



## SHARE OFFER

**Invest in Community-Owned Renewable Energy Project**  
Solar PV on the roofs of the Loughborough Estate



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> Offer opens on Thursday 16th February 2012 and is scheduled to close at midnight on Saturday 10th March 2012.

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# 01. DIRECTORS' LETTER

## SUMMARY INFORMATION

16th February 2012

This document details and contains an invitation to subscribe for shares in Brixton Energy Solar 1 Co-operative Limited ("Brixton Energy Solar 1" or the "Co-operative").

Brixton Energy Solar 1 is a new Co-operative society, registered under the Industrial and Provident Societies Act 1965 (Registration No. 31433). The co-operative's mission is to enable people in south London and beyond to invest in renewable energy generation in Brixton and raise funds for energy efficiency initiatives.

This Share Offer contains an invitation to invest in the withdrawable share capital of Brixton Energy Solar 1. We are seeking to raise approximately £75,000 by March 10th to invest in up to 50kW of community-owned solar photovoltaic energy generation on the roof of Elmore House in the Loughborough Estate, Brixton. This project will increase renewable energy generation in Brixton. It will benefit from the UK Government's feed-in tariff for solar photovoltaic installations and will provide a financial and social return on the investment.

Brixton Energy Solar 1 is a Co-operative society and therefore each member will have one vote each (regardless of the number of shares held). The members of the co-operative will determine, collectively and co-operatively, what to do with any financial return that results from this investment. This may include a combination of a financial return to the investors, investment in local energy-efficiency initiatives and reinvestment to enable other renewable energy projects.

The information contained in this Share Offer has been prepared under the supervision of the directors of the Brixton Energy Solar 1, who take responsibility for its contents. To the best of their knowledge, all information is accurate.

This Share Offer is exempt from the Financial Services and Markets Act 2000 or subsidiary regulations, which means you have no right of complaint to an ombudsman. An industrial and provident society is registered with but not authorised by the Financial Services Authority and therefore the money you pay for your shares is not safeguarded by any depositor protection scheme or dispute resolution scheme.

Full details on the legal compliance and the terms of the Share Offer are set out in the main body of the Share Offer. Technical and other words and phrases used with a particular meaning in this Share Offer are defined and explained in the glossary. This summary should be read as an introduction only. As a prospective investor, you should read the whole of this Share Offer and should be aware of any risks they are taking in making an investment. You should also read the rules of the Co-operative (the "Rules"), which are available for viewing at [www.brixtonenergy.co.uk](http://www.brixtonenergy.co.uk).

An investment in the shares offered in this Share Offer carries risks and you may lose the value of your investment. If you have any doubts or questions, you should seek independent advice.

The initial offer period is for five weeks. At the discretion of the Board, the offer may be extended for up to a further twelve weeks. In the event that the offer is oversubscribed, priority will be given to local residents (geographically closest to the solar array).

Dear Potential Investors and Co-operative Members,

Brixton Energy Solar 1 is a new Co-operative set up to enable local people to invest in renewable energy generation in Brixton and raise funds for energy efficiency initiatives. If you invest in Brixton Energy Solar 1, your money will be put to work straight away to finance the installation of a major solar power station in Brixton.

The power station, planned for the roof of one of the housing blocks on the Loughborough Estate, will save approximately 20 tonnes of CO<sub>2</sub> every year by displacing electricity generated by coal and gas power stations. The income from the electricity will be used to support local energy efficiency projects while also providing co-operative members with an annual return on their investment. The income from the power station will be derived principally from the government's Feed-in tariff scheme, which is guaranteed for 25 years.

More and more people now accept the urgent need to reduce our unhealthy dependence on fossil fuels. Many of us also realise that we cannot wait for others to tackle the problem. We need to see action not only from government but also from individuals, households and communities. Brixton Energy Solar 1 will be south London's pioneering community-funded renewable energy station. We hope that you will join us in making this happen.

## DECLARATION:

Brixton Energy Solar 1 Co-operative Limited and each of its Directors whose names are set out below hereby declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Share Offer is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

**Andre Pinho**

**Will Anderson**

**Agamemnon Otero**







# 02. BRIXTON ENERGY SOLAR 1

## THE CO-OPERATIVE

**Brixton Energy Solar 1 Co-operative Limited is a new Co-operative society, registered under the Industrial and Provident Societies Act 1965 (Registration No. 31433). The Co-operative offers an exciting new opportunity for individuals to support the generation of solar power in Brixton and contribute to wider action to reduce our dependence on fossil fuels.**

The project's aims are:

1. To generate as much renewable energy as economically possible on the roof of Elmore House in the Loughborough Estate.
2. To create enough financial surplus to fund local energy efficiency projects, both practical and educational.
3. To engage with the local community as stakeholders in, and beneficiaries of, the project, in response to the challenges of climate change.
4. To become an exemplar for similar projects in London and throughout the UK.

Following a model that has been successfully used elsewhere in the UK, Brixton Energy Solar 1 has been established as a co-operative society. Co-operatives are not-for-profit organisations that are jointly owned and operated by a group of people for their mutual benefit. They are democratic enterprises, operating with a one member, one vote policy. This means, for instance, that the members of the Co-operative will decide collectively who will serve on the Board of Directors and how to divide and distribute the income generated from the project (in accordance with the Rules).

Brixton Energy Solar 1 is a social enterprise which seeks to achieve real social and environmental outcomes. If you invest in the Co-operative, you will be joining this collective, democratic, community-based effort to bring about real change. Although we offer a modest financial return on your investment, we hope that you will also value the wider social and environmental return that your investment will bring.

