

Grimsby Community Energy Ltd. Community Share Offer 2017



Invest in renewable energy, owned by us and already operational in Grimsby - premier offshore wind and food town of Britain.

Receive a fair return (projected 4%) and support our local community benefit projects.

Your investment matched £ for £ by institutional investor Co operatives UK (subject to agreement in May 2017.)

Join us.

Share Offer optimum target: £39,000

Share Offer maximum target: £78,000

Opening date: Thursday 27 April 2017

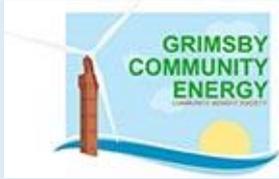
Closing date: Friday 30 June 2017

EXTENDED to Monday 31 July 2017

**Community
Shares**

power to
change | business in
community
hands





Grimsby Community Energy Ltd (GCE) is a Community Benefit Society, registered with the Financial Conduct Authority (No 7536) under the Co operative and Community Benefit Societies Act 2014. Registered office: The Hub, Freeman St. Market, Nelson St. Grimsby. DN32 7DS. Registered for VAT No. 248968993

The way the Society is run is described in our Rules (available at www.grimsbycommunityenergy.org). Currently the Board has 3 directors, but can co-opt more. Members can stand to be Directors at the Annual General Meeting. The Society has an “Asset Lock” which means it cannot sell our assets for a profit, and if we close down, we must pass our remaining assets to another asset locked community organisation. We can prioritise local membership applications, so the benefits flow to our local area.

None of the Directors of Grimsby Community Energy 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 recrimination or sanction by a statutory or regulatory authority or designated professional body, or been disqualified from any function by any court.

A Business Plan supporting this offer, including financial models and risk register is available at www.grimsbycommunityenergy.org.



The Community Shares Standard Mark is awarded by the Community Shares Unit to offers that meet national standards of good practice. These standards ensure that:

- The offer document and application form are easy to understand
- You are provided with all the facts you need to make an informed decision
- The facts are supported by the annual accounts and/or business plan for the Society
- Nothing in the documents is purposely incorrect, confusing or misleading. Societies are asked to sign a Code of Practice requiring them, among other things, to give the public a right of complaint to the Community Shares Unit.

For more information about community shares, the Community Shares Standard Mark and the Community Shares Unit go to www.communityshares.org.uk

Your investment is fully at risk. You could lose all of your money and you have no right of complaint to the Financial Ombudsman Service or compensation from the Financial Services Compensation Scheme. You should not invest money you cannot afford lose.

Introduction

This Share Offer Document invites you to invest in and become a Member of Grimsby Community Energy Ltd.

We operate 100kW of solar PV panels across 5 local community buildings. We are a **Community Benefit Society**, which means we are owned and controlled by our **Members**. Our purpose is to generate clean, local energy to cut the bills of local organisations and to reduce carbon emissions. So, we will raise awareness of community energy saving and renewable energy. We will also provide a **community benefit fund** to support further projects.



Our area is known for renewable energy. By investing, people in the Northern Lincolnshire and Humber area can be part of the **renewables revolution** and support our work. We **won at the Humber Renewable Business Awards** in the Community Project category.

Our solar panels are operational and we have £37,300 of Member investment already. We have an outstanding loan of £79,000. Through this community share offer we will pay off the loan and have Grimsby Community Energy as a fully community owned and controlled body which can grow. **Returns to Members who invest are projected at**

4% per annum, Members invest for the long term, but we plan to have capital available to meet withdrawal requests from 2018 onwards.

We have been supported in the business development of this share offer through the **Booster Programme**, which is funded by Power to Change and run by Cooperatives UK. We are in negotiations for them to match Member investments in the current share offer £ for £ up to £39,000, with agreement expected within the month of May 2017. Your joining helps bring their investment and expertise to this area.

The Directors 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.



Richard Bellamy Chairman

Peter Tiffney Director

Vicky Dunn Director

Three handwritten signatures are shown, corresponding to the names listed to the left. The first signature is for Richard Bellamy, the second for Peter Tiffney, and the third for Vicky Dunn.

