fired renewable to large combined cycle plant. He has acted as Lenders Technical Advisor on many power projects in the UK and overseas involving the evaluation of contracts, business plans and budgets so that he will contribute strong technical and commercial experience. Living in Blackshaw Head, Paul is an active member of Blackshaw Optimistic Gardeners, BEAT and is involved in the Blackshaw Head village fete.



Dr Mark  
Simmonds

Mark is a former resident of Blackshaw parish and now lives in the adjacent parish of Heptonstall. Mark is experienced in the issues around community investment and large democratic community enterprises through his work with Co-operatives UK, the trade body for UK co-operatives and his current work as a freelance co-operative and social enterprise advisor. Mark is an associate of Co-operative Business Consultants. Mark is the founder member of Heptonstall Allotment Garden Society and co-ordinates Calderdale Local Orchard Group.

None of the founding members will benefit personally from the activities of the Society apart from the benefits available to all other shareholder members. The founding members above will also comprise the Board of Directors of the Society until they stand down at the first Annual General Meeting. The members of the Society shall then elect a new Board. The founding Directors will be eligible to stand for election to this new Board.

The Rules of Pennine Community Power Limited can be downloaded from [www.powerinthecommunity.org](http://www.powerinthecommunity.org)

### **Industrial and Provident Societies and community investment**

The Society is a tried and trusted legal form for large democratic enterprises such as The Co-operative, working mens' clubs, agricultural co-operatives and indeed many of the 5,450 co-operative and mutual enterprises in the UK owned by 12 million people with a combined turnover of £33.2 billion.

In recent years there has been an upsurge in the use of the Society legal form, partly due to a growth in co-operatives and mutuals, but also due to the fact that Societies have specific exemptions from some of the legislation around the offer of investment to the public.

The relatively low set up costs of Societies compared to PLCs (the only other possible legal vehicle suitable for offers of investment to the public) mean that communities across the UK are able to finance, own and control their own energy generation, pubs, breweries, shops, leisure facilities, woodland, farms and even a toy shop!

As well as allowing this particularly flexible source of finance, Societies have the additional advantage that the democracy is hard-wired into them. They are owned and controlled by their shareholders and the people who trade with them or live in the communities where they are situated. This control is also on a one member one vote basis rather than the one share one vote basis of the Company model of share ownership.

For more information on co-operatives and mutuals, visit the website of Co-operatives UK, [www.uk.coop](http://www.uk.coop) – which the PCP is a member of.

For more information on community investment, with many examples, visit the Community Shares website, [www.communityshares.org.uk](http://www.communityshares.org.uk)

Pennine Community Power have received legal and technical assistance in the creation of this offer of community investment by The Co-operatives Enterprise Hub and Co-operative and Mutual Solutions Limited, has received pro bono legal advice from a local lawyer, Keith Lomax and technical turbine advice from SIAC. Pennine Community Power have also received financial and technical support from Blackshaw Environmental Action Team (BEAT) who have carried out community consultation work and have contributed £1,000 towards the planning application.

### **Why community renewables**

Renewable technologies are the general term for technologies that produce electricity and/or heat without releasing greenhouse gases such as CO<sub>2</sub>. Producing the technologies will create greenhouse gases but once in operation they do not. The technologies include wind turbines, photovoltaic solar panels, thermal solar panels, hydro generation, anaerobic digestive systems, etc.

The UK government and Calderdale Council have set targets for how much greenhouse gas emissions should be reduced by 2020 and 2050. The targets are set to avoid dangerous climate change but will also help with energy security, public health, rising oil prices, etc. To meet those targets renewable technologies are needed for our energy production.

The Pennines are particularly suited for wind turbines because of the higher wind speed. However, Pennines Community Power will use all suitable renewable technologies.

Prior to this share offer Blackshaw Environmental Action Team (BEAT) held four public meetings regarding this project; emailed out a survey to around 200 local residents in the Parish; conducted a consultation at the 2011 Blackshaw village fete; informed the community via emails, newsletters, website and made a presentation to the Blackshaw Parish Council. The views of the community received during this consultation were taken into account during the planning of this community wind turbine.

