Teign Energy Communities Ltd.

Community Share Offer

for

Rooftop Solar PV Project at Newton Abbot College (Dyrons Site)

Investment Target: £60,000

Maximum Individual Investment: £3,000

Launch date: 10th October 2022

Closing date: 24th October 2022

Contact: Fuad Al-Tawil (TECs Secretary)
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Section 1. Directors' Foreword

Our aim is to further community generation and ownership of renewable energy in Teignbridge.

Teign Energy Communities Ltd. (**TECs**) has worked with Ivy Education Trust (**IET**), a TECs member, to install a 60 kWp solar PV mounted on the roof of the Dyrons site of Newton Abbot College. The installation was completed in September 2021 financed by short-term loans from TECs members. We are now pleased to offer 60,000 Community Shares at £1 each to repay these loans, in line with our standard financing process.

TECs, a Community Benefit Society, was registered with the Financial Conduct Authority (**FCA**) in 2015. Its purpose is to carry on any business for the benefit of the community in Teignbridge by means of the development, financing, construction and operation of community renewable energy installations and sale of renewable energy, for the purpose of:

- enabling the local and wider community to share in the ownership of those installations;
- generating income to re-invest in further community energy initiatives in Teignbridge or to provide grants for local community benefit;
- supporting educational and other community activities which promote awareness of energy use, the value of energy saving measures and environmental stewardship.

In delivering these aims, TECs looks to place ownership of the power generation systems into the communities which it serves. To that end TECs has opened the opportunity for you to invest in the installation at the Dyrons site.

In summary the community share investment works as follows:

1. You agree to invest an amount between £50 and £3,000
2. In return, TECs seeks to make an annual interest payment equivalent to CPI +1%.
3. By the end of the 20 -year term TECs seeks to have repaid your investment at its original value.

Prior to installing the system, TECs has undertaken its full Assessment Process to ensure that the Society's values and criteria are all met. As with any investment however there is risk. Further details of the share offer terms, risks, assumption and the project are detailed in the following sections. **We strongly encourage you to read these carefully before deciding to invest in these community shares.**

By investing in this initiative, you will become a TECs member and therefore benefit from:

- Participating in the ownership of a local renewable energy resource and reducing the impact of climate change, strengthening local energy supplies and improving energy security.
- Ensuring that Newton Abbot College and its students benefit from the renewable installation in terms of carbon reduction as well as educationally and financially.
- Being eligible for interest on your shares.
- Becoming a member of an established community energy society for Teignbridge that provides you with free energy advice as well as access to a number of tools and apps to help you manage your energy consumption.

I hope you will consider this offer to become a member and provide long-term support to our initiative. We very much depend on your support to further the cause of Community Energy in Teignbridge.

Fuad Al-Tawil
Director and Company Secretary, Teign Energy Communities Ltd.

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Section 2. Share Offer Terms

We are inviting investors to contribute **any amount between £50 - £3,000 (at £1 per share), to a total value of £60K**. To offer our TECs shares to the widest possible audience, we may have to reduce the maximum level of investment.

TECs will encourage student involvement by contributing from its own funds as follows: The first 100 Newton Abbot College students aged 16 years and over will receive £25 match-funding to make up the £50 minimum investment.

We are likely to need the funds secured (i.e. cheques or bank transfers cleared) by the end of October 2022 with all applications received by the 24th of October 2022. This share offer will be open from the 10th of October to existing TECs members and anyone living/working in Teignbridge.

The term of investment will initially be for **20 years**. There will be an opportunity to return some or all the shares, at their face value of £1 per share, beginning **3 years from the date of the investment**. This and all decisions related to these shares, including interest, repayment and the term of the investment will lie exclusively with the Directors of TECs. If you return shares, you will no longer be entitled to further annual interest payments on returned shares.

These shares are non-tradable, you can only receive their face value (£1 or £0.50 for match funded shares) by making that request to TECs. We will endeavour to return the capital provided we can maintain the project's financial viability.

We expect to make **annual interest payments based on consumer Price Index (CPI) + 1%** on each share and additionally **return the capital within the term of the investment**. This rate is based on our 'cautious' profit sharing model which is summarised below. Earlier return of shares will receive pro-rata interest as a proportion of the annual headline rate (based on months invested).

