

## **Chase Community Solar Limited**

### **Directors' Report for Year Ending 31<sup>st</sup> December 2017**

#### **Introduction**

Welcome to this year's report which covers the operations during the Society's last Financial Year (January to December 2017). During the year the project:

- produced a total of 736,396 kWh of solar electricity
- displaced the production of 442 tonnes of CO<sub>2</sub><sup>1</sup>
- provided fuel bill savings to tenants totalling an estimated £98 p.a.
- generated a surplus of £25,681, which will allow a payment of interest to be made to members at an agreed rate of 3.28% if members approve this at the AGM

#### **Board of Directors**

Peter Arnold, John Coombes and Anthony Walters stood down as Society Directors during the year and our thanks are due to them for their substantial contributions to the development of the Society. David Crosby was elected to the Board at the AGM and took over the role of Treasurer from Peter Arnold. Richard Baines joined the Board in July and has subsequently replaced Mike Kinghan as Chair of the Society (from January 2018) but Mike remains as a Director.

In accordance with the Society Rules one-third of the elected Directors must retire at each AGM. Doug Haigh, Garry Jones and Andrea Simpson are due to retire at this year's AGM. Garry and Andrea are offering themselves for re-election but Doug will be standing down and our thanks are due to him for his considerable efforts in supporting the development of the society and in overseeing the maintenance function since its establishment.

The Board continued to work hard to manage the project and the 314 PV systems in our collective ownership. Directors have also invested considerable time in investigating shading issues, overseeing management and maintenance and on research and development into ways to assist tenants to receive more benefit from their PV systems.

#### **System Performance**

The 2017 output from our systems was well down on 2016 with total power generated being 736,396 kWh compared with 793,930 kWh the previous year, obviously a substantial drop and due almost entirely to lower levels of sunshine in 2017. (See Table 1).

Sunshine levels at Shawbury in Shropshire, the nearest Met Office weather station for which data is freely available, amounted to 94.1% of the average over the previous 20 years. The performance of our systems compared with the adjusted installer's prediction of 783,506 kWh was almost identical at 94%.

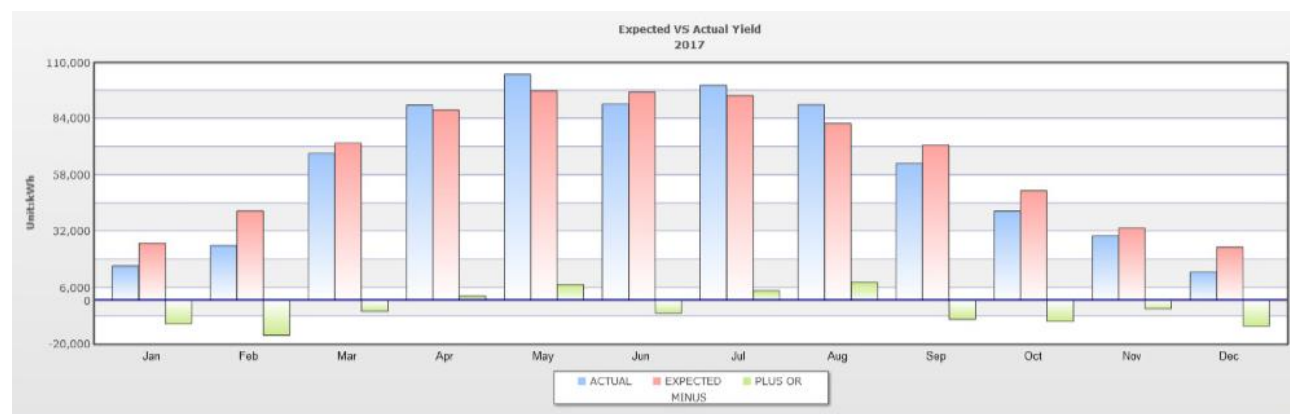
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<sup>1</sup> This figure is calculated by multiplying the number of kWh generated by the UK Government's published UK average CO<sub>2</sub> emissions per kWh generated in the UK power system. This UK data is assembled from data provided by the generators regarding the mix of fuels used, the power generated in total, and the carbon content of the fuel used.