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Contact Details

Via www.grimsbycommunityenergy.org

By email to vickydunn@cpowercic.org

Facebook @GrimsbyCommunityEnergy

Twitter @GyComEnergy

By phone 07932 086539

By post : Grimsby Community Energy Ltd.
The Hub, Freeman St Market, Nelson St.,
Grimsby, DN32 7DS

Community Shares

What are Community Shares?

Community shares are “withdrawable” shares that cannot be sold, traded or transferred between members, unlike shares in a typical company. All members are entitled to one vote – regardless of how many shares they hold. Members can withdraw their investment subject to the approval of the Board. We anticipate authorising share withdrawals at a rate of 1% of total Member capital in 2018 and 3% from 2019 onwards providing we meet our targets.



Our Community Share Offer

Opens Thursday 27 April 2017

Closes noon on Monday 31 July 2017

We aim to raise £78,000.

Minimum investment level £100.

Maximum investment level £12,000

(including any existing share ownership, organisations may be higher - contact us.)



What is the Community Shares Booster Programme?

We are now in negotiations to secure equity investment through the Booster Programme, which is funded by Power to Change and run by the Community Shares Unit. **Confirmation is anticipated in the month of May 2017. Under this programme up to £39,000 will be available to match applications for shares from the public.** This means that for every pound invested by individuals, up to £39,000, another pound will be invested in match shares, so we only need £39,000 from the public to be sure of reaching our target of £78,000. The match shares will be held by Co-operatives UK, a partner in the Community Shares Unit, and will be subject to the same terms and conditions as other Members.

Our Community

Our community is that of **Northern Lincolnshire and the Humber**. Renewable energy - principally offshore wind, onshore renewables and biomass imports - is important to the local economy. We are establishing ourselves in the local community. We have worked with seven local **schools** through the **Energy Heroes** project, funded by Northern Powergrid and created by My Green Investment CIC. We provide placements to two volunteers (p8).

Currently we have 23 **Members**. We welcome new Members from anywhere in the UK, but if we are oversubscribed will allocate shares to **local** people and organisations first. A more detailed engagement strategy to get our offer to potential new Members is given in the business plan.

We attend the **Grimsby Renewables Partnership** and are a member of the **e- Factor Business Hive**. Our people are familiar faces at their networking events.



Pupils of Canon Peter Hall School: Energy Heroes.

We have links to **Transition Town** groups in the surrounding areas and the **local Community and Voluntary Sector**. We are exploring other renewable energy projects with **Your Community Hub CIC** which operates two libraries and with **Synergy CIC** based at **the Moon on the Water**, Cleethorpes.

Our solar PV installations will cut carbon emissions and reduce the energy bills of the building occupiers by £53,000 over 20 years. Our installations are described in the table below. Three of our installations are on properties owned by **e- Factor Group Ltd.** which is a social enterprise which "exists to provide professional support to help people in local business to improve performance and growth, which will also boost the economy and future of this region."

A further two installations are on charity shops owned by the **Enrolled Freeman of Grimsby**, a charity with origins dating back before 1201. They are substantial landowners in the Freeman St area of Grimsby.

The first shop is tenanted by **The Rock Foundation**, a charity which provides for young people and adults with learning disabilities. It aims to help users develop life and employment skills, to increase their self-esteem and independence, and ultimately improve their quality of life.

The second charity shop is tenanted by **St Andrew's Hospice**. The Hospice provides a comprehensive range of care for patients of all ages with life threatening/limiting illness, and support for those who care for them.

We have contributed to recent **Renew NEL** Energy and Carbon events run by **North East Lincolnshire Council**. We received a small grant from **Lincolnshire Cooperative Development Agency** for marketing. We are a member of **Cooperatives UK** and also **Community Energy**

England, from which we have received valued support. **Sharenergy** are administering this share offer.

We stand ready to support other community organisations with our future projects. We forecast a community benefit fund to be generated from our assets of up to £20,000.