All investment carries risk! The TECs Board has analysed the risks and we are confident that we have considered these sufficiently in the best interests of stakeholders. Specifically, we have carefully considered various scenarios of system performance and on-site electricity usage, the two areas with greatest impact on income. The TECs/IET Lease Agreement provides, amongst other options, a transfer of all assets and liabilities associated with this project to IET or another community energy organisation with similar Asset Lock conditions as those of TECs.

Directors are confident of managing this rooftop PV project. This is backed by our 6 years of experience where we have deployed well established and tested processes in successfully running a comparable project.

You should only consider the terms set out in this Community Share Offer. Any verbal information or other information, whatever its source, does not represent the terms of this agreement.

Any tax liability related to these shares will be the responsibility of the investor as are all financial and material risks and consequences associated with your investment.

Please also refer to the summary financial information in Section 4 as well as the key assumptions and risks in Section 4.

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Section 3. Financial Projections

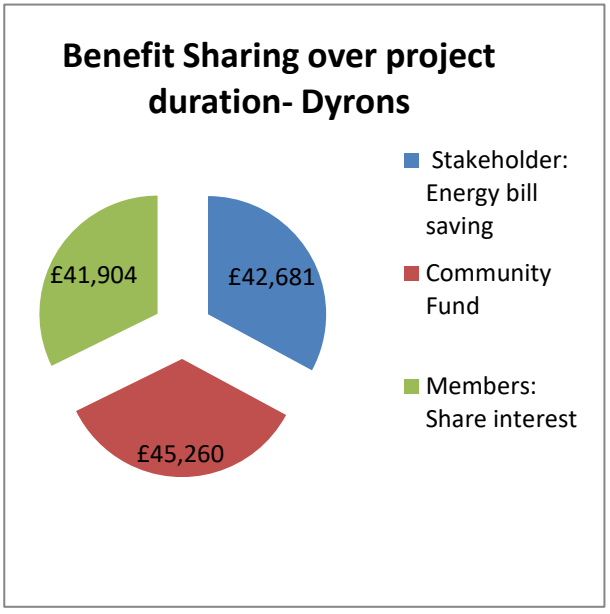
The following financial projection summary shows the main income (turnover), project expenditure (cost of sale) and business expenditure (admin. Expenses) for selected years of operation. If you would like to see further details of our financial modelling and assumptions, please contact us.

Summary Account Projections for- PV2 Dyrons site

Year>	2021	Cumulative after 5 years	Cumulative after 13 years	Cumulative after 20 years
Turnover				
Electricity to site	1,090	30,043	78,976	217,919
Electricity to grid	60	7,164	18,000	45,524
Cost of Sales				
Insurance (installation)	749	5,212	10,853	19,987
Services	52	1,992	4,345	9,037
Finance costs	0	17,216	27,622	41,904
Community Fund	500	7,324	17,867	45,260
Gross Margin	-151	5,463	36,289	147,254
Administrative Expenses				
TECs: Materials, consumables, admin, et	215	3,058	7,451	18,865
Operating income before taxation	-367	2,405	28,837	128,389
Tax	0	0	0	16,195

TECs operates a benefit/risk sharing agreement with its three key partners, the community, the stakeholder (IET) and the TECs members. This is reviewed annually with our stakeholder to ensure an equitable balance and long-term financial viability are maintained.

Further details may be found on our website under How TECs Works.



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Section 4. Key Assumptions and Risks

The benefit sharing model and financial summary above are based on a number of cautious assumptions to minimise risk over the term of the project, these are listed here. It is important that you read and understand these. You should only invest an amount appropriate to your financial situation, that is an amount that you do not believe will pose undue financial risk.