### **The technical bit**

Turbine make: Bergey  
Supplier: SIAC  
Maximum output: 10kW  
Height of mast: 12m (option to increase to 25m)  
Location: Warcock Hill Farm (grid reference SD 95086 27689)  
Average windspeed: 5.77m/s  
Average output: 25,000 kWh per annum

Warranty 10 years  
Anticipated lifetime 25 years plus

290 tonnes CO<sub>2</sub> saved by 2036

See [www.powerinthecommunity.org](http://www.powerinthecommunity.org) for further information



### **The financial bit**

Pennine Community Power has already raised £30,000 grant funding towards the cost of the turbine installation. This offer of community investment is to raise the outstanding £28,000.

The total cost includes the purchase, installation and associated technical consultancy fees.

The turbine will generate 25,000 kWh of electricity per annum some of which will be fed into the national grid, attracting a Feed in Tariff (FiT) payment of £7250 per annum. The FiT income will change with inflation over the 20 year contract of the FiT. In addition the turbine will generate free electricity for Warcock Hill Farm in return for the use of this property as the grid connection.

It is intended that any surplus from the FiT revenue, after the administration, repayment of shares and maintenance of the turbine, will be applied in the following ways:

1. To a general reserve for the continuation and development of Pennine Community Power.
2. To paying interest on the issued (b) share capital at such rate or rates as determined by the Board from time to time, but not exceeding 5% per annum or 2% above the Co-operative Bank's base rate, whichever is the greater.
3. To making payment for social or community purposes within the parish of Blackshaw.

The payment of a return on shares is of course dependent on Pennine Community Power generating a surplus. Whilst this prospectus makes informed projections as to the anticipated returns, there is no absolute guarantee of a return. The exact amount of any return on your investment is subject to the approval of the membership.

It is anticipated that the turbine will generate a return for the investor members of 4% per annum. **Subject to the profitability of the Society it may be possible to repay members share capital over the lifetime of this particular project although this is not guaranteed. Indeed Pennine Community Power Limited will be undertaking further renewable energy projects which would make it mutually beneficial for members to retain and even increase their shareholding in the future. Withdrawal of shares is entirely at the discretion of the Board as stated in the Rules of the Society.**

In the early years, it is anticipated that the turbine will generate a surplus of £1,800 to £3,500 per annum to be used within the community in support of the objects of Pennine Community Power. This return is expected to rise significantly in later years and depending on the exact economic conditions, it is anticipated that over the first 20 years, the community benefit will be between £90,000 and £120,000.

In particular the community return will be used for:

- subsidising energy saving schemes;
- educational projects
- grant funding for environmental projects; and
- investment in further community energy projects.

#### **Projected profit and loss to 2017**

|                        | <b>2013</b> | <b>2014</b> | <b>2015</b> | <b>2016</b> | <b>2017</b> | <b>Total</b> |
|------------------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Revenue (£)            | 5,808       | 7,551       | 7,853       | 8,167       | 8,494       | 37,872       |
| Overheads              |             |             |             |             |             |              |
| Operating costs        | 3,591       | 1,345       | 1,407       | 1,473       | 1,544       | 9,359        |
| Decommissioning fund   | -           | 2,700       | 2,500       | -           | -           | -            |
| Share interest payable | -           | 1,120       | 1,120       | 1,027       | 933         | 4,200        |
| Depreciation           | 1,284       | 1,284       | 1,284       | 1,284       | 1,284       | 6,422        |
| Taxation payable       | 92          | 525         | 776         | 1,049       | 1,126       | 3,567        |
| Total                  | 4,967       | 6,974       | 7,087       | 4,833       | 4,887       | 23,548       |
| Profit/(loss)          | 840.93      | 576.76      | 765.92      | 3,333.88    | 3,606.46    |              |

For a comprehensive overview of the finances, we recommend that prospective investors download the current business plan and financial forecasts from [www.powerinthecommunity.org](http://www.powerinthecommunity.org)

### **Feed in Tariff**

The Feed-in-Tariff (FiT) is paid by the government for the production of green electricity from renewable technologies such as wind turbines, photovoltaic (PV) solar panels and hydro electric schemes. Each technology is paid a different FiT depending on their size.