Host organisation	Site Address	PV system size
e- Factor Properties, part of e-Factor Group Ltd. (E25, E26 pictured below)	Enterprise Village Managed Office Unit E26 Prince Albert Gardens Grimsby	48.6kW
	Enterprise Village Unit E25 Prince Albert Gardens Grimsby	29.9kW
	Business Hive, Dudley Street Grimsby	10.4kW
Rock Foundation - charity shop - Tenant Enrolled Freemen of Grimsby, Landlord	Rock Foundation Shop, Freeman St, Grimsby	4.7kW
St Andrews Hospice - charity shop - Tenant Enrolled Freemen of Grimsby, Landlord	St Andrew's Hospice Shop, Freeman St, Grimsby	3.9kW



Grimsby Community Energy: The story so far ...

The project was started by our sister organisation **Greater Grimsby Community Power CIC Ltd.** (No. 09706922) in mid- 2015. The two organisations presently share the same directors. GGCP CIC received a grant from **Urban Communities Energy Fund (UCEF)** to develop a project ambitiously described as “20 Acres of Solar PV for Grimsby.”

Against a **tight deadline** before a cut in FIT rates GGCP CIC pre registered a number of sites with Ofgem. As you may know, Feed in Tariff (FIT) payments are made to the owners of solar PV panels for every unit of electricity they make. This meant we had until September 2016 install our solar PV panels and still receive the more **generous FIT rate** for 20 years.

In late 2015 and early 2016 we ran a **tender process** with three suppliers, to firmly establish costs and the expected electricity production and revenues. We ran two **consultation** events and an online survey to understand local support and develop our communications. GGCP CIC decided to set-up of Grimsby Community Energy Ltd as a Community Benefit Society to fund and operate the project. Grimsby Community Energy Limited (GCE) was incorporated and **registered with the UK Financial Conduct Authority** as a Community Benefit Society number 7356 on 10th June 2016. Grimsby Community Energy launched its community share offer in July 2016, raising £37,300 before closing in December 2016. We currently have 23 Members.

Our installer, **Flixborough Eco Technologies Ltd**, met all deadlines and successfully installed ~100kW at five sites in September 2016. The installation and set up costs of the sites totalled £110,362. To ensure we had funds available before the deadline we arranged a **commercial loan of £115,800** to GGCP CIC from e-Factor Group Ltd, with GCE as the guarantor. The loan agreement says **both organisations are responsible for paying the loan off**. This loan is **secured** upon the panels installed on three e- Factor properties.

GGCP CIC had pre-registered the sites, so legally it had to be the organisation to purchase the installations and register with an energy supplier to receive the FITs. We have since notified Good Energy to change the FIT recipient to GCE for all sites. All payments received for electricity go to GCE. **GGCP CIC has signed an agreement to transfer all assets to GCE during May 2017.** The installation and set up costs of the sites totalled £110,362. Member capital totals £37,300 at present. However, the CIC is still named in the loan agreements. For details of how we plan to simplify this situation after this Share Offer is completed, see Finances below.

In early 2017 Grimsby Community Energy received a grant from the Power to Change Booster Fund, delivered by Cooperatives UK. This has paid for development and review of our business plan and this share offer document and work towards the **Community Shares Standard Mark**, leading to the document you are reading now.

The Board and the Team

Board elections from the new Membership will be held at the first AGM following the Share Offer in July 2017. We may co-opt further directors. Directors must be re-elected every three years. Board practices are described in detail in our Society Rules.



Richard
Bellamy -
Chairman

Richard Bellamy is a Trustee of the Enrolled Freeman of Grimsby on the Steering Group of the Freeman Street Neighbourhood Development Framework with North East Lincolnshire Council and Shoreline Housing Partnership. Richard was a prime mover in the installation of Solar PV panels on Freeman St Market to a total of 200kWp. This building is multi energy award winning and is arguably “the Greenest Market in England” <http://marketradenews.com/greenest-market-england/>



Peter
Tiffney -
Director

Peter Tiffney was until recently Technical Director at Five Star Fish where he was the main driver behind the solar project for their Grimsby factory where over 1000 solar panels will generate 250kW of electricity. Now semi-retired he is a consultant to the fish-processing industry and is advising companies including Five Star on similar projects across the country.