- We financially evaluate/operate this project separately from other TECs projects. This helps us ensure that there is no cross-over of risk between projects.
- We use our financial modelling tool to stress test each project annually, making appropriate adjustments where necessary. This helps us understand the likely impact of changing circumstances (e.g. inflation and fluctuating energy prices) and act to manage such risks. We are confident that the financial risk to this project as well as the Society's overall business is low, despite inflation in operating cost and inflation-linked interest payments. Historical, current, and we believe, future inflation will remain coupled to energy inflation, the Society's source of income.
- An important consideration for investors is the possibility of a collapse in energy pricing and TECs' ability to maintain the terms of the investment. We have therefore also modelled the impact of prices falling in a deflationary economy. We believe our benefit/risk sharing approach and cautious assumptions (e.g. very low wholesale electricity pricing) will allow us to manage most risks.
- The Directors may, under exceptional circumstances, have to extend the term to maintain the project's financial viability. If this proves necessary, investors will continue to receive annual interest payments for each year the term is extended by, in according with the terms already laid out. Capital will also be repaid at the end of any extended period.
- The PV systems are conservatively budgeted to generate ~10% lower than predictions from industry standard modelling (PVSol). Although weather-dependent, experience from existing systems has delivered a consistent performance over many years.
- The performance of the system has been assumed to degrade over 25 years to the lowest level guaranteed by the panel manufacturer (~80%), but at a faster annual rate. Experience of solar PV systems has consistently shown that panels of equivalent quality tend to overperform and maintain that performance longer.
- All ongoing costs are included for operation, maintenance and repairs over the term. Some of the key costs are:
    - replacing PV system inverters after ~10 years of operation.
    - loss of revenue and public liability insurance to cover events outside equipment manufacturer and installer warranties.
    - annual maintenance and repairs as well as the cost of removing the system during or at the end of the term.
    - TECs' general operating costs for this project.
- TECs' approach, reflected in the lease agreement and signed with IET for this project, is to share benefits/risks equitably between investors, the owner of the site (IET) and the college community. This equitable sharing is maintained through an annual project review. The TECs directors, who are responsible for these decisions, are elected by the society's members.

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Section 5. About Teign Energy Communities

Our vision is "To achieve the widest possible community engagement with energy use and energy generation. We want people in the local area to become more aware of, and engaged with their use of energy, so that energy becomes as familiar as money."

TECs was originally launched by members of Transition Newton Abbot CIC at a public meeting in November 2014. We received seed funding through Devon's Accelerator scheme and engaged two consultants to help us establish legal entity and understand the community/commercial options for this. Following intensive training, provided by Regen SW, and contacts with other successful Community Energy initiatives, we established TECs as an umbrella organisation supporting stakeholders Teignbridge-wide.

TECs installed and has operated a 50kWpk rooftop PV system at Teign School in Kingsteignton since February 2016. This project was fully funded by the ~100 TECs Members made up of individuals and organisations throughout Teignbridge, including staff, students and parents at the school.

Our Community Fund has helped schools and other organisations/households to carry out energy assessment/saving measures.

TECs has also supported numerous organisations and households with their Energy Assessment. We have developed processes and tools to deliver bespoke energy assessment/advice to our members. This covers building electricity/heating, transport, food, goods and services.

We have assessed the feasibility of other PV, hydro, private wire and LED replacement projects. These were carried out by TECs volunteers and paid consultants using RCEF funding. Until now, these projects have not gone ahead for a variety of reasons, mostly because they have not met our Assessment Criteria.

TECs volunteers are also engaged in supporting wider initiatives to further our vision. Most recently on Climate Emergency in Teignbridge.

Our operating strategy is

- To provide the financial and legal framework for organisations within Teignbridge to deliver their local Renewable Energy and Energy Saving projects. These local organisations may be community groups, social enterprises, health/education trusts, councils, businesses and any group that signs up to the vision, aims and objectives of TECs.
- To raise funds through public/private share offers to cover costs of renewable energy projects proposed by local organisations. Such projects will be assessed by TECs to ensure they meet the vision, aims and objectives as well as being financially and environmentally viable. Appropriate commercial agreements with these organisations for renewable technologies will be negotiated to achieve an equitable benefit/risk sharing arrangement.
- To put all profits towards the Community Fund, after deducting operating costs, payments of interest and repayment of capital. The Community Fund is used to deliver the shared vision of TECs and our stakeholders. This delivery will primarily be undertaken by the local organisations participating in this project, paid for in whole or part, by the community fund.

Please refer to our website for further details or contact members of the Board.

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Section 6. About the Project

This 60kWpk rooftop solar PV systems at Newton Abbot College, Dyrons site, will not only help with ever-increasing energy bills, it also provides an opportunity for students and teachers to find out first-hand about the benefits of renewables and energy saving.