**Table 1**

	Installer's Projection	Actual Output	% Actual cf prediction
2016	783,506 kwh	793,930 kwh	101.3%
2017	783,506 kwh	736,396kwh	94.0%

The graph below (Figure 1) shows the total monthly output for the systems compared with the predicted output. The latter was obtained by the installers. The monthly breakdown is produced by applying the PVGIS<sup>2</sup> monthly percentages for PV systems in the Cannock area to the installer's annual predicted figures.

**Figure 1**

The CO2 savings, that accrue to the power generated, were 442 tonnes. This figure is calculated by multiplying the number of kWh generated by the UK Government's published UK average CO2 emissions per kWh generated in the UK power system. This UK data is assembled from data provided by the generators regarding the mix of fuels used, the power generated, in total, and the carbon content of the fuel used. That will be a very close approximation but is the best information available.

<https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2017>

kgCO2 per kWh electricity      0.507      <https://www.ipcc.ch/pdf/special-reports/sroc/Tables/t0305.pdf>

### Monitoring and Maintenance.

CCS equipment maintenance is carried out by a reliable local contractor who monitors the online data on a daily basis, investigates any systems appearing on the 'no data' list and responds to calls from tenants who have queries or concerns about their installation. There have been a small number of meter or equipment failures mainly covered by warranty. As last year, the main issue has been signalling failures, whereby data is not received by the online system, although the panels are in fact generating. The remedy for this has generally been to install more powerful aerials which we had to do in around 13 properties during 2017. When the connection is re-established the absent data is transmitted and there is no loss of FIT income.

<sup>2</sup> PVGIS = Photovoltaic Geographic Information System – a European Commission tool to estimate the average monthly and yearly energy production of a PV system connected to the electricity grid. <http://re.jrc.ec.europa.eu/pvgis.html>

Action has been taken to prune trees and shrubs adjacent to several properties which were causing loss of output from shading. However, where trees are not on Council property or are large and distant, shading has proved difficult to address. We will continue to monitor the situation and take action where practicable.

### **Tenant Research**

During the year a research project was undertaken by two post-graduate students from Keele University on a project funded jointly by Santander Bank and the European Regional Development Fund. During March 2017 they interviewed 49 tenants with solar PV about their use of solar electricity and their views of the benefits/disbenefits of their systems, providing useful insights and information. 70% of those interviewed said that they felt they benefitted from the systems, 13% did not know and 17% were 'neutral'. In addition 91% said they were in favour of the promotion of further such projects.

The research identified some of the barriers to increased utilisation of the solar power particularly the fact that some tenants' lives demand high-power uses, e.g. electric showers, early in the morning, when the solar PV systems are unable to cover the load. At the same time only 24% said that they had ever waited for ideal conditions to turn on an appliance – which suggests the opportunity for further information and education.

As regards further technologies which might be of benefit most tenants (71%) said they had an interest in battery installation to store solar power for night-time use. A much smaller number (41%) had some interest in sharing excess solar power with neighbours while 50% were not interested in such an approach.

### **Future Developments**

Other research has suggested that many tenants are likely to be using considerably less of the solar electricity their systems are generating than was originally assumed. Average power consumption in UK homes like those fitted with solar PV systems by CCS is approximately 2000 kWh per year costing approximately £326 p.a. (at a UK average price paid of 16.3 pence per kWh)<sup>3</sup>. Assuming only 30% of this is displaced by free solar power the fuel bill savings would be about £98 p.a.

We have therefore continued to pursue the important issue of enabling tenants to maximise the benefit they receive from the solar installations. Substantial effort has been invested in investigating the options of new and additional technologies to enable greater use of solar power on site, such as batteries, hot water storage vessels and power-sharing devices. A package comprising a small trial of new technologies is being developed as a first stage. Discussions are also being held with a local company about a more ambitious project, but dependent on access to external funding. We hope to make further progress with these initiatives in the near future.