Dr Vicky Dunn - Director / Society Secretary

Vicky is a full member of the Institute of Environmental Management and Assessment. She recently led the £4M GREAT Project at Grimsby Institute of Further & Higher Education, assisting 172 businesses with environmental technology. She has a PhD in Chemistry and 14 years experience in the environmental sector. She lectures part-time at Hull University.

Disclosure

Directors have each received some payment for project work through the UCEF and Booster grant funding, and will continue to do so. Mainly they work as volunteers. The directors have invested their own money into Grimsby Community Energy Ltd. There are no current legal proceedings or disputes involving the organisation.

Day to Day working practices

Vicky Dunn runs this project two days per week, and manages our volunteers.

Volunteering

We welcome volunteers seeking to extend or exercise their skills. Placements can be tailored to corporate volunteering, student research projects, developing graduates to management roles. More information on volunteering is available at <http://grimsbycommunityenergy.org/volunteers>



Jake Miller BA (Volunteer)

Jake has worked within commercial, private and government sectors. A Cleethorpes local with a degree in professional writing.

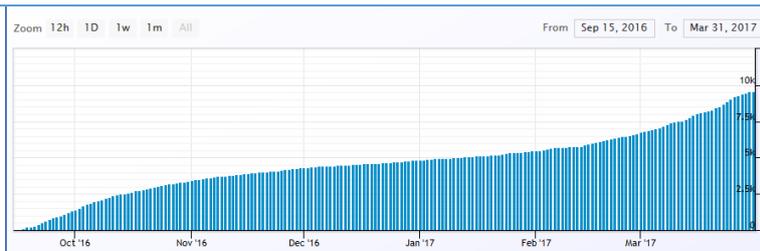


Ann Gwyther BA (Volunteer)

Ann has a Geography degree and has experience working in the biomass industry.

Business Model

Our ~100kW of solar PV panels are generating electricity as expected. We have already received our first Feed in Tariff payments. Our business model is to continue to operate these panels and to explore further projects to add to our renewable energy portfolio. Any new projects will be presented to Members for approval before detailed development of a new share offer commences.



Generation data from installation in Sept 2016 to present.

48.8kW installation at e-Factor unit E26 Prince Albert Gardens.

Key elements of our business model.

Assumptions of increases to FIT and power purchase rates, decreases in solar panel performance,

administration, insurance and other costs are described in the Business Plan.

FIT rate secured on all sites for 20 years, 11.85p/kWh in 2016/17 rising with inflation.

Our electricity is sold to the hosts at 6.25p/kWh + VAT. 70% onsite usage modelled, price rises with inflation subject to agreement of parties.

Export deemed 50/50 on 4 smaller sites. On the 49kW site, export is metered. 4.91p/kWh

Contracts are with Good Energy (FITs) WPD Smart Metering (export from the 49kW system at Unit E26), and Afore (online monitoring for all sites.)

Maintenance arranged with Flixborough Eco Technologies.

All sites insured for damage, loss of revenue etc.

Finances

Assets owned, loan outstanding, the Society and the CIC.

Grimsby Community Energy's annual accounts are due 31 Dec 2017, as our first year end is 31 May 2017. The information presented here is from our accounts and forward projections and fuller information is given in the Business Plan.

GCE has agreed to take ownership of the of the solar panel installations from GGCP, assets worth **£104,162**. This will happen in May 2017. The CIC is the borrower on the e-Factor loan. GCE is the guarantor and makes repayments on the loan from now on. This arrangement was set up so that e-Factor had security on the loan from both organisations involved. The outstanding balance is **£78,735**. The interest rate is 5.5% annually and subject to agreement, extra payments will be accepted without penalty and the loan term (initially 20 years) adjusted accordingly. However, if the loan is ended within this year, we have agreed to pay an exit fee to respect their loss of interest and spend on legal fees.

GGCP CIC and GCE remain bound by the legal agreements until the loan to e- Factor is paid off, which cannot be changed without wasting thousands in legal bills to alter the loan agreements. If we do not reach our targets, the CIC will remain part of the loan agreement (though this is undesirable from its point of view it does not affect the Society). GGCP CIC looks to pursue other projects.

