

Community Renewable Energy – Developing renewable energy and community profits

Community Renewable Energy (CoRE) works with communities to develop renewable energy systems which will: provide independent, sustainable energy supplies, reduce funding reliance and generate an income. In return, CoRE will retain a stake in the projects set up to fund the establishment of more community owned renewable energy systems.

CoRE will set up a variety of types of renewable energy systems (eg hydro, wind and biomass) and through a variety of company types. However, we still consider it a social franchise even though there is no replicable business model (though we do plan to establish model developments) as there is with CASA or CAP Market. All the companies share the CoRE brand and all will call on common knowledge and expertise from CoRE. They will also own the brand and share services

Need

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

1. Non-renewable energy sources are running out. Energy prices have risen in response to this and growing demand.
2. Our current dependence on fossil fuels is responsible for climate change, which, uncontrolled, could have serious implications for our long-term future.
3. The demand and need for renewable energy is high and as such potentially highly profitable. Communities are in a strong position to capitalise on this opportunity as they have in other European countries.
4. Despite community groups showing interest in renewable energy, it has been too complicated for most of them to turn this interest into reality.

The service

We are proposing a market orientated approach that will overcome these difficulties and allow communities to generate income for community activities. We will do this by establishing two types of social enterprises with community based organisations:

1. Joint ventures with CoRE to establish larger renewable energy systems like wind turbines or hydro electrics;
2. Membership cooperatives of CoRE, community groups, individuals and fuel suppliers, to set up smaller renewable energy systems supplying members.

We also intend to set up companies that will supply services to these companies, such as the raising of finance or selling of Renewable Energy Obligations (ROCs). We plan to establish these companies in three phases

1. Quick and certain returns – Combined Heat and Power (CHP), from biofuels including wood heating.
2. Higher risks, higher rewards – e.g. large wind turbine projects
3. Vertical developments – e.g. energy supply company

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

1. Bio Community Renewable Energy– setting up biomass Combined Heat and Power (CHP) systems generating heat and electricity for members
2. Wood Community Renewable Energy – installing and supplying and running wood fired heating for users members (e.g. Development Trusts and Schools).
3. Berwick Community Renewable Energy – a joint venture between Berwick Development Trust and CoRE to set up an 800 kWh wind turbine.
4. The Teesdale Community Renewable Energy – a joint venture with Teesdale Village Hall Consortium to provide renewable energy systems for the 33 members of the consortium and their communities.

CoRE does not charge new organisations it works with a fee of any kind. It looks for the necessary commitment from prospective franchisees and opportunity to establish a profitable renewable energy system. CoRE receives its financial return from sharing the profits from the renewable energy system.

Finance

We anticipate that by year three the first three of these companies will be generating income of £78,000 per annum. This income will be sufficient to maintain and grow CoRE.

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

Grants of £385,000 have been secured to revenue fund the establishment of CoRE and its member companies.

Organisation

CoRE has grown out of and is supported by the Inspire Project. It has developed a proven social franchising methodology upon which CoRE's business model is based. It has a manager and administrator and is a company limited by guarantee that will probably seek charitable status. Its board is made up of representatives from the companies it establishes, from support agencies, staff representatives and co-optees.

'Franchisees', those companies set up by CoRE, will mostly be Community Interest Companies. They will covenant a proportion of their profits, ranging from 10-60% to CoRE. This will normally be for a fixed period and designed to reflect CoRE's contribution to establishing the new company. After this period, some member companies will shift to paying membership fees and services provided by CoRE.

Marketing

During the period of this business plan, CoRE will focus its marketing and engagement activities on community groups interested in renewables, policy

makers and funders. It will use a range of strategies to reach these target groups.

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

Objectives and impacts

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

Achieving this will require a modest investment of around £380,000 in grants. This will enable CoRE to become self sustaining and to help communities generate £80,000 a year income. It should be stressed that these figures take no account of future energy price increases. It will also reduce carbon dioxide emissions by over 2200 tonnes and directly create seven new jobs.

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

However, it may be that CoRE's biggest contribution will be the provision of dependable, stably priced relatively low cost energy. Communities controlling such assets are likely to have huge economic and social advantages compared to those dependent on a diminishing and erratic conventional energy supply.