### **Financial Results**

Turnover during the year from Feed-in Tariff and Export payments amounted to £105,905, well down on last year following the drop in output due to the lower insolation. Costs were also reduced - mainly as a result of obtaining a more competitive insurance package - but by a much smaller amount. In addition interest repayments on the loan from Pure Leapfrog were significantly lower as the capital outstanding reduced. The surplus for the year therefor amounts to £25,681 compared with £27,449 in 2016.

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<sup>3</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/49373/qep223.xls](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/49373/qep223.xls)

As members are already aware the board is anticipating a lower than predicted overall IRR for the project, ranging between 6-6.5% rather than 7%. This is largely due to the slower than anticipated rate of installation and registration of systems, leading to a lower average rate of FIT than had been anticipated. In the light of this the board has decided to recommend payment of interest at a rate of 3.28%, slightly lower than last year. While regrettably this means that the Society is unable to establish a Community Fund, significant community benefits are being delivered by virtue of fuel bill savings for tenants and CO2 reduction.

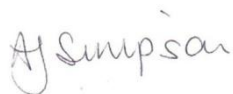
There has been no repayment of capital in the year, as set out in the share offer document. The Board will be considering whether the cashflow will enable repayment of capital to commence following the 2018 financial year.

#### **Audit**

Societies are legally required to undergo a full financial audit if for the year of account they had a turnover in excess of £5,600,000 (£250,000 if charitable) or total assets in excess of £2,800,000. CCS falls below this threshold and, at the 2017 AGM, the members passed the necessary resolution to disapply the audit requirement for the financial year ending 31 December 2017, as allowed by the Co-operative and Community Benefit Societies Act 2014.

The Act also requires that if the members have passed the said resolution for a particular year and in the previous financial year the Society's turnover exceeded £90,000, it must appoint a qualified auditor to make a report on its accounts and balance sheet for the year. An auditor was appointed in January this year and his report has been sent to members with the AGM papers.

Signed on behalf of the Board of Directors by:

A handwritten signature in blue ink that reads "A Simpson". The signature is written in a cursive, slightly stylized font.

Andrea Simpson - Society Secretary

**CHASE COMMUNITY SOLAR LIMITED**  
**NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is given that the Annual General Meeting of members will be held at 7.30pm on 7th June 2018 at Rugeley Fire Station, Bryans Lane, Rugeley Staffordshire, WS15 2JN.

**AGENDA**

1. Welcome and introductions
2. Apologies for absence
3. Declarations of Interest
4. Minutes of the Annual General Meeting held 8th June 2017
  - a) Resolution: To **APPROVE** the minutes of the Annual General Meeting held 8th June 2017 as a true and accurate record.
  - b) Matters arising from the minutes
5. Directors' Report and Financial Statements
  - a) Presentation of the Directors' Report and Financial Statements and auditor's report for the year ending 31 December 2017
  - b) Resolution: To **RECEIVE** the Directors' Report and Financial Statements and auditor's report for the year ending 31st December 2017
6. Disapplication of duty to appoint auditors  
Resolution: To **RESOLVE** that, as provided for by section 84 of the Co-operative and Community Benefit Societies Act 2014, the requirement to appoint auditors be disapplied for the financial year ending 31st December 2018. (See Note 1).
7. Payment of interest on share capital  
Resolution: To **RESOLVE** that, as permitted by paragraph 97 of the Rules of Chase Community Solar Limited, interest be paid to members for the year ending 31st December 2017 at the rate of 3.28% gross.
8. Appointment of directors (See Notes 2 and 3)
  - a) Resolutions: To **REAPPOINT** the following, who, in accordance with the Society's Rules, are retiring by rotation and being eligible, now offer themselves for reappointment as directors of the Society:
    - i) Garry Jones
    - ii) Andrea Simpson
  - b) To **APPOINT** Gordon Telling, who being eligible, offers himself for appointment as a director of the Society.

