



Chester Community Energy

# Share Offer Document

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**September 2019**

**Share Offer target:       £122,000**

**Opening Date:             Monday 28<sup>th</sup> October 2019**

**Closing date:             9pm on Friday 20<sup>th</sup> December 2019  
(unless fully subscribed before this date)**



## Directors' Letter

September 2019

### Dear Potential Investor

*We are writing to tell you about a unique opportunity to make an ethical investment in renewable energy in Chester, with returns of up to 4%. Chester Community Energy Ltd. is a not-for-profit Community Benefit Society established in 2016 to enable local people and organisations to invest in renewable energy and energy efficiency installations; giving them a financial return whilst generating a local community fund. This is our second share offer – we previously raised £61,000 in 2016 to fund and install solar PV for Northgate Arena in Chester. Since then, the Northgate Arena scheme has generated £25,500 in revenue, enabling us to give back 4% annually to our members on the value of their shares. The scheme has also generated £4,000 for a community benefit fund (more detail is given below), as well as £5,000 to put towards further renewable energy schemes. Since September 2016, we have saved 62 tonnes in CO<sub>2</sub> emissions. We are now seeking to raise a further £122,000 to install solar panels on two more leisure centres at Neston and Christleton and to install LED lighting in community buildings.*

### **This Share Offer Document sets out the opportunity to participate, enabling you to:**

- *become a Member of Chester Community Energy Ltd.*
- *be eligible for interest on your investment with a projected pre-tax return of up to 4%*
- *participate in the ownership and generation of local renewable energy sources*
- *help mitigate the impact of climate change by reducing the local carbon footprint.*

*Please read this document carefully. We hope that you will join us on our journey to making Chester a more sustainable and resilient City.*

*With thanks,*

*Directors  
Chester Community Energy Ltd.*



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## 1 Summary of the Offer

This is a summary of the offer to acquire shares in Chester Community Energy Ltd (CCEL) ('the Society'). This summary should be read as an introduction only and any decision to invest should be made on the basis of this document as a whole and two important supporting documents which are available on our website: the Business Plan which contains more detailed financial information and our Rules which govern how we will run the Society. You may also wish to seek independent financial advice prior to investing in CCEL.

### 1.1 Introduction

The purpose of this Share Offer is to raise funds to pay for the installation of two solar PV installations and provide the capital costs for a grant assisted scheme to install LED lighting in community buildings. The solar PV installations are both 59.9kWp capacity; one on the roof of the Neston Recreational Centre, the other on the roof of Christleton Sports Centre, both near Chester. The LED lighting project is an energy efficiency project, for community buildings in West Cheshire **In order to achieve the predicted income from the solar PV projects, it is essential that we have the schemes installed and registered with Ofgem by 25<sup>th</sup> March 2020. In order to achieve this we are allowing for a 3 month safety margin and planning for the funds to be raised by Friday 20<sup>th</sup> December 2019.**

### 1.2 Chester Community Energy Ltd

CCEL is a registered co-operative (a Community Benefit Society) which aims to develop, own and facilitate renewable energy installations for the benefit of the community of Chester and surrounding area. We are registered as a Community Benefit Society (no. 7272) with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014. We are volunteer-led and we aim to:

- a) Reduce the community's carbon footprint;
- b) Secure more sustainable sources of renewable energy for the community's use; and
- c) Promote environmental awareness and energy efficiency.

We will raise the funds we need by inviting the public to invest in us, and aim to return each member's investment to them within 14 years with interest (up to 4% per year). We will also raise funds by applying for grants where possible. We will generate revenue from the sale of electricity to the host building, the Feed in Tariff (FIT), the export tariff and community benefit included in the LED replacement business plan. Any surplus funds, after paying our operating costs and share interest to our members, will be used to support community and environmental projects including investing in further renewable energy projects.

Ultimately, we want to increase the City's resilience to climate change, promote environmental awareness and resource efficiency. CCEL is a sustainable, self-funding not-for-profit community-owned business.

### 1.3 Our impact

Progress against our objectives is given in Table 1.



**Table 1: CCEL progress against our initial objectives**

CCEL 2016 objectives	Progress against objective
Develop, own and/or facilitate 200kW in total of renewable energy systems by the end of 2020 (aspiring to an average of installing one 50kW project a year).	We currently have a 50kW scheme at Northgate Arena. We are seeking funds through this share offer to install a further 120kW. This will take our total to 170kW by 2020.
Attract, and generate a return, for at least 50 members from its projects.	We currently have 67 members.
Generate a community fund that will recycle surplus funds back into projects addressing, for example, energy efficiency, sustainable transport or local food initiatives.	We have so far, granted £4,000 in funds to community projects for energy efficient lighting, roof insulation and composting facilities at schools.
Strengthen local supply chains and support local businesses wherever possible.	We have secured the services of local contractors through our projects and business planning.
Establish itself as a key strategic partner in Chester and the surrounding area for energy efficiency, low carbon initiatives and renewable energy.	We have developed ongoing relationships with various partners including CWAC, QWEST, Brio Leisure, CWVA (Cheshire West Voluntary Action), CCA (Cheshire Community Action), Genfit Ltd, and others.