Income, cashflow

Income from the solar panels is £15,000 per year, all paid to GCE. We expect to spend £5700 on maintenance, insurance, administration and general running expenses. We made a loss of -£5776 in 2016, because we had spent our start up costs but not yet received any income. **Cashflow** forecasts predict that we will always have a bank balance above £4000 in the next 3 years.

We expect to pay 4% interest to Members starting in late 2018 for Members who join at this Share Offer. We will pay an amount equal to 20% of the interest paid to Members into the Community

Benefit Fund. This will provide around £20,000 funding over the next 19 years. All Member capital will be paid back over 20 years. (See Membership section for details.)

Purpose of the Share Offer

This Community Share offer aims to raise £78,000. This, plus money from our bank account, will be spent on:

- Paying off the outstanding loan of £78,735
- Loan exit payment of £4500 to e- Factor.
- Legal fees to exit the loan agreement £1000

Our Targets	
	
Optimum	Maximum
£39,000 Member investment £39,000 Cooperatives UK	£78,000 Member investment

Planned course of action	Member investment at close of offer:		
	Under target	Optimal:	Maximum:
Depending on amount of investment received by 31st July 2017.	Zero to under £39,000	£39,000 to under £78,000	£78,000
Accept £ for £ match from Cooperatives UK.	✓	✓	
We will not need to accept match investment from Cooperatives UK. Applications accepted			✓
Applicants within 50 miles of Grimsby will receive preference.			✓
We will stay in touch with Applicants who did not receive shares, particularly to notify them if shares become available.			✓

Pay off a part of the loan from e- Factor.	✓	✓	
Pay off the entire loan from e-Factor			✓
Review the performance of the share offer and make plans to re-open and so reach our target.	✓	✓	
Pay to exit the legal agreements with e-Factor, entirely legally separating the CIC and Grimsby Community Energy.			✓

Members



Members are not obliged to do anything, but are invited to participate in their Society. Ours is a democratic structure which provides all members – however much or however little they have invested – with an equal say in the running of the organisation. This contrasts with a typical company structure, where voting power is linked to the level of investment.

....have a right to:

- attend the Annual General Meeting (AGM) and other key members' meetings to have their say
- elect the Board at the AGM
- stand for election to the Board
- be informed of our progress through members' communications and have the ability to input into our ongoing plans
- a say on how to spend our community benefit fund
- receive a proportionate annual interest payment on your capital (though a member with the maximum £12,000 shares has one vote, they receive an interest payment on 12,000 shares
- return of your capital through the project lifetime
- A share certificate.

First Annual General Meeting of will be 5 September 2017

Details on how to get involved are Twitter @GyComEnergy and Facebook @GrimsbyCommunityEnergy and our website.

Membership matters

The Board have determined **£100 as the minimum investment level** to balance extending the membership and reducing administration costs. Payment is accepted in two equal instalments. If a second instalment is not received by the closing date to give a total of at least £100, your funds will be returned to your bank and you will not receive any shares. The **maximum investment £12,000** represents 10% of total capital.

The offer is open to any **person over 16 years of age**, and any organisation which supports our Objectives. **Organisations** will write to us to nominate a representative. We cannot accept joint membership applications. Existing Members are of course welcome to invest further, up to the maximum allowed.

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 the Society's liabilities and share capital exceed its assets, so Directors have to write down the value of the shares. Should you then wish to withdraw your shares, you will only receive their written down value.

The board can suspend withdrawals if we foresee that allowing withdrawals could lead to cash flow problems. In our £39k and £78k financial scenarios, we plan to be able to return 1% of Member capital (their money invested) in 2018 and 3% from 2019 onwards. If we raise less share capital, withdrawals will be more limited. Efforts to raise share capital will continue.

Withdrawal requests must be made to the Board in writing, requests from the executors of deceased Members will be prioritised over all other requests. 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.

We aim to pay **4% interest** annually to Members, subject to Board approval and financial performance. We will not pay more, but if financial performance is not as planned it could be less. The proposed rate of interest will be discussed with Members at the AGM, and paid for the preceding year either to your bank, or added to your share account.

Interest will be paid gross. Members are responsible for declaring interest on their tax return, if required (more information at www.gov.uk.) Interest paid on withdrawable shares in societies is eligible for the new Personal Savings Allowance (PSA), introduced on 6 April 2016.