By order of the Board

Andrea Simpson  
Society Secretary  
15th May 2018

Registered Office:  
3 Burns Close  
Lichfield  
WS14 9DW

## **EXPLANATORY NOTES**

### **NOTE 1**

Section 84 of the Co-operative and Community Benefit Societies Act 2014 allows a Society to disapply the requirement to appoint auditors if, at the end of the preceding year of account, the total value of its assets were below £2.8 million, and its turnover did not exceed £5,600,000, provided that:

- it is not a housing association; it is not a subsidiary or have a subsidiary; it does not take or hold deposits (other than deposits in the form of withdrawable share capital); and
- the Society's membership has passed a resolution at a general meeting allowing it to disapply the requirement to appoint auditors for the accounting period in question.

This resolution is asking, on the basis that all the above conditions are met, that members allow the Society to disapply the requirement to appoint auditors for the current financial year. A similar resolution was approved at previous AGMs. Even if the resolution is passed, however, by law the Society must in January next year appoint a qualified auditor to make a report (not a full audit) on its accounts and balance sheet stating whether they are in agreement with the books, whether they comply with the requirements of the Co-operative and Community Benefit Societies Act 2014, and whether the financial criteria quoted above for the exercise of the power to disapply the audit were met in relation to the year.

To be passed:

- fewer than 20% of the total number of votes cast must be against the resolution;
- and
- fewer than 10% of the total number of CCS members (of whom there are 188) must cast their votes against the resolution.

### **NOTE 2**

The Society's Rules state that each year one third of the directors must retire in rotation. They are not prevented from offering themselves for re-election if they so choose. This year, two of the three retiring directors are offering themselves for re-appointment and their personal statements follow:

#### **Garry Jones**

I am currently the Chief Executive of Support Staffordshire, a post I have held since 2014. Prior to that I had a 10-year career in nature conservation and people engagement and have previously been a charity director and trustee for 5 years. I live in Hednesford with my partner and two children and was elected to the board of CCS in 2016.

#### **Andrea Simpson**

I live in Lichfield and am primarily a carer for my daughter, but am pleased to have been a member, director and the Society Secretary of CCS since the its inception in 2014. I am also Secretary of another community benefit society, a position which I have held for more than six years. If re-elected to the board of CCS, I believe I can continue to benefit the society by bringing to it my administration skills and the material experience I have gained to date.

### **NOTE 3**

During 2017 a casual vacancy arose for a member director following a resignation from the board, which exercised its right to co-opt a replacement, to hold office until the next AGM. Gordon Telling was thus co-opted in January this year and is now offering himself for appointment by the members as director. His personal statement follows:

**Gordon Telling**

Professionally I am involved in clean air strategies and renewables, and, being a member of the society, I am keen to "step up" and support the organisation's goals. Personally I am an enthusiast for environmental matters and have solar panels, an electric car, etc. of my own. As a business consultant I am able to support CCS as it develops.

# **CHASE COMMUNITY SOLAR LIMITED**

## **Minutes of Annual General Meeting 2017**

Held on 8 June 2017 at 7.30pm at Rugeley Community Fire Station, Bryans Lane, Rugeley, Staffs.

### **Present:**

Members: Peter Arnold, Richard Baines, John Coombes, Dave Crosby, Avril Green, Doug Haigh, Rob Hine, Garry Jones, Michael Kinghan, Howard Price, Kate Sadler, Andrea Simpson, Robin Taylor, Gordon Telling, Robin Powell, Carolyn Walters, Paul Woodhead.

Non-members: John Green, Lesley-Jane Powell, Anthony Walters.

There were 17 of 188 members present and the meeting was therefore quorate.

### **1. WELCOME AND INTRODUCTIONS.**

The Chairman introduced himself and welcomed everyone to the Society's third AGM. The Board members each introduced themselves to those present.

### **2. APOLOGIES FOR ABSENCE.**

The Secretary read out the names of those from whom apologies had been received.

### **3. MINUTES OF THE AGM HELD 22 JUNE 2016**

The minutes of the 2016 AGM had been distributed to members with the AGM notice. No amendments were tabled and there were no matters arising.

### **4. PRESENTATION OF THE DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

These had been sent to all members with the AGM notice. The Chair said he wished to thank two outgoing directors: John Coombes for the fundamental part he had played in the project, and Peter Arnold, Treasurer, for his significant work on financial issues. Peter had not yet stood down, but would be resigning as soon as a replacement treasurer was able to take over. The Chair also thanked the team of directors who, as volunteers, had brought the project to a successful conclusion with only modest back-up from maintenance, administration and monitoring technology partners.