## 1.4 Our community impact

Since our inception in 2016, we have generated a £4000 community fund. This has funded energy efficient lighting in community buildings, helping to bring down the electricity bills for community organisations. We also granted funds to one recipient for roof insulation to a community building and composting facilities to two schools. The organisations who successfully bid to receive the funds were:

- Frodsham Community Centre
- Neston Community Centre
- Retreat House, Chester
- Cheshire Waste Reduction Volunteers (compost bins)
- Campbell Memorial Hall
- New Images Youth Centre
- Live Scene
- Vernon Institute.



## 1.5 Our carbon impact



Through the Northgate Arena scheme, we have avoided CO<sub>2</sub> emissions of 50 tonnes, as at mid-August 2019. This is equivalent to 125,000 kWh of electricity generation. Via our community fund, and grants for energy efficient lighting in community buildings, we will have also reduced carbon emissions.

## 1.6 The Offer

This Offer Document seeks to raise funds of **£122,000** by the issue of Offer Shares at £1, payable in full on application. By purchasing shares (and based on the successful development of the project) you:

- Will be participating in community owned renewable energy projects in Chester;
- Help community buildings to reduce their energy bills and carbon footprint
- Will have an equal vote on how CCEL is managed, regardless of the number of shares you own;
- Will be eligible for interest payments on the amount of your investment (based on the number of shares you hold at £1 each) of up to 4% per year for as long as your capital is invested (please see Risks p.15);
- May be eligible for the interest you receive to be considered tax free under the Personal Savings Allowance<sup>1</sup>;
- Will receive your investment back over the lifetime of the project, based on projected energy generation and income figures (please see Risks p.16);
- Will help generate clean, green electricity to play our part in reducing CO<sub>2</sub> emissions, the main greenhouse gas causing climate change;
- Will help to support other community projects in Chester with a focus on increasing renewable energy and energy efficiency.

The offer will be opened for applications from Monday 28th October 2019 and will close on Friday 20<sup>th</sup> December 2019. The Directors have the discretion to extend the share offer beyond or close it before this final date.

<sup>1</sup> <https://www.gov.uk/apply-tax-free-interest-on-savings>





Shares will be allocated to applicants by the date that either:

- Payment by BACS is received into CCEL's bank account and for which a completed application is subsequently received; or
- A completed application form and cheque (which is subsequently cleared) is received by hand by any of the Directors; or
- A completed application form and cheque (which is subsequently cleared) is delivered by hand or by post to the Society's registered address.

Directors may close the offer before the 20<sup>th</sup> December so that it is not significantly over-subscribed. If on the date of closure, the offer is over-subscribed then share applications received on that day will be apportioned by the number of shares applied for in the over-subscription, provided that everyone who applies by the closure of the Offer receives at least the minimum eligible number of shares (250).

If the share offer is under-subscribed, we will seek alternative funding in the form of loans or grants; or we may extend and/or re-open the share offer to allow more people to invest.

## 1.7 Considerations

Those applying for membership should regard these shares as a long-term investment. They may subscribe for a minimum of 250 and a maximum total of 10,000 shares at their £1 value. Each subscriber, whatever the relevant shareholding, automatically becomes an equal member of the Society on a 'one member one vote' basis.

The projected share interest over the expected life of the Project is a rate of 4.0% on the value of shares held in the Society. The actual rate will be determined annually by members.

Shares will not be traded on a recognised stock exchange and are not transferable.

Members may apply to withdraw shares after the end of the second year of operation. Share withdrawal is at the discretion of the board. CCEL intends to repay members' share capital over a 14 year period.

## 1.8 Risks

All investment and commercial activities carry risk. Potential members should take appropriate advice and make their own risk assessment whilst bearing in mind the social and environmental aspects of the Project.

This Share Offer is not covered by the Financial Ombudsman Service or the Financial Services Compensation Scheme.

## 1.9 Directors Declaration

This document has been prepared by the Directors of CCEL who are responsible for its contents. It is published in accordance with the guidelines set out by the Financial Conduct Authority. Full details on the legal compliance of this document, terms of the offer and how to subscribe are set out in the main body of this document. This summary should be read as an introduction only and any decision to subscribe made on the basis of the document as a whole. **Those interested in investing should do**



**so only after reading this document and the accompanying Business Plan in full and taking appropriate financial and other advice.**

*Co-operatives UK (www.uk.coop) has provided a guide to investing in community shares and frequently asked questions: <http://communityshares.org.uk/find-out-more/guidance-supporters>*

The Directors hereby declare that the information contained in this Offer Document is to the best of our knowledge, in accordance with the facts, and contains no omission likely to affect its import.

