

Memorandum of Understanding between:

- i) Reading Community Energy Society (RCES) with services provided by Energy4All (E4A); and
- ii) Wokingham Community Energy (WCE)

Dated: 2020

Background

1. WCE has been set up to establish renewable energy installations within Wokingham Borough.
2. WCE considered incorporating as a community benefit society but following discussions with RCES decided its preferred approach was for WCE to form an association with RCES, as the incorporated body for investment and management. WCE is proposing to become a Community Action Group, which would give benefits such as provision of insurance cover, and recruitment of other volunteers.
3. RCES and WCE agree the priority is to identify and subsequently build solar pv on sites (Sites) to be identified by WCE, for which WCE would agree terms, having first agreed pricing with RCES.
4. RCES and WCE wish to develop a long-term mutual relationship in relation to the delivery of the solar pv on the Sites, its funding by community share offers, the subsequent management of that relationship with the Sites, and to develop further renewable energy installations.
5. WCE is keen to continue as an independent organisation to seek to deliver climate change mitigation and adaptation projects within its geographic area as it feels that local residents would find it easier to associate with a local organisation.
6. RCES and E4A work very effectively with a mixture of volunteers, and E4A paid staff. WCE comprises initially of volunteers and, through climate emergency working group, councillors and Town Hall officers.
7. This document sets out the terms agreed in principle and in good faith but is not legally binding.

Management and decision making

1. A person appointed by E4A will be RCES's project manager and everyone should keep the project manager fully informed on what they are doing; the project manager has overall authority to approve actions and only the project manager and other directors of RCES are authorised to make decisions on behalf of RCES or to grant delegated authority.
2. WCE and RCES acknowledge that RCES has an administration contract in place with E4A and that whilst this is in place E4A will prepare and manage all future RCES share offers and receive an agreed fee from the proceeds of these offers.

Delivery of the Sites

1. WCE will:
 - i) identify potential sites;
 - ii) discuss a potential renewable energy installation with their owners/tenants;
 - iii) obtain details of energy bills, and with RCES's agreement, obtain an installation quotation from RCES's preferred supplier(s);
 - iv) complete a provisional pricing proposal (for RCES to agree);
 - v) and subsequent to the agreement on pricing, WCE will facilitate the legal agreement with the owners/tenants, with support or advice, if required from RCES.
2. All legal documentation will be provided by RCES, with the inclusion of the WCE logo, and the words "RCES in association with WCE".

3. RCES will seek to deliver the solar pv on the Sites on the commercial terms agreed by RCES provided that:
 - i) delivery of a particular Site involves the pricing for that site being based on RCES's financial model, and the outcomes meet RCES's financial criteria;
 - ii) WCE introduces licence agreements in the RCES standard form with the Sites rather than leases if it does not jeopardise delivery of the Site; and
 - iii) Implementation of the solar pv is in the wider interest of society and its members at the sole discretion of RCES Directors.
4. Where necessary in the event that funding schemes like the Feed-in Tariff are available, RCES/E4A will pre-register the Sites and meet the cost of the Energy Performance Certificates (if required) on those Sites in good faith relying on WCE to do its best to deliver those Sites.
5. The solar pv at the Sites will be owned and managed by RCES.
6. A member of WCE will take the lead in organising the EPCs and in seeking to deliver signed contracts for solar pv at the Sites. RCES will support this by providing documents, undertaking the legal/contractual work and attending meetings when needed.
7. RCES or the solar installer will make applications to the grid for consent to install solar pv at the Sites.
8. RCES and WCE will liaise to determine how any necessary planning consents and all other necessary permissions can be obtained. RCES will meet the costs of these if previously agreed but has discretion not to proceed if the costs are disproportionate for the financial viability of the Site.

Construction and Operation

1. Once Sites have been registered, grid, planning and other consents received and contracts with the Sites (or as many of them as are proceeding) have been obtained, RCES will commission structural surveys of the roof structures proposed on Sites to check they are suitable for the solar pv systems.
2. RCES will appoint contractors on standard commercial terms to install solar pv on the Sites, using its preferred contractors.
3. Once installed RCES will manage operation of Sites, including monitoring and organising any repairs, invoicing and other financial management, including accounts, VAT, etc.

Funding of the solar pv to be installed at the Sites

1. RCES will fund the construction of solar pv at the Sites primarily by a community share offer (although it also has retained reserves and an ability to borrow as a temporary bridging loan until a share offer is realised). WCE will work closely with RCES on the community share offer, aiming to publicise the share offer and encourage residents from within its local area to raise the sum required to construct solar pv at the Sites, using the broader E4A support to its funding as a fall back.
2. The share offer will be made by RCES and shares issued in RCES.
3. The share offer will probably describe itself as being made by RCES in association with WCE and will use WCE branding for its publicity in its local area.
4. WCE will take responsibility to organise publicity, advertising, leaflets and public meetings or other promotion of the share offer in the Wokingham borough area, including circulating to likely investors. Whilst the greater majority of this work will not require expenditure as it will be either voluntary or using Council facilities, if any significant expenditure is proposed, then RCES and WCE will discuss this jointly and consider whether or not RCES can contribute to that expenditure.

Payments

1. Provided the pricing for each site is based on RCES's financial model, and the outcomes meet RCES's financial criteria then RCES will use income from the WCE Sites to cover RCES's on-going costs for operational support, to cover financing costs (primarily share interest to members) and pay for support on the share offer as described above.
2. In respect of surplus available for the community fund, the WCE sites will be ring-fenced as an account and a ring-fenced WCE community fund generated. In the event that WCE is able to secure charitable donations for community energy efficiency programmes, then WCE will be able to allocate these donations into its ring-fenced fund.
3. If there are insufficient successful Sites, or the cost of the Sites is higher than anticipated or the returns are lower for other reasons, to allow all these payments to be made in full then RCES will determine the priorities for payment.

Transfer of Sites to WCE

If WCE wishes and where this is commercially viable, RCES will transfer the solar pv systems (or other renewable energy installations) at the Sites to WCE on payment by WCE to RCES of their depreciated cost (including funding and project management costs as in RCES's standard model) and the payments made to contractors and described in this MOU. RCES commences depreciation in the financial year following the year in which the solar pv is commissioned and then depreciates on a straight-line basis over a fixed period of time (which is set within the pricing model).

Ongoing partnership arrangements.

1. WCE will remain independent of RCES and may seek grants for its work (which RCES will support applications for if that helps) and will seek to continue to develop renewable energy in Wokingham Borough and its environs.
2. RCES is keen to work to develop a partnership arrangement with WCE whereby WCE is its local representative and liaises with the Sites and local members of RCES and can present itself as an active community energy organisation with live sites. In most cases it is unlikely that RCES will be able to pay for this work in addition to the sums above.
3. WCE will not be eligible to appoint an individual to become a Director of RCES, as such Directors are required to be members of RCES. However, WCE's own volunteers are eligible to invest in RCES when share offers are made whether or not they involve WCE installations. These individuals can then be nominated for appointment as Directors of RCES. In the event that a Director of RCES is also a member of WCE, then that individual would be required to act in accordance with the conflict of interest policy of RCES in discussions relating to WCE Sites.
4. WCE will appoint one of its members to be part of the RCES community fund committee, to evaluate and approve community fund applications in general and to encourage community groups from its own local area to apply for grants. Once WCE's ring-fenced community fund has sufficient funds to support its own funding applications, a separate WCE community fund committee may be established, which should include at least one RCES Director to ensure funds are appropriately managed.

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