## THE PROJECT

**Brixton Energy Solar 1 is focused squarely on delivering benefits for the local community. We hope it will be the first of many similar initiatives in south London. The project is the first to be implemented under the larger umbrella of Repowering South London, a community-led initiative that aims to generate renewable energy, develop opportunities for community investments, increase resilience by reducing dependence on big energy companies, use retained profits to educate residents about energy efficiency, tackle fuel poverty and provide training and employment for local people.**

The project will see the installation of up to 50kW of solar electric (photovoltaic) panels on the roof of Elmore House, one of the housing blocks in the Loughborough Estate, Brixton. The Estate is owned by Lambeth Council but managed by United Residents Housing (URH), an arms-length management organisation. We secured approval from URH and Loughborough Estate Management Board (LEMB) to install solar panels on the roof following consultation events with the residents of the estate in October 2011. We are working with Lambeth Council to secure a satisfactory lease for the 25-year life of the Governments' Feed-in Tariff. We aim for this to be agreed by the first week of March 2012.

We intend for some of the electricity generated from the solar panels to be used by URH directly to power the lifts in Elmore House. We are currently in discussions with URH and their electricity provider to ensure this will be done efficiently and effectively. The remainder of electricity generated by the project will be exported to the National Grid. We cannot provide a direct supply of electricity from the project to the flats in Elmore House because they are metered individually. However, we intend that these households should be the first beneficiaries of the social fund generated by income from the project, with initial emphasis on draught-busting, other energy efficiency improvements and education initiatives.

## INCOME GENERATION

The Co-operative will receive income from:

- a. the Feed-in Tariff (FIT), a 25-year inflation-protected price legally required by the Government to be paid by the electricity supplier at Loughborough Estate to the Co-operative for generating electricity from renewable resources;**
- b. the possible sale of discounted electricity to URH for any energy that is consumed on-site,**
- c. the sale of excess electricity exported to the National Grid.**

The main source of project income is from the Feed-in Tariff, which pays an inflation-linked rate of 15.2p for every kWh of electricity we generate. Most of this electricity will be exported to the National Grid under a 'power purchase agreement' (PPA) with the local electricity provider. An export meter will be installed and we anticipate being paid 3.1p/kWh for this exported electricity. In addition, under the arrangements of this project, we may be able to sell power that is used by URH onsite under a separate PPA. However, URH is currently in discussions with its electricity provider to renegotiate the rates for electricity used at Elmore House. Accordingly, we are currently unable to secure definitive terms for a PPA with URH and/or its electricity provider. We intend to resolve this issue before the installation of the project. In any event, the directors will act in the best interests of the Co-operative to secure a financial return and, in line with the Co-operative's social and environmental aims, provide renewable energy to Elmore House.

'We are confident that this project can still deliver all three core outcomes: a major increase in renewable energy generation in Brixton; deliver energy efficiency initiatives in the area through the Community Energy Efficiency Fund; provide a green investment opportunity to residents.

## THE COMMUNITY ENERGY EFFICIENCY FUND

In line with the ethos of a Co-operative organisation and social enterprise, this project has been structured so that some of the income generated will be set aside for a Community Energy Efficiency Fund. The directors intend for this fund to be used to improve the energy efficiency of the housing stock in Loughborough Estate and Brixton as a whole. The use of the Fund will be overseen by the directors of the Co-operative. However, initiatives will always be developed through consultation with the local community and by voting from the full co-operative members.

These initiatives are likely to include:

- a. the promotion and installation of relatively low-cost energy efficiency measures, such as 'draught-busting';
- b. information and guidance about opportunities to install more substantial measures, such as those proposed in the government's Green Deal;
- c. local workshops to explore day-to-day practical opportunities and lifestyle changes to reduce energy consumption and costs.

In accordance with the Co-operative's Rules, the members of the Co-operative will determine collectively at each annual general meeting how much profit from the the project will be set aside for the Energy Efficiency Fund. The directors propose that this amount should average approximately 20% of net profits.

'We anticipate that this Fund will receive income from other sources beyond the solar power station itself. In fact, Repowering South London has secured a grant from the government's Local Energy Assessment Fund to deliver energy efficiency training and workshops to provide advice and help residents reduce their energy consumption and fuel bills. We envision that the annual income from the generation of solar energy will provide a secure long term platform upon which to pursue wider energy efficiency fundraising and activity.







# 03. INVITATION TO PURCHASE SHARES

**Brixton Energy Solar 1 is offering ordinary withdrawable shares for purchase. Each ordinary share has a nominal value of £1.00. The minimum shareholding is £250 and the maximum (set by law) is £20,000. Membership is open to British citizens and/or UK residents aged 16 and over. Corporate bodies, voluntary organisations and public sector investors may also become members.**

This Share Offer seeks to raise sufficient funds to finance the installation of a solar array of up to 50kW on the roof of Elmore House in the Loughborough Estate, Brixton. We are seeking to raise approximately £75,000, the estimated total capital cost. Once the solar array is installed, all annual running and administrative costs, including insurance, will be met through the project's annual revenue stream.

The initial offer period is for three weeks from 16th February 2012 until 10th March. At the discretion of the Board, the offer may be extended for up to a further twelve weeks. In the event that the offer is oversubscribed, priority will be given to local residents, i.e. those living in postcodes geographically closest to the Loughborough Estate.