Fran Moore Director	
Graham Booth Director	
Stephen Savory Director	
Matt Clegg Director	
Jennifer Barnett Company Secretary	





## 2 Chester Community Energy Ltd

Chester Community Energy Ltd (CCEL) is a registered co-operative (a Community Benefit Society) which aims to develop, own and facilitate renewable energy installations for the benefit of the community of Chester and the surrounding area. We are registered as a Community Benefit Society (no. 7272) with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014. We aim to:

- a) Reduce the community's carbon footprint;
- b) Secure more sustainable sources of renewable energy for the community's use; and
- c) Promote environmental awareness and energy efficiency.

Ultimately, we want to increase the City's resilience to climate change, promote environmental awareness and resource efficiency.

We will raise the funds we need by inviting the public to invest in us and aim to return each member's investment to them within 14 years with interest (up to 4% per year). We also aim to raise funds by applying for grants. Any surplus funds we generate over and above our costs and interest to our members will be used to support community and environmental projects.

CCEL is volunteer led and we are a sustainable, self-funding, not-for-profit community-owned business.

### 2.1 Objectives

CCEL aims to:

- Develop, own and/or facilitate 200kW in total of renewable energy systems by the end of 2020 (aspiring to an average of installing one 50kW project a year);
- Attract, and generate a return, for at least 50 members from its projects;
- Generate a community fund that will recycle surplus back into projects addressing, for example, energy efficiency, sustainable transport or local food initiatives;
- Strengthen local supply chains and support local businesses wherever possible;
- Establish itself as a key strategic partner in Chester and surrounding area for energy efficiency, low carbon initiatives and renewable energy.

### 2.2 Governance

CCEL is managed by the Directors who must be members of the Society. The Directors are elected by, and report annually to, members at the AGM. The Board may co-opt additional members to be directors and may appoint up to three professional external directors.

Members are encouraged to be actively involved in CCEL in addition to attending the AGM, for example by helping to identify suitable community projects for support or sites for further possible renewable energy schemes, and by contributing to any outreach work of the Society.

The Society is governed by its Rules which are based on the standard model for Community Benefit Societies and are registered with the Financial Conduct Authority. A full copy of our rules is available on our website. <http://www.chestercommunityenergy.org.uk>



Below, we have summarised a handful of the Rules that we feel may be of common interest, but we recommend that you read the complete Rules of the Society in order to fully inform yourself about how our organization will operate. **The following summary is NOT a legal document**, is not in the order in which it is presented in the legal document and you should consult our actual Rules for exact terms.

- The Society is governed by an 'Asset Lock' which means that there are tight restrictions on how it can use its assets. In the event of the Society running into financial difficulty, its assets cannot be taken out by any Member beyond the value of their shares, but can only be transferred to another registered entity with similar focus on community benefit.
- Each member has one vote regardless of the number of shares he/she holds.
- The Society is only allowed to pay sufficient annual interest to attract and to retain your investment, as proposed by the Board and voted on by the members.
- At Board meetings there must always be a minimum of 3 Directors or 50% of Directors present (whichever is the greater number) in order to make decisions.
- At the first AGM, all of the Directors must stand down. At subsequent AGMs, one third of the Directors must stand down. In both instances, any Director standing down can be re- elected by Members.
- The Society will hold an AGM once a year to present accounts, declare how the Society will allocate its surplus and elect Board Members. The Society may also hold additional General Meetings.
- Individuals can be members, either singly or as joint membership. Organisations can also be members.
- The Board of Directors can refuse membership and the Society will keep records of both members and the Company Officers.
- If you die, become bankrupt or are expelled from the Society you will cease to be a Member and the Society will withdraw your shares and pay their value to you or to your estate.



### 3 The Investment

CCEL is offering 122,000 shares to fund the installation of two 59.9 kW solar PV schemes and an LED lighting project to replace inefficient lighting in community buildings in West Cheshire: The solar PV projects are on the roofs of Christleton Sports Centre, and Neston Recreation Centre and both are scheduled to be completed by the end of this year. The LED project is for the installation of LED lighting in community buildings over a period of 24 months. The initial capital investment for the LED project is to cover the cost of the first 5 installations.

#### Neston Recreational Centre



#### 3.1 The solar PV projects

The two projects at Christleton and Neston have been developed in close collaboration with Cheshire West and Chester Council (CWAC), QWEST, who are CWAC’s building services provider and Brio, the leisure centre operators. Each system is predicted to generate 874 MWh over 20 years.

CCEL has agreed in principle with CWAC (we are currently preparing the various legal agreements with CWAC to cover this) for leases to use the roofs of the leisure centres and payment terms for the electricity generated by the scheme (in a Power Purchase Agreement (PPA)). The final legal agreements will be signed before completion of the project. The lease will be for a period of 20 years, and the PPA for 20 years, with the option to extend both beyond this if agreed by both parties.

We predict that all the electricity generated will be used by the leisure centres to supply the “base load” of the buildings. In addition to electricity payments, CCEL will receive the FIT generation payments for every unit of electricity generated by the PV system for 20 years and an export tariff for energy exported to the electricity network. Both installations will be configured in two independent 29.95 kW arrays and so will qualify for a “deemed export” rate of 50%, being community owned and not exceeding 30 kW.