The Chair reported that the overall output from the 314 systems for the year was satisfactory and had been slightly higher than the installer's predictions in a year which was sunnier than average. A small number of properties were affected by significant shading – the causes had been carefully investigated and where practical to do so, action was being taken to mitigate e.g. by tree pruning. He then called upon Robin Taylor to give a brief résumé of the tenant liaison project and the work done as part of that by Keele University students.

The Chair explained that a recent analysis had produced evidence to suggest that a larger amount than originally anticipated of the solar electricity from the Society's PV systems was being exported to the grid due to tenants not making as much use as they could of the free energy available to them. In the light of this, the Board had begun to consider ways in which the amount the tenants were using could be increased, both by influencing behaviour change through engagement with more tenants, and through technical enhancements to the systems, including use of storage and sharing technologies.

Turning to the Financial Statements, the Chair highlighted that an early re-payment of a lump sum had been made to reduce the loan and financially benefit the Society and a surplus of £27449 for the year had been generated to be distributed as share interest subject to members' agreement, representing a return of 3.5% for the year. He advised the meeting that revised projections for the internal rate of return over the 20-year life of the project indicated a likely overall level of 6.5%, taking into account the FIT reductions during the installation process, which had been slower than expected. This still represented an excellent return, though did not leave room for any community fund to be established at this stage.



He then invited questions from the floor. A member asked over what period the Society's assets were being depreciated and the Treasurer stated the period was 20 years, i.e. the life of the project.

## 5. ORDINARY RESOLUTIONS

**Resolution 1:** To AGREE the minutes of the Annual General Meeting held 22 June 2016.

It was AGREED that the minutes of the AGM held on 22 June 2016 were a correct record.

**Resolution 2:** To RECEIVE the Directors' Report and Unaudited Financial Statements.

The Directors' Report and Financial Statements for the year ended 31st December 2016 were **RECEIVED**.

**Resolution 3:** To RESOLVE that, as provided by section 84 of the Co-operative and Community Benefit Societies Act 2014, the requirement to appoint auditors be disapplied for the financial year ending 31st December 2017.

The Secretary confirmed that at that point in time and for the foreseeable future, the Society met all of the conditions required by the Act to allow members to disapply the requirement to undertake a full professional audit for the year to 31 December 2017 and that, to enable a resolution to this effect to be passed, the number of votes cast against the resolution had to be less than 20% of the total number of votes cast and less than 10% of the total number of members.

Members **RESOLVED** by 26 votes to 1 (including proxy votes) that they did not require an audit of the accounts for the year to 31 December 2017.

**Resolution 4:** To RESOLVE that the financial surplus for the year ended 31st December 2016 be applied to interest to members at the rate of 3.5% gross.

Members **RESOLVED** that the surplus be applied to interest to members at the rate of 3.5%.

**Resolution 5:** To **REAPPOINT** Robin Powell, who is retiring by rotation in accordance with the Society's Rules, and being eligible, now offers himself for reappointment as a director of the Society.

Members **REAPPOINTED** Robin Powell a director of the Society.

**Resolution 6:** To **REAPPOINT** Robin Taylor, who is retiring by rotation in accordance with the Society's Rules, and being eligible, now offers himself for reappointment as a director of the Society.

Members **REAPPOINTED** Robin Taylor a director of the Society.

**Resolution 7:** To **REAPPOINT** Paul Woodhead, who is retiring by rotation in accordance with the Society's Rules, and being eligible, now offers himself for reappointment as a director of the Society.

Members **REAPPOINTED** Paul Woodhead a director of the Society.

**RESOLUTION 8:** To **APPOINT** David Crosby, who, being eligible, offers himself for appointment as director of the Society.

Members **APPOINTED** David Crosby a director of the Society.

The Secretary proposed, and the meeting agreed, that thanks be recorded to the Chair for his work in leading the Society over the year.

**There being no other business, the 2017 Annual General Meeting was concluded.**