A great deal of investment has already been made in Brixton Energy Solar 1. All development costs have been met. We have received substantial support from:

- **Brixton Low Carbon Zone**
- **Carbon Leapfrog**
- **Karmarama**
- **Lambeth Council**
- **Loughborough Estate Management Board**
- **Ramboll**
- **Sharenergy**
- **Simmons & Simmons**
- **Transition Town Brixton**
- **United Resident Housing**
- **Many volunteers.**

More information about supporters is included in page 12.

As all development costs have been met, and all running costs will be met by the income from the generation of solar power, our aim in this Share Offer is to raise money for the capital costs only. We are in negotiations with leading installers in the solar industry with the aim of installing the panels in March 2012.



## **RETURN ON INVESTMENT**

The estimated annual return to members is based on projected income and expenditure over the life of the solar array using the assumptions stated in the business case below. You should consider these assumptions carefully. You should also consider the identified risks. We believe that Brixton Energy Solar 1 offers a comparatively secure investment because it relies on the Feed-in Tariff, a programme implemented and guaranteed by the government for 25 years. However, no investment is risk-free and we cannot guarantee the rate of the annual interest payment because of the other costs and risks of the project.

If you buy shares, you will automatically become a member of Brixton Energy Solar 1 which operates on a one member, one vote basis. You cannot trade your shares on a stock exchange or transfer them to other individuals. The transfer of shares is only possible following the death of a member (if you nominate someone), or other exceptional circumstances included in the Rules.

Once you have bought shares in Brixton Energy Solar 1, you will normally keep them until the end of the project, at which time all outstanding shares will be repaid in full to members. For example, if you invest £5,000 you can expect to receive an annual interest paid as return on your investment and repayment of the initial £5,000 investment at the end of the project's life in 25 years. You can apply for the withdrawal of all or part of your capital (after the first three years), but withdrawal of capital is at the Board's discretion to ensure the health and stability of the project. You should be aware that any withdrawal of share capital may affect your rights

for tax relief under the Enterprise Investment Scheme and you should seek independent advice on this matter if this affects you.

Because Brixton Energy Solar 1 is a Co-operative, the members of the Co-operative will decide collectively how to divide and distribute the income generated from the project in accordance with the Rules. The Rules provide that profits of the project will be applied in such proportions as the members of the Co-operative shall decide at each annual general meeting, in accordance with the following principles:

- a. firstly, to a general reserve for continuation and development of the Co-operative;
- b. secondly, to pay a share interest to members; and
- c. thirdly, to make payments for social or charitable purposes (e.g., the Community Energy Efficiency Fund).

The Board of Directors has the authority to pay interim annual interest payment without the approval of a general meeting of the Co-operative. The current directors do not presently intend to make any interim payments without approval of a general meeting of Co-operative members.

The Co-operative's governing document (The Rules) explains members' rights as well as details of the nature of the shares and the management and constitution of the Co-operative. They can be examined on the Brixton Energy website ([www.brixtonenergy.co.uk](http://www.brixtonenergy.co.uk)) or sent via email on request.

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## **TAXATION AND EIS RELIEF**

We have applied for advance assurance from HM Revenue & Customs that the Offer Shares will qualify for tax relief under the Enterprise Investment Scheme (EIS). If this is granted (which is not guaranteed), this relief offers certain tax benefits to investors.

Income tax relief is available to individuals who subscribe for a minimum investment of £500 worth of shares. The relief is 30% of the cost of the shares, to be set against the individual's income tax liability for the tax year in which the investment was made. A 'carry back' facility allows all or part of the cost of shares acquired in one tax year to be treated as though those shares had been acquired in the preceding tax year. This relief cannot be set off against annual interest payment income, as the tax credit attached to the annual interest payment is not recoverable. The shares must be held for a certain period or income tax relief will be withdrawn. Generally, this is three years from the date the shares were issued.

If the Co-operative does not comply with the requirements of EIS for the qualifying period, the tax reliefs will be withdrawn. The Board will reasonably seek to conduct the business of Brixton Energy Solar 1 so that it qualifies under the EIS but there is no guarantee that it will be able to do so.

You should not assume that these benefits will automatically accrue on investment in this project. You should seek independent financial advice if you intend to claim relief under the EIS.



## THE FEED-IN TARIFF

In 2010, the UK Government introduced a Feed-in Tariff (FIT) scheme for the generation of electricity from small-scale renewable energy projects, including solar photovoltaic. The Feed-in tariff will be the principal source of income for Brixton Energy Solar 1.

The government's stated aim for the FIT is to encourage the deployment of small-scale, low-carbon electricity generation, particularly by organisations, businesses, communities and individuals that have not traditionally engaged in the electricity market. The FIT scheme requires electricity suppliers to pay small-scale renewable energy generators both for all the electricity they generate (the generation tariff) and for any surplus electricity they export to the grid (the export tariff). Electricity suppliers are required by law to pay the tariff to anyone who installs solar electric panels up to a maximum size of 5MW.

The FIT was designed to provide investors in renewable energy with long-term price security: payments under the scheme are guaranteed for 25 years from the date when the installation is commissioned. The tariff is inflation-linked, increasing from 1st April each year by the rate of inflation (using the Retail Price Index) in the previous calendar year. However, over the last 12 months, the Government has twice reviewed (and reduced) the rates at which the tariffs are set. This has created a considerable uncertainty in the market.