#### Christleton Sports Centre



The FIT and export payments are made by electricity companies, but backed by the government. As community energy owned systems, both projects have been pre-registered for FITs, and are guaranteed to receive a generation tariff of 4.03 p/kWh and export tariff of 5.38p/kWh, provided the scheme is installed and fully registered with Ofgem by 25<sup>nd</sup> March 2020. This rate will then

increase in line with inflation (Retail Price Index) for the next 20 years. Our income is therefore protected against inflation, although the actual income cannot be guaranteed because it will depend on the amount of sunshine and the performance of the system.

CCEL will use its income to:

- pay for its administration, maintenance and insurance costs
- pay into a fund to enable members' original investment to be repaid
- pay a return to its members (share interest)
- fund community and environmental projects and to invest in further renewable energy schemes in the Chester area which help people reduce their energy use and live more sustainably.

Based on the assumptions set out in the Business Plan, and assuming the scheme is installed and registered with Ofgem by 25<sup>th</sup> March 2020, we expect the financial performance of project to be as follows:

- Repayment of members' investments over the first 14 years of operation
- Payment of annual share interest up to 4%
- Community Benefit provided by both schemes over the first 14 years totaling £15,400
- Contribution to investment in further renewable energy schemes or additional community benefit funding for both schemes in the first three years of £6,000
- Community Benefit and/or investment in further renewable energy schemes from years 15-20 totaling £60,000.

Full details of the scheme, our costs, income projections and risks are given in the Business Plan. Appendix 1 shows the income and expenditure forecasts over 20 years.

### 3.2 The LED replacement project

The project has been financially supported by the community support charity Power to Change through the Big Lottery funded New Generation Fund. The grant is to support community projects that are sustainable in a post subsidy environment for renewable energy and energy efficiency. The CCEL project aims to install LED lighting in 20 community buildings over a 24 month delivery period.

The business model we are proposing is a simple repayment arrangement between CCEL and a Client organisation whereby CCEL provide a complete replacement lighting service including finance to install state-of-art LED lighting in community/public buildings and the Client organisation pays back the capital invested over a number



of years from savings in the cost of electricity. We eventually intend to investigate the wider replication of this model into other areas such as schools, social housing (particularly for communal areas), homeowners and small businesses. The service is to be offered to qualifying organisations in the unitary borough of Chester and West Cheshire.

Income is derived from payments received from client organisation's paying back the cost of the LED installations in instalments from the savings realized through reduced electricity bills. This business model only works for a minority of community buildings; those that are used daily and have outdated lighting using incandescent, halogen or fluorescent tube lamps. To make sure the business model is viable, accurate surveys of the existing lighting and cost estimates of the LED replacement lighting are required. Viability is then calculated on software that has been independently checked for accuracy. All of the administration for the scheme will be carried out by CCEL volunteers, for whose time the New Generation Fund will pay a total of £11,400 if the full programme is delivered.

CCEL will use its income to:

- pay back the original capital investment
- pay a return to its members (share interest)
- fund projects in West Cheshire to help community groups reduce their energy use and live more sustainably through its community benefit fund.

Payments for volunteer time will be used for:

- supporting LED projects that require additional capital investment to make them viable and/or
- supporting the development of existing or future CCEL projects and/or
- contributing to the community benefit fund

Based on the assumptions set out in the Business Plan, and assuming that we can deliver the programme of 20 installations, we expect the overall financial performance of scheme to be as follows:

- Repayment of members' investments will be over the first 14 years as shares are purchased in CCEL and not in the LED projects. Whenever possible, we will endeavour to pay members capital back according to their wishes, although this cannot be guaranteed.
- Payment of annual share interest up to 4%
- Community Benefit over a period of 5 years totalling £6,000

Full details of the scheme, our costs, income projections and risks are given in the Business Plan. Appendix 2 shows the income and expenditure forecasts over 5 years.



## 3.3 Community and Environmental Benefits

### 3.3.1 The solar PV projects

For these two new projects, we aim to provide community and environmental benefits in four ways:

- Setting aside at least an amount equal to one third of the amount paid out as share interest to members annually to support local environmental projects, with a focus on supporting activities that address energy efficiency and renewable energy.
- Setting aside capital within the first four years to support future renewable energy projects in the local area which will need to be viable with minimal or zero income from FITs.
- Reducing energy costs for both leisure centres and contributing to the financial viability of that community resource.
- After 14 years when we have paid back members' initial investment, providing a significant amount of surplus income to support both community projects and further renewable energy installations.

Recommendations on which projects to support may be suggested by members and will be proposed each year by the Directors, and agreed by members, at the AGM, or by calling an Extraordinary General Meeting if required.