Risks:

- If the organisation fails with the loan still in place, some or all of the three installations on e-Factor buildings could be taken over by e-Factor. In this event, little would remain to return capital to Members.

- Change of government policy, for instance business rates on this currently exempt activity or deemed export ending. Would result in reduced funds available to pay interest to Members.
- Loss of key staff. Recruitment of new Board members and volunteers is ongoing to strengthen the organisation. The Secretary is committed to 2 days per week work for the foreseeable future, with rolling recruitment of volunteers.

Terms and Conditions.

How to Apply

- Applicants must complete and return the Application Form below, with payment by cheque, bankers draft or bank transfer.
- Shareenergy are managing this process for us, so Applications should be sent to them at the address given on the Form.
- By delivering an application form an Applicant offers to subscribe for a number of shares at £1 (minimum 100 and maximum 12,000), on the Terms and Conditions.
- Multiple subscriptions will be admitted providing that they do not result in a Member holding more than the maximum permitted number of shares.
- Another Cooperative or Community Benefit Society can hold more than 12,000 shares - please ask for details.
- An Applicant who receives Shares agrees to automatic Membership of the Society and to be bound by its Rules.
- An application once made cannot be withdrawn - the signed Application Form is an offer to enter into a contract with the Society.
- Non-UK residents must check there are no laws or regulations in their country which prevent them investing and receiving income from the Society.

The Offer timetable

The Offer will remain open until noon on Monday 31st July 2017.

It can be extended at the directors' discretion. It can be closed early if the maximum target is over subscribed.

The Directors will review the amount raised at the close of the offer, and take the course of action described in the table in Finances, above.

Share certificates issued at end of offer (and after any extension period.)

Share Application Form

Before completing this Application Form you should:

- Read the accompanying Share Offer Document
- Consider whether you need to take financial advice or other advice
- Be aware the Society Rules and Business Plan are available at www.grimsbycommunityenergy.org

I wish/my organisation wishes to invest a total amount of £_____ in Grimsby Community Energy on the Terms and Conditions of the Offer Document at the price of £1 per Share.

You may apply for between 100 and 12,000 shares (less any existing shares held)

I wish to pay in two equal instalments and send one payment now, and will ensure the second arrives before 31 July 2017. YES NO (delete as applicable)

Title:	Forenames:	Surname:
Address:		
Post code:		
Day-time Telephone:		
Email:		

To allow payments from the Society to you to be paid by bank transfer, please provide bank details.

Name on account:
Sort code:
Account number:

The Society may at its discretion pay interest in shares rather than bank transfer. Please tick

Pay my interest to my bank account	Pay my interest to my share account
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I consent to Grimsby Community Energy Ltd and Sharenergy contacting me by email in relation to this share offer and their general work YES GCE ONLY NO

We would be grateful if you would inform us how you first heard of this Share Offer:

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Declaration

I confirm my understanding that:

- This Application may be withdrawn if a supplementary Offer Document is issued, but not otherwise and if and when accepted by the Society it forms a contract in law on the Terms and Conditions of the Offer Document.

I confirm that:

- I have read the Offer Document
- I am over 16 (if an individual), OR am authorised to represent an organisation.
- 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 or Business Plan.
- The Society will not be responsible for loss of interest or any other benefit suffered by Applicants during the period the monies are held by the Society, including if the offer is oversubscribed and some or all funds are returned.
- 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.

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

I wish to pay by:

Cheque: Please attach a cheque or banker's draft for the amount shown above, payable to Grimsby Community Energy Ltd.

Bank Transfer to (Ref: Applicant Name, and if instalment add "1 of 2", "2 of 2" as appropriate Grimsby Community Energy Limited Sort code: 40 22 24 Account no.: 52337290

Send your completed Application Form and payment to: Grimsby Community Energy Limited, c/o Sharenergy, The Pump House, Coton Hill, Shrewsbury, SY1 2DP or sign, scan and email to info@sharenergy.coop.

THANK YOU FOR APPLYING TO JOIN GRIMSBY COMMUNITY ENERGY

If the Application is an organisation please complete:

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