On 31 October 2011, the Government announced the FIT Comprehensive Review Phase 1 Consultation document which closed on 23 December 2011. The Government's decision on the new tariffs for solar PV, following the consultation, was announced on 19 January 2012. The licence modifications necessary to implement the new tariffs will apply the new tariffs from 1 April 2012 to any new solar PV installation with an installation date on or after 3 March 2012. The generation tariff for projects between 10-50kW installed capacity will be 15.2p/kWh. We have assumed this tariff rate will apply to our proposed project and have used it for the calculations in the indicative Financial Model discussed below.

You may have heard or read that the Government lost a court case brought by Friends of the Earth and others that the proposed changes to the FIT were "unlawful." While this is true, and an appeal before the Supreme Court is pending, this action only relates to installations between 12 December 2011 and 3 March 2012 and, therefore, does not relate to our proposed project.

The Government also announced that installations after 1 April 2012 will have an energy efficiency requirement, pursuant to which projects must will need to demonstrate that the building to which the solar PV installation is attached or wired to provide electricity has an Energy Performance Certificate (EPC) rating of Level D or above. We intend for this project to be installed prior to 1 April. If this is delayed for any reason, Elmore House has an EPC rating of Level D and, therefore, the project would not be affected by this requirement.

On 9 February 2012, the Government launched its FIT Comprehensive Review Phase 2A Consultation document. This consultation is open until early April with any changes proposed to take effect from 1 July 2012 which, accordingly, should not affect this project.

Under current legislation, the FIT is available for 25 years after the solar panels have been commissioned. Solar panels have been in general usage around the world for more than 40 years. Based on the performance of existing solar PV arrays throughout the world, the panels are likely to have a considerable amount of life left in them after 25 years and we intend to continue to use the panels to generate and provide renewable energy in Brixton for many more years. However, there is no guarantee of any income from the panels during this latter stage of their lives. Consequently, a review of options for the array will be scheduled nearer the end of the 25-year life under the FIT to decide what should happen to the panels and whether to dissolve the Co-operative at that point.



## INSTALLATION AND OPERATION OF THE SOLAR ARRAY

Solar panels are rated under laboratory condition for a peak output under a specific intensity of sunlight. The rated peak output of the Brixton Energy Solar 1 photovoltaic array will be up to 50kW. However, the actual power output of a photovoltaic panel is, in practice, always lower than its rated output and depends on many factors including the amount of solar energy that reaches the panels, which depends on season, latitude and time of day; the angle and direction which the panels face; and the weather. What matters most for our purposes is not the rated peak power output but the estimated total annual energy output.

We estimate that a 50kW array on Elmore House will generate approximately 40,000 kWh of electricity per year (on average). This estimate is based on industry data and experience of solar power generation elsewhere in Brixton. Most of the panels will be mounted on the long southern edge of the roof of Elmore House on the Loughborough Estate where they will experience minimal shading. Some of the panels will be installed to the rear of the roof where they will experience limited shading from chimney stacks in the winter months. This should have a small impact on total generation as winter generation is a very small part of total power output across the year.

The panels will be wired to inverters within the building which convert the low voltage DC output from the panels into AC power. This electricity will feed into the main electrical distribution point for the building from where it will either be used to meet immediate demand from communal areas, such as lifts, or exported to the National Grid. A meter will be installed to record the amount of electricity generated by the project.

As noted above in Brixton Energy Solar 1 - Income Generation, we intend to install a separate meter to record the amount of electricity that is exported to the National Grid and enter into separate PPAs with each of

URH and its electricity providers. We intend to resolve this issue before the installation of the project and, in any event, the directors will act in the best interests of the Co-operative to secure a financial return and, in line with the Co-operative's social and environmental aims, provide renewable energy to Elmore House.

Solar photovoltaic panels are solid-state technology with no moving parts. As such, they tend to be robust and reliable, requiring a minimum of maintenance once installed and commissioned. They can remain operational for decades although experience throughout the solar industry has shown that their efficiency and output tends to decline over the years. This is accounted for in the financial model below. The inverters have a shorter life time and generally need to be replaced every 15 years. The cost of one replacement inverter has been included in the running costs for the project. Warranty of the equipment and its installation will be provided by the manufacturers and the installers, respectively. Insurance is included in the annual running costs, covered by income from the panels.

The roof is being leased to Brixton Energy Solar 1 by London Borough of Lambeth with the support of United Resident Housing (URH) in return for a discounted electricity supply to URH. We are working with Lambeth Council to secure sign off on the lease agreement for the 25 year life of the Government's Feed-in Tariff.

Brixton Energy Solar 1 will remain the owner of the panels throughout the 25 year life of the project. The board and directors of Brixton Energy Solar 1 remain responsible for the ongoing operation, monitoring and maintenance of the panels.





## FINANCIAL MODEL

The information provided here is given as an illustration only of the possible financial returns that will be generated from this project. There are a number of variables that may affect the amount of income generated by this project and, therefore, it is not possible to provide a definitive estimate of the amount of financial return for this project. Brixton Energy Solar 1 intends to award a modest financial return on your investment in order to provide a reasonable incentive for investors to maintain their support, however, investors should not expect payments that mirror the returns of commercial investments.

The FIT for solar energy includes a generation tariff based on the size of the system and the amount of power (measured in kWh) that the system generates and an export tariff based on the amount of energy from the system that is exported to the national grid. Payments under the FIT are guaranteed for 25 years and the payment rates are index-linked to inflation (using the Retail Price Index).