By increasing the amount of renewable energy generated we will be reducing the amount of carbon dioxide and other pollutants that are emitted as a result of burning fossil fuels, helping the UK meet its climate change and clean-air commitments. These PV systems are expected to save 404,315 kg or 404 tonnes of CO<sub>2</sub> emissions each over 18 years (assuming it takes 7 years to offset the carbon produced in the making of the PV panels and the panels generate for 25 years). This is equivalent roughly to the average annual CO<sub>2</sub> emissions of 356 average British motorists.

### 3.3.2 LED replacement lighting

For the LED installation projects, we aim to provide community and environmental benefits in three ways:

- Setting aside at least an amount equal to one third of the amount paid out as share interest to members annually to support local environmental projects, with a focus on supporting activities that address energy efficiency and renewable energy.
- Reducing energy costs for community centres and contributing to the financial viability of that community resource.
- Improving the lighting in community buildings





## 4 Membership & Shares

Membership is open to individuals aged 16 and over, corporate bodies or nominees of unincorporated associations. You do not have to live in the Chester area to be a member.

The minimum shareholding is 250 shares and the maximum for this share offer is 10,000 shares. Each share has a nominal value of £1.

The maximum shareholding in the Society is 20% of the total shares issued by CCEL, unless the member is another Industrial and Provident Society.

The liability of members is limited to their shareholding.

### 4.1 Withdrawal, Repayment and Transfer of Shares

The shares you own will be withdrawable, but not transferable. This means that you cannot sell or transfer them to anyone else, other than to the Society itself. In order to reclaim their value, the Society will buy them back from you. This will normally be for the same price that you paid for them (it cannot be more), but it may be less if the value of the shares has reduced since purchase. This could occur if CCEL's liabilities and share capital exceed its assets, the Directors can write down the value of the shares. Should you then wish to withdraw your shares, you will only receive their written down value.

Normally you need to give 3 months' notice in writing if you want to withdraw any shares; in exceptional circumstances the Society may be able to buy back the shares more quickly.

The Board of Directors has the right to suspend share withdrawals for as long as they feel is necessary. (They might do this to prevent too many investors taking out their money all at once whilst the Society is building up a sufficient cash reserve).

Members share capital will be repaid over a period of 10 years commencing at the end of the third full year of membership so that an optimum working balance is kept in the Society' accounts. Repayments will be made annually to members, in proportion to their initial share capital, as determined by directors and announced at the annual general meeting. Repayments will be made irrespective of whether members have or have not requested repayment of their shares in any particular year. The Directors will endeavor to look sympathetically at individual requests to withdraw their shares, in whole or in part, but cannot guarantee repayment at the time of request. The purchase of shares is a long term investment and should only be entered into with funds that are not required in the foreseeable future. At any time during the operation of the Society, in no circumstances will this reduce a member's shareholding to below the minimum threshold, unless that member has requested to withdraw all shares from the Society.

### 4.2 Interest on Shares

Interest will be paid annually in arrears on shares held at date specified by the Directors each year. The interest rate paid will be determined by the Directors. Based on the current financial projections we expect to be able to pay interest at 4% per year, but this rate is not guaranteed.



Members will be able to donate a proportion of their share interest to the Community Benefit Fund should they so wish.

### 4.3 Taxation

Interest on shares will be subject to United Kingdom Taxation. Share interest payments are made gross (that is, without deducting tax) and you will be responsible for declaring this income on your tax return.

## 5 Risks

All investment and commercial activities carry risk. A full list of risks is given in the respective Business Plans. These are summarized below

### 5.1 Risks for the Solar PV projects

- Delay in installation such that the system is not registered with Ofgem by 25<sup>th</sup> March 2020.
- Income may be lower than expected due to reduced sunlight, poor performance, failure of or damage to the system.
- Electricity prices fall such that a review of the price paid by CWAC for electricity generated is triggered, reducing income to CCEL.
- CWAC may break the lease after 11 years, reducing the ability to provide community benefit payments or invest in future schemes.
- Inflation rates are lower than the forecast 2% average over the 20 years of the project, reducing income from FITs and electricity payments.
- CCEL Directors may mismanage the organisation.

### 5.2 Risks for the LED lighting projects

- Client organisations fail to engage or buildings are not financially viable due to insufficient savings produced by the new LED lighting
- Client defaults on repayments
- Client building closes before repayments are completed
- Poor performance of the new lighting in terms of energy saving and lamp failure
- Inaccurate surveying, estimating and forecasting
- CCEL Directors may mismanage the organisation.

Investors should take appropriate advice and make their own risk assessment whilst bearing in mind the social and environmental aspects of this investment opportunity.

### 5.3 IMPORTANT INFORMATION

An investment in shares is an investment in a trading business, not a loan or a deposit, and the rates of return are not guaranteed. This investment should be considered as medium to long term. Your shares may not be readily convertible to cash should you need to withdraw them.

You should be aware that your shares are in CCEL as an organisation, not in the specific projects outlined in this document. The risks you are exposed to are therefore those associated with the organisation as a whole and any future projects we undertake.



Should CCEL get into financial difficulties, then:

- We may have to suspend your rights to withdraw your shares
- We may have to write down the value of your shares
- In the unlikely event of extreme financial mismanagement, you may lose all the money you paid for your shares.