The FiT is paid quarterly and increases in line with inflation for 20 years. The government is reducing the FiT payments for new installations as they get cheaper but once an installation is grid connected the FiT payments will stay the same – plus inflation – for 20 years. The FiT payments will be paid regardless of whether the electricity is used locally or exported to the grid.

The government is currently considering reducing the FiT payments for new small wind turbines (under 15 kW) from 28 pence per kWh to 21 pence from 1<sup>st</sup> October 2012. So Pennine Community Power is aiming to have our 10kW wind turbine grid connected in September 2012. However, if we are unable to meet that deadline due to any unforeseen circumstances, we will still be profitable, but will probably have to pay a lower return and/or generate a smaller community benefit.

Alternative scenarios for the lower 21p FiT are included in the business plan, which can be downloaded from [www.powerinthecommunity.org](http://www.powerinthecommunity.org).

### **How Can You Get Involved?**

You can invest in Pennine Community Power and by doing so become a member of the Society. As a member you have the right to attend and vote at general meetings, elect directors, stand for election as a director, and to inspect the share register of the society. All members have one vote, regardless of how much they have invested.

The minimum investment is £250. This figure is designed to be low enough to be attractive to the community in the area surrounding the proposed turbine, but high enough to warrant the associated administration of the members share account.

Pennine Community Power have applied to HM Revenue and Customs with a view to their acceptance of this share offer in the Enterprise Investment Scheme. If we are successful, you may be eligible for tax relief on your investment if it is £500 or more. Any such relief would be arranged between you and HMRC. We will notify members and prospective members as soon as we have the result of this application.

The maximum permissible investment is currently limited by law to £20,000. It is the intention that Pennine Community Power should have a large number of smaller investors rather than a few large investors. As a result, in the event that the share offer is over-subscribed we may not be able to offer you all of the shares that you have applied for.

The types of shares issued by Pennine Community Power are known as withdrawable shares. This means that the shares cannot be traded or sold to anyone else, but can only be sold back to the Society at the same value. Withdrawable shares do not increase in value but the Board may reduce the nominal value of the shares when the amount of its issued share capital plus its liabilities exceeds the value of its assets.

Pennine Community Power has the power to suspend withdrawal of shares. This will normally only occur in the case that withdrawal would threaten the viability of the Society. Members are required to give 3 months notice of withdrawal of shares. Members will not

be able to withdraw shares for the first 3 years of this offer. Members shareholding will not be allowed to fall below the minimum shareholding unless they resign their membership of the Society.

Please read this offer carefully and if you wish to invest and become part of Pennine Community Power, complete the share application at the end of this document.

### **Important things that you should think about**

Your investment is fully at risk. If the business fails, you may lose some, or all, of the money you have invested. Before investing you should thoroughly read this document and associated documents, which are all available for download from [www.powerinthecommunity.org.uk](http://www.powerinthecommunity.org.uk).

The offer of withdrawable shares by an Industrial and Provident Society is exempt from much of the regulation of the Financial Services and Markets Act 2000 and therefore does not require authorisation by the Financial Services Authority. If the business fails you have no right of complaint to the Financial Ombudsman or the Financial Services Compensation Scheme.

Due care has been taken in preparing this offer document, a process which has been overseen by the directors, who can vouch that the information it contains is in accordance with the facts and that there are no omissions likely to affect its import.

In addition we strongly recommend that you download and read the Business Plan and financial forecasts.

### **Frequently Asked Questions**

#### **How can I withdraw my shares?**

You can withdraw some or all of your investment, subject to the rules of Pennine Community Power, which state the notice period for withdrawals. You cannot sell or transfer your shares to another person. The directors have the right to refuse your request for withdrawal if they decide it may harm the financial stability of the Society.

#### **Do my shares change in value?**

Withdrawable share capital is non-transferable, which means that the value of shares is not subject to speculation. Shares remain at their paid-up value, unless the directors decide to write-down the value of shares, in order to protect the financial stability of the Society.

#### **How is any interest on my shares treated?**

Each year, the directors will recommend what interest rate should be paid on share capital. This recommendation will be voted on at the annual general meeting. Interest is paid gross and is taxable. It is your responsibility to declare these earnings to HMRC. Interest will be credited to your share account, and be subject to the same period of withdrawal as all share capital, unless you have already reached the maximum permissible shareholding, in which case you will be paid the excess balance.