### CAPITAL COSTS OF PROJECT

The anticipated cost for the purchase and installation of up to 50kW installed capacity for the Brixton Energy Solar 1 project is £75,000. This is based on an estimated cost of £1.50 per rated Watt output. If the price paid for the system proves to be higher or lower than £75,000, the investor and social returns on investment will be adjusted accordingly. Spread out across the lifetime of the project, such adjustments are likely to be minor unless the final capital cost is significantly higher.

### INDICATIVE REVENUES FROM PROJECT

Based on the Government's recent announcements regarding the FIT (see above in The Feed-in Tariff), we have assumed that the generation tariff for the proposed system will be 15.2p/kWh and the export tariff will be

3.1p/kWh. The amount of revenue generated from the project will depend on the amount of available sunlight for any given year which, in practice, will vary from year to year. Based on current models, we estimate that the project will average approximately 40,000kWh of annual estimated output. The ability of solar photovoltaic cells to convert sunlight to electrical energy diminishes over time. We have assumed 1% loss of efficiency every year.

We estimate that the annual revenue for the project will be derived from the following:

a) Feed-in tariff payments for all energy generated. This is estimated to be £6,080 in the first year (40,000 kWh @ 15.2p/kWh). The tariff will be adjusted annually for inflation and we estimate a 1% decline in output per year due to the natural performance decline of solar panels.

b) Feed-in tariff payments for all energy exported to the Grid. This is estimated to be £1,116 in the first year (36,000 kWh @ 3.1p/kWh). This income will also be annually adjusted for inflation and system performance.

c) The sale of electricity to the building operator (United Residents Housing) for immediate use on site. This is estimated to be £320 in the first year (4,000 kWh @ 8p/kWh). This income will also be annually adjusted for inflation and system performance.

The total estimated income in the first year is therefore estimated to be £7,516. This estimate assumes that we are able to install an export meter on the project and that 90% of the generated power is exported to the National Grid with the remaining 10% being purchased by URH for use at Elmore House. If we are unable to install an export meter, the estimated export income from the project will be £620 in the first year (20,000kWh @ 3.1p/kWh) and the total estimated income would be £6,700.



### **INDICATIVE OPERATING COSTS OF PROJECT**

A portion of revenue will be set aside annually for the insurance and maintenance of the project, the administration of investments and the eventual payback of invested capital.

We estimate that ongoing costs for the operation and maintenance of the solar PV equipment will be approximately £1,500 annually and £1,130 for the maintenance of the Co-operative, including preparation of annual reports and distribution of interest payments.

The total estimated costs in the first year are therefore estimated to be £2,630.

### **INDICATIVE DISTRIBUTION OF ANNUAL PROFITS FROM PROJECT**

After all operating expenses are paid on the project, the project should be generating annual profits. For instance, based on the estimated figures above, we assume that net profits after costs in the first year will be approximately £4,886.

In accordance with the Co-operative's Rules, the members will determine at each annual general meeting how to apportion the profits:

- firstly, to a general reserve for the continuation and development of the Co-operative and the furtherance of its objectives;
- secondly, in paying share interest to its members; and
- thirdly, in making payments for social or charitable purposes such as the Community Energy Efficiency Fund.

The directors propose that this revenue would be divided as follows:

- 1) Provision for payback of initial invested capital. Every year, a portion of annual profits will be set aside and invested in fixed-term deposits with our bank, the Co-operative Bank, to guarantee repayment of the initial capital at the end of the project. In addition, the members may determine to set aside additional amounts as a general reserve for the continuation and development of Brixton Energy Solar 1.
- 2) The remaining revenue to be divided between paying an interest payment to investors (approximately 80%) and investing in the Community Energy Efficiency Fund or similar social and charitable purposes (approximately 20%).

### **INDICATIVE RETURN**

If these estimates are correct, this would deliver an investor return in the first year of approximately 2.87% and a contribution to the Community Energy Efficiency Fund of £538. The cumulative Community Energy Efficiency Fund over the lifetime of the project is estimated to be approximately "£15,000. The average investor annual interest payment is estimated to be 3.15% per year.





# 04. WHO ARE WE

**Brixton Energy Solar 1 is a project of Repowering South London, a community-led initiative which aims to generate renewable energy, develop opportunities for a community investment vehicle, increase resilience by reducing dependence on big energy companies, use retained profits to educate residents about energy efficiency, tackle fuel poverty and provide training and employment for local people.**

Brixton Energy Solar 1 Co-operative Limited has been developed in partnership with the following organisations:

Transition Town Brixton (TTB) a community-based movement with a practical approach to preparing for a low-carbon future. For the last couple of years, TTB have been exploring ways of increasing energy efficiency and using renewable energy in Brixton. Brixton Energy Solar 1 is aligned with the aims of the Transition movement.

The Brixton Low Carbon Zone (LCZ) a project of Lambeth Council has actively supported the development of the Co-operative. The Brixton LCZ is one of ten zones across London launched by the Mayor of London in September 2009. The aim of the Brixton LCZ is to involve residents and businesses in carbon reduction through community-led initiatives to achieve a 20% reduction in carbon emissions in time for the Olympics. The installation and generation of renewable energy on the Loughborough housing estate will contribute towards the Brixton LCZ carbon emissions target.

Lambeth Council strives to give people more involvement and control of the services they use and the places where they live by putting council resources in their hands. Brixton Energy Co-operative will see residents generating their own energy and reducing carbon emissions realising Lambeth Council's ambition of moving towards a Co-operative Council.

United Resident Housing and Loughborough Estate Management Board have been early champions of Brixton Energy Solar 1. Their support has been instrumental in the development of the project by agreeing to the installation of solar panels on the roofs of the Loughborough Estate.