However, your liability is limited to the amount that you have paid for your shares.

The list of risks contained in this document is not necessarily comprehensive. Shares in the Society are not 'investments' for the purposes of the Financial Services and Markets Act 2000 (FSMA), therefore you do not have the level of protection that you might otherwise be offered by that Act or subsidiary regulations. In particular, this document does not need approval (and has not been reviewed, authorised or otherwise approved) by an "authorised person" under section 21 of FSMA or by any regulatory body. As a community benefit society, CCEL is registered with, but not authorised or regulated by, the Financial Conduct Authority and therefore any money you pay for shares is not safeguarded by any depositor protection or dispute resolution scheme. In particular, you will have no right of complaint to the Financial Ombudsman Service nor any access or entitlement to the Financial Services Compensation Scheme. CCEL is established as a Community Benefit Society and registered with the Financial Conduct Authority. We use governing documents provided by Cooperatives UK ([www.uk.coop](http://www.uk.coop)).

**Can you afford to be without the money you would pay for these shares? If not, please do not buy any shares.**



## 6 Terms and Conditions

Before completing the Application Form you should consider taking appropriate financial and other advice, particularly in relation to any aspect of the Offer Document which is not clear to you.

### 6.1 Your application

The offer will be opened for applications from Monday 28th October 2019 and will close on Friday 20<sup>th</sup> December 2019. The Directors have the discretion to extend the share offer beyond or close it before this final date.

Shares will be allocated to applicants by the date that either:

- Payment by BACS is received into CCEL's bank account and for which a completed application is subsequently received; or
- A completed application form and cheque (which is subsequently cleared) is received by hand by any of the Founding Directors; or
- A completed application form and cheque (which is subsequently cleared) is delivered by hand or by post to the Society's registered address.

You cannot withdraw your application for shares after we receive your application form, BACS payment or cheque. The Directors do not have to accept your application for shares. They may decide not to issue shares to you or may allocate you fewer shares than you applied for. They do not have to give any reason for their decision.

Once the full amount needed to finance this project has been raised, the Directors of CCEL will give notice of closure of the share offer on our website, and any applications received after this time will be returned to applicants. Your application will be considered for approval at a meeting of the Board of Directors after the closing date for the offer, or earlier at the discretion of the directors, and therefore you should not expect an immediate response. All applicants will be informed at the latest by 10<sup>th</sup> January 2020, following the planned close of the share offer on the 20<sup>th</sup> December 2019. Members will receive their share certificates before the end of January 2020.

### 6.2 Over or Under-Subscription

Directors may close the offer before the 20<sup>th</sup> December so that it is not significantly over-subscribed. If on the date of closure, the offer is over-subscribed then share applications received on that day will be apportioned by the number of shares applied for in the over-subscription, provided that everyone who applies by the closure of the Offer receives at least the minimum eligible number of shares (250).

If the share offer is under-subscribed CCEL will find other ways of financing the project, such as a applying for grant funding or a long term loan. We will also extend and / or re-open the share offer to allow more people to invest. If the share offer is under-subscribed at the date of closure, there is a risk that one or both of the solar PV projects will not meet the 25<sup>th</sup> March 2020 deadline, which will affect our ability to pay share interest and contribute community benefit.



### 6.3 Your payment

Shares are payable in full on application. The Directors will acknowledge receipt of your BACS payment / cheque and application form. They may cash your cheque as soon as it is received. CCEL will hold your money on trust for you until the Directors have considered your application. The Directors will return your money to you (within 28 days of the Board of Directors meeting at which they consider your application) if they decide not to issue shares to you. If they decide to issue you with fewer shares than you applied for, they will return the balance to you (within 28 days of the Board of Directors meeting).

All monies subscribed will belong to CCEL (and the Directors will no longer hold it on trust for you) as soon as the Directors issue shares to you (to the extent that they take it as payment for shares). CCEL will not pay you interest on any money it returns to you.

### 6.4 Your promise to us

You promise that:

- Your cheque will be honoured on presentation.
- You are at least 16 years of age.
- You have authority to sign the application form. If you are signing it for another person, you will provide the Directors with evidence of your authority to sign if they ask to see it.
- You will supply us with proof of your identity and address, if the Directors ask for it. We may need to do this to comply with the Money Laundering Regulations 2003. The Directors may have to hold back your shares until they see this.
- You are resident in the United Kingdom.
- You are not relying on any information or representation which is not included in this document or the accompanying Business Plan and Rules of the Society.
- You will be bound by the Rules of CCEL (as may be amended from time to time).

### 6.5 Demutualisation

You may not benefit financially from your shares if CCEL converts, or transfers its business or is wound up. In this case, the only financial benefits you may receive from your shares are:

- The possibility of interest (at a low rate).
- The possibility of the return of the money you pay for your shares.

If the Society has any money left over after paying all its debts and liabilities and repaying the value of your shares, this money must be donated to other community organisations with an asset lock with similar social and environmental aims.

