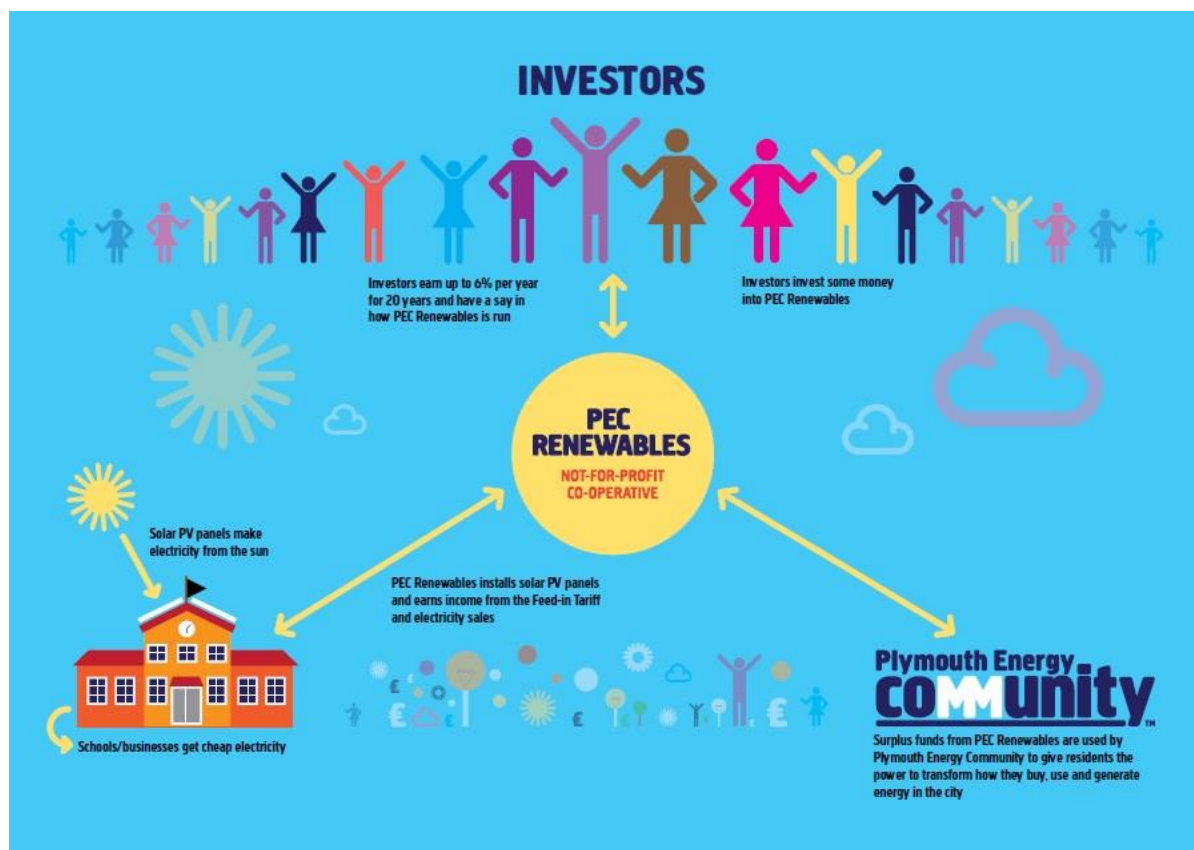


Plymouth Energy Community and PEC Renewables – Legal Structure Case Study

[Plymouth Energy Community](#) is a members' co-operative which was established in June 2013 with financial support from Plymouth City Council (PCC) and sets out to transform all things energy-related for the benefit of the local community. The primary mission is to give the people of Plymouth the power to transform how they buy, use and generate power in the city. The three core goals are to reduce energy bills, improve energy efficiency and generate green energy for the city. Membership of the cooperative is free, voluntary and primarily open to residents, businesses, voluntary organisations, housing associations and institutions in Plymouth and the nearby areas. PCC considers its involvement in this as meeting electoral pledges and as a strategic investment likely to generate jobs, increase incomes and increase local reinvestment.

The first two energy goals are achieved initially through an energy provider switching service where householders or tenants complete a questionnaire and the cheapest available provider is found using the energy broker MyUtilityGenius. Secondly, PCC has partnered with British Gas to offer assistance through the Energy Company Obligation (ECO) to improve cavity wall and loft insulation with this being free in many cases. Grants for solid wall insulation are also available in some cases. Advice on other aspects of energy saving and bill reduction is also available on-line and by phone, as well as through public sessions at community centres and other venues which are often lead by dedicated Energy Champions who are supported by a network of volunteers.



Explanation of the relationship between the interested parties in the PEC Renewables share offer prospectus

The third energy goal, investment in renewables, is achieved through a special purpose vehicle, PEC Renewables Limited, which was formed in January 2014 as an IPS for the benefit of the community. It has recently completed a very successful withdrawable share issue, raising £600,000 in 2 months. The minimum individual investment was £50 and the maximum was £20,000. This sum, plus a seed funding loan of £500,000 from PCC will finance up to 23 solar PV arrays on schools and health or business premises across the city. The majority are just under 30kW and a considerable proportion already have leases agreed. The large package of work on offer will ensure a considerable discount on overall cost. This scheme generates revenue through Feed in Tariff payments for the electricity generated as well as from charging the building users at a lower rate than they would have otherwise have faced for the electricity actually used on the premises, and in some cases (deemed) export to the grid. This income is sufficient to cover running costs, repay investors at an estimated 6%, the PCC loan, and the original capital invested(over 20 years), while also generating a surplus used to fund new energy-related initiatives.



Solar PV being installed at Victoria Road School Easter 2014

The co-operative structure was chosen because it allowed community control and with one person having one vote rather than voting being dependent on shareholding size. It also fitted the aims of PCC as the key stakeholder, a co-operative council. These points were fully supported at public consultation sessions. A key requirement met by the IPS BenCom structure was that it facilitated community share investment capital to be raised which could also be eligible for tax incentives. The special purpose vehicle separated the renewables activity from PEC's other work, simplifying risk assessment for investors.