We have received advice and support from the following organisations:

- **Carbon Leapfrog**, business-led charity that galvanises and channels high-value, professional advice from leading service providers into UK and international carbon reduction projects, which provided legal advice and support in the development of the project;
- **Karmarama** one of Britain's top creative agencies, which provided assistance in PR Strategy;
- **Ramboll** one of Europe's leading consulting engineering companies, which provided free structural engineering advice on the installation of the project;
- **Sharenergy** a co-operative which provides expertise and funding to community groups to help develop renewable energy projects in their area. Five community groups have established using the Sharenergy co-operative model, two of which are solar co-ops; and
- **Simmons & Simmons** a worldclass international law firm, which provided free legal advice on this Share Offer document and the lease documents for use of Elmore House.
- **Volunteers** with a diverse range of expertise including energy efficiency, renewable energy, research, project management, journalism, engineering, web development, communications, finance and business development.



# THE TEAM



## Andre Pinho

(Signatory, Director & Chair) is currently chairing Repowering South London and has been a Lambeth Green Community Champion since 2009. He holds a Masters degree in aerospace engineering with a thesis in large scale wind energy modelling. He is a young committee member of Institute of Mechanical Engineers (IMechE) Energy, Environmental and Sustainability Group (EESG). Over the last few years Andre has accumulated experience in energy efficiency, co-generation and small scale renewables. He works in an international ESCO as project engineer for their energy solutions division.



## Will Anderson

(Signatory & Director) is a writer, researcher, designer and self-builder. He is well-known to readers of the Independent for his column Diary of an Eco-builder which described the construction of one of Britain's first energy self-sufficient homes (on the Brixton-Clapham border). Will has a Masters degree in Energy and Sustainable Development and led the energy and environmental design of the building, which combined exceptional building performance with solar photovoltaic technology. From 2009 to early spring 2011 Will was Senior Researcher at the Centre for Sustainable Energy where he led research into smart meters, energy feedback systems, fuel poverty and energy improvements in historic and listed buildings. His most recent book, Homes for a Changing Climate, focuses on designing buildings to cope with the expected changes in the climate over the 21st century.



## Agamemnon Otero

(Signatory, Director & Project Manager) is a Board member of Repowering South London. Resident in Stockwell since 2002, Aga is a sustainability and social responsibility consultant, entrepreneur and fine art artist, well known in the area as a co-founder of the Edible Bus Stop community garden project and a Lambeth Green Community Champion. He was on the development team for Better World Finance L.L.C. and worked as their director of social responsibility and project finance research for renewable energy. He also served as the CFO for EnergyBank Ltd, a start up investment platform for fossil fuel free energy bonds and has facilitated and contributed to various renewable energy, sustainability, and arts & health conferences. Aga has an Masters degree in Architecture in Advanced Environment & Energy Studies. His thesis focused on social responsible financing of renewable energy projects.



## Becky Payne

(Company Secretary) has lived in Brixton since 1985. She has worked for over 25 years in the heritage world. She has been a policy and grant officer with extensive experience in administration, building contracts, engaging with local communities and giving advice on sustaining historic buildings. Becky has held executive positions in public and private institutions including English Heritage and the Church of England's Church Buildings Division. Now currently working as a freelance consultant and researcher on sustaining historic places of worship through wider community use.



## Duncan Law

is founding member and chair of Transition Town Brixton and has helped start up many TTB projects such as the Brixton Pound, Brixton Community Draught Busters, Brixton Re-use Centre and Brixton Energy. He spends his life trying to pioneer a better low energy future. He has just super-insulated his Victorian house and put 4 kW of solar on the roof. He is a qualified Permaculture designer and has done energy and climate change education and consultancies for many individuals, schools and organisations. He campaigns against biofuels as a false solution.



## Rowena Parsons

has been a resident of Brixton since the late eighties. She became aware of the Peak Oil situation thanks to the activities of Transition Town Brixton and worked as a volunteer in the Community Shop in Brixton Village. Rowena is a member of the St Matthew's Tenants and Residents Association and is helping to set up their community gardening project. Her area of professional expertise is information management and reporting. In her current position at asos.com, she is involved in the carbon reduction efforts of their Social Responsibility department.



## Kees Frederiks

leads the Green Community Champions program within the Brixton Low Carbon Zone, a community-led initiative aiming for a 20.12% reduction in carbon emissions in time for the Olympics. This program facilitates and supports environmentally focused community groups around the areas of food, energy, waste and transport. In addition to community facilitation, Kees has a strong sales background in a number of start up companies ranging from solar water heating to international logistics.



## Afsheen Kabir Rashid

manages the Brixton Low Carbon Zone, one of ten Low Carbon Zones across London. Afsheen has several years experience in implementing behaviour change programmes across London engaging with residents and businesses. Along with having a strong community engagement background Afsheen has successfully run community based social marketing campaigns to foster environmental behaviour. As a behaviour change co-ordinator at London Sustainability Exchange (LSx) Afsheen was recognised for her work on the 'Hinduism and H2O' project when she received an award for social marketing best practice at the national launch of ShowCase 2009. Afsheen was instrumental in setting up the Muslim Women's Collective in Tower Hamlets that seeks to empower women to play an active role in improving the environment. Afsheen is an Associate member of the Institute of Environment and Assessment (IEMA) and currently works for Lambeth Council.