With this project, TECs is supporting the Trust to realise its next step in reducing its overall Carbon Footprint and to achieve Eco School Status. TECs will also work with the college and the Energy Champion(s) to embed greater awareness of energy use into the curriculum, providing information and financial support through the Community Fund.

Both the Lease agreement and financial arrangements were reviewed and approved by the Department for Education.

If you are interested in further information, viewing the Lease Agreement or technical details of the PV installation associated with this share investment, please contact TECs by phone, e-mail or via our website.

PV System Technical Details

Information on the two PV systems based on the PVSol configuration are provided below.

Newton Abbot College

Project Overview

Figure: Overview Image, 3D Design

PV System

3D, Grid-connected PV System

Climate Data	Dyrons, GBR (1991 - 2010)
PV Generator Output	60.45 kWp
PV Generator Surface	313.4 m²
Number of PV Modules	186
Number of Inverters	3

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Section 7. Share Offer Application Form

Your Contact and Personal details

Title (Mr/Mrs/Ms/other):

First names (in full): Last name:

If existing TECs member, your membership number (see your profile on our website):

Address:

Town & Postcode:

Telephone number (in case of queries relating to this application):

Email address:

If you are applying as a company or organisation, please provide the following additional details

I am the authorised representative of the company, or nominee of the organisation ☐

Full name of company or organisation:

Registration No. (if applicable):

If you would like to nominate someone to receive your shares in the event of your death, please provide their full name:

Address:

Town & Postcode:

Amount of investment requested (in Teign Energy Communities Limited)

I/My company or other organisation wish to buy shares totalling: £

I am a student at Newton Abbot College and wish benefit from the match funding, please tick ☐

Please select/tick:

☐ I have transferred this amount from a UK bank account to Teign Energy Communities' bank account.

Please put your full name as reference in the BACS form, so we can match the payment to you

☐ I enclose a cheque or banker's draft drawn on a UK bank account and made payable to Teign Energy Communities Ltd.

☐ I would like to donate my interest payments to the TECs Community Fund.

Your bank details for payment of annual interest

Account name:

Bank sort code and name:

Account number:

Teign Energy Communities Ltd.
Registered Office: Deer Park Farm, Haccombe, Newton Abbot, TQ12 4SJ
A Community Benefit Society regulated by the Financial Conduct Authority, no. 7210 ; VAT number 239534684

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Declaration

I confirm I understand all of the following:

- This application, if and when it is accepted by TECs, forms a contract subject to English law on the Terms and Conditions of this Share Offer Document.
- I will be registered as a Member of TECs with full voting rights.
- Shares are allocated at the sole discretion of the Directors. They may decide not to issue shares to me, or may allocate fewer shares than I applied for, and do not have to give a reason for their decision.

I also confirm that:

- I am at least 16 years old. I have read this Share Offer document (**including Key Assumptions and Risks**).
- I am not relying on any information relating to the share offer which is not included in the Offer document.
- I consent to Teign Energy Communities Limited communicating with me using the contact details I have provided.
- If signing this application form on behalf of any person/organisation, I am doing so with explicit authority.

Signature: |

Name (Block capitals): |

Date: |

Please complete in block capitals and black ink. You can either Scan and e-mail to us, OR send by post. If paying by cheque or banker's draft please enclose this to:
Teign Energy Communities Ltd., Deer Park Farm, Haccombe, Newton Abbot, TQ12 4SJ

If you are a student, 16 years or older, at Newton Abbot College, please submit your application form to Reception for verification at:
Newton Abbot College, Old Exeter Road, Newton Abbot, England, TQ12 2NF

Teign Energy Communities confirms that it will keep all information secure, in whatever form you have provided it. It will only retain this information for as long as is necessary to provide and manage your shareholding and membership, and will not pass any details to a third party without your consent.

Contact: Fuad Al-Tawil (TECs Secretary)
E-mail: **postie@teignenergycommunities.co.uk**
Phone: **01626 87 2721**

TECs bank details

Account name: Teign Energy Communities Limited
Bank name: Co-op Bank; Bank sort code: 08-92-99; Account number: 65783045

New to TECs: Please register on-line via our website, it will help us if you can also enter the information you have provided here (except your bank, nominee and organisation details). This will allow you to update your Membership Form and monitor your investment once this is confirmed by TECs.

Already a TECs member: You need only complete information on this form which we do not already have.

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