

Southern Staffordshire Community Energy

Outline Proposal to Cannock Chase Council

Introduction

This is a brief outline of a proposal from Southern Staffordshire Community Energy to install solar PV on Council homes in Cannock Chase District via a community share issue, providing the electricity generated to tenants at no charge.

At this stage the proposal is provisional based on a very initial appraisal of the financial viability of the scheme. We will undertake a more detailed analysis over the coming weeks with a view to firming up on its feasibility.

Southern Staffordshire Community Energy (SSCE)

SSCE Ltd was established in mid 2011 by Low Carbon Lichfield and Whittington and Fisherwick Environment Group who had been active in promoting energy efficiency in their communities but wished to take their work to a new level across a wider geographical area. SSCE is an Industrial and Provident Society (IPS) for the Benefit of the Community which commenced trading in September 2011. We are owned by 54 shareholders, almost all from the Southern Staffordshire area.

Our aims are to work with local residents, public bodies and businesses to promote:

1. Development, generation, and operation of renewable energy sources
2. Sustainable use of energy and reductions in carbon emissions through the provision of advice on energy efficiency and the supply of energy-efficient products and services.
3. Public awareness of environmental and related issues and supporting educational initiatives related to renewable energy, energy efficiency and sustainability

In December 2011 SSCE installed 29kW of solar PV on two buildings in Whittington, near Lichfield, under a roof leasing agreement. The cost of £54k was raised via the sale of community shares. SSCE supplies free electricity to the charities that own the buildings (St. Giles Hospice and Whittington Village Hall) and will be using the Feed-in Tariffs a. to pay a modest return to shareholders over 25 years and b. to create a community fund to support local projects.

SSCE is an Industrial and Provident Society for the Benefit of the Community (Bencom) which is a very similar structure to that of a co-operative. The main difference is that a Bencom is for the benefit of the community and a co-operative for the benefit of its members. Both are democratic organisations where each shareholder member has one vote irrespective of the number of shares he/she holds. Shares in IPSs are non-tradable and can only be redeemed by the IPS itself. We have a website at www.ssce.co.uk

Potential Scheme for Cannock Council Homes

SSCE understands that Cannock Chase Council would like to see solar PV arrays installed on a number of its Council homes and that the estimated number of suitable properties is c.1300. We are not familiar with the homes in question but we have made a very initial appraisal of the financial viability of a scheme funded by a community share issue to install on a number of homes in the range 100 – 300.

We have based this appraisal on the assumption that homes would have sound roofs (with a life of 25 yrs), face south +/- 30°, and that the roof space would be leased to SSCE for 25 yrs. Provision would be made for installations to be removed after 25 years unless the Council wished to take ownership of the panels which we believe would be likely to have a useful life of at least a further 5 years.

The occupants of the homes should benefit from reductions of an estimated average 25-30% electricity bills, though this will depend on a number of factors such as usage patterns and the trend in electricity prices over the scheme's lifetime. In addition the Council would benefit from reductions in carbon emissions in its housing stock.

In addition we would hope that a small annual surplus would be generated which could then be recycled into other energy efficiency projects through a Community Fund ringfenced to Cannock Chase district – or even to the estates where the panels are installed. (This might provide some comfort to the tenants who were unable to benefit from panels directly).

The larger the scheme the better the returns are likely to work. A scheme of 250-300 would probably be optimal. At this stage we think that 100 would be the absolute minimum for viability but would prefer a more ambitious scheme if possible. We understand, however, that procurement considerations may bear on the scale of venture which can be run.

We would agree with you at the outset which groups of properties to focus the scheme on. Obviously only properties with suitably oriented, unshaded and well-maintained roofs could be targeted for installations. Although the main focus of the scheme would be on Council tenants it may be possible to consider offering the opportunity to 'right to buy' owners in the selected areas though this requires further examination.

One final point: the success of the scheme is dependent on the level of feed-in tariff for Solar PV which is reviewed by DECC on a quarterly basis. Our initial projections are based on the current level of FiTs, but further reductions could affect the viability of the scheme and there is therefore a need to move as quickly as possible on both sides.

Mike Kinghan
Chair, Southern Staffordshire Community Energy.
9th December 2013