## Christiane Schuetze

has lived in Brixton for the last eight years. After an early career in academic technology transfer and intellectual property management in the Biosciences, she retrained as a plumber, qualified as a heating engineer and is now in her final year of a BEng in Building Services Engineering at nearby South Bank University. Chris is passionate about increasing access to renewable technologies and founded technology start-up Helianth Systems Ltd in 2009 to adapt renewable technologies to the needs of small households.



# 05. TERMS AND CONDITIONS OF SHARE OFFER

Please read this section carefully – it sets out the details for becoming an investor in Brixton Energy Solar 1. Membership is open to individuals, corporate bodies and voluntary organisations. While you may hear about this investment opportunity from other sources, you should make your decision based solely on the information contained or referenced in this Share Offer.

## **SHAREHOLDINGS**

The minimum shareholding that you can apply for under this Share Offer is £250 and the maximum is £20,000 (as prescribed by law).

Each share in Brixton Energy Solar 1 has a nominal value of £1, which will not increase but may decrease if the Co-operative suffers sustained losses. The shares are withdrawable but are not transferable. Shares may be withdrawn on application to the Board of Directors, subject to 180 days' notice; no withdrawals will be

possible within the first three years of investment. All applications for withdrawal of shares are subject to the terms set out in the Co-operative's Rules. Withdrawals will be honoured so long as, in the sole discretion of the Board of Directors, they do not jeopardise the financial strength of the Co-operative. For instance, the Board of Directors has the right to change the notice period for withdrawals, or to suspend withdrawals, but it does not presently intend to do so except in exceptional circumstances.

## **VOTING**

Each member of the Co-operative will have one vote regardless of the size and value of their shareholding. The sovereign body of the Co-operative is the general meeting, which appoints a board of directors to manage the Co-operative, and the business of the general meeting and the Board of Directors is governed by such resolutions as may be adopted at a general meeting.

## **INTEREST**

Provision is made in the Rules for payment of interest on the share capital at such rate or rates as may be determined by the Co-operative members at each annual general meeting. The directors intend to award a modest financial return on your investment in order to provide a reasonable incentive for investors to maintain their support. Investors should not expect interest payments that mirror the returns of commercial investments.

## **RISK FACTORS**

The directors consider that this project is lower risk than many long-term investments because it is underpinned by the Feed-in tariff which is guaranteed by the government for the lifetime of the project (25 years). Nonetheless there are inevitably a range of risks which you must consider.

The Directors have identified the following risks:

- The price of electricity can go down as well as up.
- Changes in legislation, especially to the value of the FIT, could affect the project (though to-date changes in FIT values have only applied to new installations).
- The amount of electricity produced may not meet the target, for example due to unexpected weather patterns or the performance of the solar panels.
- The project may be delayed for technical, financial or legal reasons.
- There may be interruptions to electricity generation because of financial or legal matters.

- There may be damage to the site that interrupts generation of electricity.
- The capital costs are based on calculations carried out before this share issue. Any subsequent increase in capital costs will have to be met by monies raised in this share offer and any other sources of funding (gifts, grants and loans).
- Legislative changes to the roles and functions of the Financial Services Authority or to those of other regulatory bodies may change the way in which Brixton Energy Solar 1 Co-operative Limited is regulated.
- Although the installation will be fully insured, standard exclusions will apply including 'Acts of God'.

This list is not necessarily comprehensive and you should consider other risks that may impact the value of your investment.

## **TERMS AND CONDITIONS FOR APPLYING FOR SHARES**

You cannot withdraw your application for shares after we receive your Application Form. We do not have to accept your application for shares. We may decide not to issue shares to you or we may decide to issue fewer shares than you apply for. We do not have to give any reason for our decisions.

This Share Offer will close on 10 March 2012. Your application for shares will only be accepted if we have met the conditions laid out in this Share Offer. If this Share Offer is over-subscribed, shares will be offered in priority by proximity (via postcode) to the project.

Your application must be considered for approval at the next Board of Directors meeting. We will acknowledge receipt of your cheque and application. We may cash

your cheque as soon as we receive it. We will hold that money on trust until we issue shares to you.

We will return your money to you (within fourteen days of the Board of Directors meeting at which we consider your application) if we decide not to issue shares to you. If we decide to issue to you fewer shares than you apply for, we will return the balance to you (within fourteen days of the Board of Directors meeting at which we consider your application). We will not pay you interest on any money that is returned to you.

You will be bound by the Rules (as may be amended from time to time) if we issue shares to you.

## **NOMINATION OPTION**

In the event of the death of a shareholder, the repaid value of the shares will normally be added to the estate for probate purposes. You may (if you wish) elect to nominate a recipient for the value of the shares (but only up to £5,000) and thus (under current legislation) remove the value of the shares (up to £5,000) from your estate for probate purposes (but not for capital tax purposes). If you have any questions, you should seek independent advice.

## **WARNING AND DISCLAIMER**

You may lose the value of your investment.

This Share Offer is exempt from the Financial Services and Markets Act 2000 or subsidiary regulations. This means that you have no right of complaint to an ombudsman. A co-operative formed under the Industrial and Provident Societies Act 1965 is registered with but not authorised by the Financial Services Authority and therefore any money you invest is not safeguarded by a depositor protection scheme or dispute resolution scheme.

In the event Brixton Energy Solar 1 gets into financial difficulties:

- We may have to suspend your rights to withdraw your shares;
- We may have to write down the value of your shares;
- You may lose all the money you have paid for your shares.