### 6.6 Disclosure

None of the Directors of CCEL have, for at least the past five years, received any convictions (for any fraudulent offence or otherwise), or been involved in any bankruptcies or receiverships, or received any public reprimand or sanction by a statutory or regulatory authority or designated professional body, or been disqualified from any function by any court.



## 6.7 Conflicts of Interests

Where any Director declares or is identified as having a conflict of interest, that Director is not permitted to vote upon the related matter.

## 6.8 Data Protection

The Society will keep the official record of members in accordance with the Data Protection Act. CCEL's data protection statement can be found on the website.

## 6.9 Jurisdiction

The laws of England apply to this document and any subscription made for shares in CCEL and the Courts of England and Wales have exclusive jurisdiction in relation to any disputes arising out of the same.

## 6.10 Registered Office

The registered office of Chester Community Energy Ltd. is: Dove Cottage, Church Road, Dodleston, Chester CH4 9NG.

## 7 Disclaimer

The Directors of CCEL have taken all reasonable steps to ensure that the facts stated in this document are clear, fair and not misleading in all material respects and that there are no other material facts, the omission of which would make misleading any statement in this document. To the extent permitted by relevant law and regulation, the Directors and CCEL expressly disclaim and exclude any and all liability based on this document and for any errors or omissions contained in it. No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been so authorised. All statements of opinion contained in this document, all views expressed and all projections, forecasts or statements relating to expectations regarding future events or the possible future performance of CCEL represent the assessment of the Directors based on information available to them as at the date of this document but are not to be read as guarantees or assurances that the particular events will in fact come about. Accordingly, no representation is made or warranty given as to the accuracy, completeness, achievability or reasonableness of any such projections, views, statements or forecasts.





## Appendices – Financial Projections

### Appendix 1 – Cash forecasts for solar PV projects

Christleton Leisure Centre	20	1	2	3	4	5	6	7	11	14	15	16	20	
	Year Totals	2020	2021	2022	2023	2024	2025	2026	2030	2033	2034	2035	2039	
<b>Income</b>														
Generation FITs	£	42238	1884	1892	1916	1940	1965	1990	2015	2119	2200	2228	2256	2373
Export FITs	£	28747	1272	1288	1305	1321	1338	1355	1372	1443	1498	1517	1536	1616
Electricity payments	£	90525	4006	4057	4108	4160	4213	4266	4320	4543	4718	4777	4838	5087
<b>Total annual income</b>	£	<b>161510</b>	<b>7162</b>	<b>7237</b>	<b>7329</b>	<b>7421</b>	<b>7515</b>	<b>7610</b>	<b>7707</b>	<b>8104</b>	<b>8416</b>	<b>8522</b>	<b>8630</b>	<b>9076</b>
<b>Expenditure</b>														
Admin	£	8504	350	357	364	371	379	386	394	427	453	462	471	510
Maintenance	£	14578	600	612	624	637	649	662	676	731	776	792	808	874
Insurance	£	9719	400	408	416	424	433	442	450	488	517	528	538	583
Rent	£	1968	81	83	84	86	88	89	91	99	105	107	109	118
Inverter Warranty	£	1440	0	0	0	0	0	0	0	1440	0	0	0	0
Disposal of panels at end of life	£	7000	0	0	0	0	0	0	0	0	0	0	0	7000
<b>Total Expenditure</b>	£	<b>43210</b>	<b>1431</b>	<b>1460</b>	<b>1489</b>	<b>1519</b>	<b>1549</b>	<b>1580</b>	<b>1612</b>	<b>3184</b>	<b>1851</b>	<b>1888</b>	<b>1926</b>	<b>9085</b>
<b>Operating Surplus</b>	£	<b>118300</b>	<b>5731</b>	<b>5777</b>	<b>5840</b>	<b>5903</b>	<b>5966</b>	<b>6030</b>	<b>6095</b>	<b>4920</b>	<b>6565</b>	<b>6634</b>	<b>6704</b>	<b>-9</b>
Interest & Community Payments														
Share interest payments	£	19542	2171	2171	2171	2171	1974	1776	1579	790	198			
community payments - annual	£	11924				724	700	700	700	700	700	700	700	700
community payments - one off	£	3000		1500	1500									
<b>Total Debt Finance Costs</b>	£	<b>34466</b>	<b>2171</b>	<b>3671</b>	<b>3671</b>	<b>2895</b>	<b>2674</b>	<b>2476</b>	<b>2279</b>	<b>1490</b>	<b>898</b>	<b>700</b>	<b>700</b>	<b>700</b>
<b>Net Operating Surplus</b>	£	<b>83835</b>	<b>3560</b>	<b>2106</b>	<b>2169</b>	<b>3008</b>	<b>3292</b>	<b>3554</b>	<b>3816</b>	<b>3430</b>	<b>5667</b>	<b>5934</b>	<b>6004</b>	<b>-709</b>
Capital Fund at Year Start				3578	5712	7920	6024	4405	3040	164	-687	46	6010	30881
Operating Surplus Added		0	3560	2106	2169	3008	3292	3554	3816	3430	5667	5934	6004	-709
Less Capital Repayments	£	54275				4934	4934	4934	4934	4934	4934	0	0	0
Capital Fund at Year End		0	3560	5684	7881	5994	4383	3024	1922	1340	46	5980	12015	30172
Capital Fund Interest		762	18	28	39	30	22	15	10	-7	0	30	60	151
<b>Capital Fund Year End incl. Interest</b>		<b>30323</b>	<b>3578</b>	<b>5712</b>	<b>7920</b>	<b>6024</b>	<b>4405</b>	<b>3040</b>	<b>1931</b>	<b>1346</b>	<b>46</b>	<b>6010</b>	<b>12075</b>	<b>30323</b>
		Total £	1	2	3	4	5	6	7	11	14	15	16	20