## **Risks and uncertainties**

### **What happens if the £30,000 target isn't reached by the 31<sup>st</sup> July 2012?**

There will be several options at this point:

- 1.If Pennine Community Power has received applications for more than £24,000, the directors will seek alternative loan or equity finance before proceeding.
- 2.If Pennine Community Power has received applications for less than £24,000, the directors will call a meeting of applicant shareholders before proceeding.
- 3.If for any reason, it is not possible to proceed with the Blackshaw wind turbine, Pennine Community Power will return all monies to applicants.

### **What happens if the wind doesn't blow?**

Nothing is certain and we are living through times of climate uncertainty. However the village of Blackshaw Head is a windy place. Our financial planning is based on the current wind speed data for the area and allows for variability in the wind. At the end of the day if the average wind speed falls consistently, the society will pay a smaller return and there will be less money available for community benefit.

### **What happens if the government reneges on the FiT?**

The government can reduce the FIT for new installations but has a contractual responsibility to honour the FIT given to an installation at the time it was grid connected.

### **What happens if the turbine breaks down?**

The Bergey turbine has a ten year manufacturers warranty and has a 30-year record of low maintenance and low repair costs. As part of the financial planning Pennine Community Power has committed to maintain a contingency fund, which can be used for repairs, unplanned maintenance and eventually decommissioning after 25 plus years of operation. At this point the Society could replace the turbine, subject to the agreement of the landowner.

## **Independent advice on this and other community share offers**

As with any offer of investment you would be well advised to seek independent financial advice before investing.

There are also several on-line independent sources of advice:

The Community Shares project a joint initiative of the Development Trusts Association and Co-operatives UK with support from the Department for Communities and Local Government and the Cabinet office has numerous guidance documents and case studies.

We particularly recommend that you read their guide aimed at potential community investors, which can be downloaded from the resources section of their web site

[www.communityshares.org.uk](http://www.communityshares.org.uk)

The Money Advice Service also publishes information on community shares and risk at <http://yourmoney.moneyadviceservice.org.uk>

All documents referred to in this offer document can be downloaded from or are linked to from the Pennine Community Power web site: [www.powerinthecommunity.org](http://www.powerinthecommunity.org)

**Pennine Community Power Limited**

Registered no. 31588R

Registered office:

Warcock Hill Barn  
Long Causeway  
Blackshaw Head  
Hebden Bridge, West Yorkshire  
HX7 7JB

email – [info@powerinthecommunity.org](mailto:info@powerinthecommunity.org)

<http://www.powerinthecommunity.org>

## Blackshaw Head wind turbine – Share application form

I wish to apply to become a member of Pennine Community Power Limited

|  |  |
|--|--|
| First name   |  |
| Surname  |  |
| Address  |  |
|  |  |
|  |  |
| E-mail address   |  |
| Phone number   |  |
| If you are applying on behalf of an organisation, please give the name of the organisation here: |  |

Please indicate the amount of shares you are applying for:

Minimum amount £250     £500     £750     £1000     £2000

other amount (legal maximum £20,000) \_\_\_\_\_

In the event that this share offer is oversubscribed and we are unable to offer you all the shares you have applied for, we will refund the difference by cheque to the address above.

Please tick the boxes below if you agree with the statements:

- I confirm that I am 16 years old or older
- I have read the share prospectus and understand and accept the terms of the share offer and the rules of Pennine Community Power

Signature

Signed as a deed

Date

Pennine Community Power Limited will store securely the information you have provided and will not share that information with anyone else.

**Please send your completed application with cheque for the amount corresponding to the amount of shares you have applied for to the address below. Please make cheques payable to “Pennine Community Power Limited”**

Company Secretary  
Pennine Community Power Limited  
Warcock Hill Barn  
Long Causeway  
Blackshaw Head  
Hebden Bridge, West Yorkshire  
HX7 7JB

You can also apply on-line at and pay for shares by BACS transfer if you would prefer, there is an on-line form at: <http://www.powerinthecommunity.org>

**PENNINE COMMUNITY POWER LIMITED**

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