***Can you afford to be without the money you pay for these shares? If not, you should not buy them. If you are in doubt about any information contained in this document, you should consult an Independent Financial Advisor under the Financial Services Act 1986, or you should seek advice from a solicitor or accountant.***

## **YOUR PROMISES TO US**

You promise that:

- Your cheque will be honoured on presentation;
- You, as an individual, are at least 16 years of age;
- You will supply us with proof of your identity and address if we ask for it (we may need this to comply with Money Laundering Regulations 2003); and
- You are a UK resident and/or a British citizen.

**A share application form is included with this document.**

**It can also be downloaded from [www.brixtonenergy.co.uk](http://www.brixtonenergy.co.uk)**

# 06. GLOSSARY

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**APPLICANT:** an applicant for Offer Shares through submission of an Application Form

**APPLICATION FORM:** the form in this Share Offer which must be completed and returned in accordance with the Terms and Conditions of this Share Offer and the Guidance Notes

**APPLICATION MONIES:** the total gross sum realised by this Share Offer

**BOARD:** the Board of Directors of Brixton Energy Solar 1

**REPOWERING SOUTH LONDON:** a community organization which exists to promote and realize community-owned renewable energy installations in and around Brixton and south London

**BRIXTON ENERGY SOLAR 1 (OR THE CO-OPERATIVE):** Brixton Energy Solar 1 Co-operative Limited which is registered with the Financial Services Authority (Registered No. 31433 ).

**CLIMATE CHANGE:** the phrase widely used to describe changing weather patterns as a direct result of global warming

**COMMISSIONED:** Panels registered for Feed in Tariff and system in active service

**CO<sub>2</sub>:** Carbon dioxide, a natural gas emitted during the burning of fossil fuels and regarded as the main cause of global warming

**DIRECTORS:** the Directors of Brixton Energy Solar 1

**ANNUAL INTEREST PAYMENT:** in a Co-operative Society, a discretionary allocation of profit paid to members, based on the members' transactions with the co-operative and not on the amount of capital invested

**EIS:** Enterprise Investment Scheme, a tax relief mechanism for eligible shareholders

**FIT:** Feed-in Tariff, an incentive for micro generation up to 5MW introduced by HM Government on 1st April 2010 under powers from the Energy Act 2008

**kW:** kilowatt, a unit that measures power and is equal to 1000 Watts

**kW<sub>p</sub>:** kilowatt peak, a unit that measures maximum power generated by the installation or a single panel

**kWh:** kilowatt hour, a unit that measures energy and is equal to the energy that can provide the power of 1 kW for the period of one hour

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**LOUGHBOROUGH CENTRE:** a large hall at 105 Angell Road to run activities and events for the community

**LOUGHBOROUGH EMB:** the estate management board for the Loughborough Estate, through which council tenants, leaseholders and freeholders are collectively responsible for managing their homes

**LOUGHBOROUGH ESTATE:** is a complex of high and low rise buildings located in South West London owned by Lambeth Council and managed by URH

**SHARE OFFER:** The Offer of Shares in Brixton Energy Solar 1 contained in this document

**OFFER COSTS:** The expenses incurred by or on behalf of Brixton Energy Solar 1 in issuing this Share Offer

**OFFER PERIOD:** The period during which the invitation to purchase shares pursuant to this Share Offer will remain open (including any extension) as set out in the timetable in this document

**OFFER SHARES:** New withdrawable shares in Brixton Energy Solar 1, offered at a par value of one pound (£1.00) each pursuant to the Terms and Conditions of the Share Offer and payable in full on application

**PHOTOVOLTAIC PANELS:** Panels which are able to convert sunlight into useful electrical energy for distribution into the electricity network

**PPA:** Power Purchase Agreement for the sale of electricity

**PROJECT:** the proposed ownership and operation by Brixton Energy Solar 1 of a 50kW photovoltaic array at the Loughborough Estate, London SW9

**PROJECTIONS:** the financial projections for Brixton Energy Solar 1 set out in this Share Offer.

**RULES:** the Rules of Brixton Energy Solar 1, available on demand by using the contact details set out in this Share Offer

**SITE:** the location of the proposed solar array

**SOLAR ARRAY:** collection of photovoltaic panels connected in series to generate electricity

**URH:** United Residents Housing, the management organisation for four resident- managed estates in the London Borough of Lambeth, including the Loughborough Estate

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# 07. HOW TO APPLY

To apply for this Share Offer, fill in the online Application Form under the 'Shares' tab of the Brixton Energy website:

[www.brixtonenergy.co.uk/shareoffer](http://www.brixtonenergy.co.uk/shareoffer)

**BRIXTON ENERGY SOLAR 1** POWER FOR AND BY THE PEOPLE

Home About us **Shares** Contact Blog

## How to apply

### Brixton Energy Solar 1 Co-operative Limited Share Issue, 2012

Thank you for your interest in our share offer.

To apply, please fill in and submit the form below. We will then generate a personalised application form ready for you to print, sign and post to us.

**Important** Before completing this Application Form you must:

- Read the accompanying [Share Offer Document](#)
- Pay special attention to the Risks set out in this Offer Document
- Consider whether you need to take financial or other advice in relation to the Terms and Conditions of the Offer contained in the Offer Document
- Read the [Rules of Brixton Energy Solar 1 Co-operative Limited](#).

Applications and cheques must be received by 10th March 2012.

**Applicant:**

Amount to invest: £

Method of payment:

TITLE:

FIRST NAME(S) IN FULL:

LAST NAME:

ADDRESS LINE 1:

ADDRESS LINE 2:

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**B R I X T O N**  
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**SOLAR 1**