#### Notes:

Years 8-10, 12, 13 and 15-19 have been omitted for ease of reading

The cash forecast for Neston Recreational Centre is the same as Christleton Sports Centre

## Appendix 2 – Cash forecasts for LED installation projects

YEAR	1	2	3	4	5	Totals
<b>Balance at start of year</b>	(13,250)	(11,109)	(8,492)	(5,771)	(2,940)	
Expenditure						
Initial testing of system	(375)					(375)
Installation cost excl. VAT =	(13,250)					(13,250)
						-
Interest on outstanding balance	(496)	(395)	(290)	(181)	(68)	(1,432)
Community Benefit	(250)	(250)	(250)	(250)	(250)	(1,250)
<b>Income</b>						
Cash injection	-					-
Income - Payments from Client	3,262	3,262	3,262	3,262	3,262	16,310
Balance at the year end	(11,109)	(8,492)	(5,771)	(2,940)	2	

## CHESTER COMMUNITY ENERGY SHARE APPLICATION

Before completing this Application Form you should:

- Read the Share Offer Document and Business Plan
- Read the Rules of Chester Community Energy Ltd. available from the Society
- Pay special attention to the Risks set out in this Offer Document and Business Plan
- Consider where you need to take financial advice or other advice

PLEASE USE CAPITALS AND COMPLETE BOTH PAGES

I wish/my organisation wishes to invest a total amount of £\_\_\_\_\_

in Chester Community Energy Ltd. on the Terms and Conditions of the Offer Document at the price of £1.00 per Share. **You may subscribe not less than £250 and not more than £10,000.**

Individual Applicant details:

Title (Mr/Mrs/Ms/other): Forenames:
Surname:
Address:
Day-time Telephone:
Email:
(Please provide your email address if possible to keep admin costs down.)

**To allow payments from the Society to you to be paid by bank transfer and not by cheque, please provide bank details.**

Name on account:
Sort code:
Account number:

**If the Application is an organisation please fill in the contact details above and also**

Organisation name:
Organisation address:
Type of organisation:
Registration number:
Position of authorised signatory:



## Declaration

I confirm that:

- I have read the Offer Document and Business Plan (including the Risk Factors and the Guidance Notes to this Application Form) and the Rules of the Society.
- I am over 16 and meet the Offer eligibility criteria.
- I understand that this Application may be withdrawn if a supplementary Offer Document is issued, but not otherwise and if and when accepted by the Society forms a contract in law on the Terms and Conditions of the Offer Document.
- I understand that if the Offer reaches its target early it is possible that an otherwise eligible Application will not be accepted in part or in whole.
- The Society is hereby authorised to make such enquiries as are deemed necessary to confirm the eligibility of this Application.
- I am not relying on any information or representation in relation to the Offer Shares or the Society that is not included in the Offer Document.
- I shall provide all additional information and documentation requested by the Society in connection with this Application, including in connection with money laundering, taxation or other regulations.
- If signing this Application on behalf of any person/organisation I am doing so with explicit authority.
- I understand that any cheque supporting this application will be presented for payment upon receipt and I warrant that it will be paid on first presentation.

Signature \_\_\_\_\_

(Applicant/on behalf of Applicant organisation as applicable):

Date: \_\_\_\_\_

## Payment

I enclose a cheque for £ \_\_\_\_\_

Please attach a cheque payable to Chester Community Energy Limited and crossed a/c Payee.

I have transferred by BACS the sum of £ \_\_\_\_\_

Chester Community Energy Ltd, Co-operative Bank Sort code: 08-92-99 Account no: 65786893

Please use the Applicant's full name as the reference attached to the transfer.

Send your completed Application Form and payment to: Chester Community Energy Limited, Dove Cottage, Church Road, Dodleston, Chester CH4 9NG or sign, scan and email to [info@chestercommunityenergy.org.uk](mailto:info@chestercommunityenergy.org.uk)

This application form can be photocopied and additional application forms are available. For all enquiries use the contact details above.

**THANK YOU FOR APPLYING TO JOIN CHESTER COMMUNITY ENERGY LTD.**

