

Annual Report 2019



**avalon
community
energy**

Produced by Avalon Community Energy Limited
A Community Benefit Society Registration Number 31969R
www.avaloncommunityenergycoop.co.uk



Impact Report 2019

New installation and collaborations



The year began with the completion of our third installation at Hugh Sexey C of E Middle School, Blackford. The system went live at the end of 2018, bringing savings both for the school and in carbon emissions for the local community. In total, our solar energy installations are now generating around 130,000 kWh/year and saving 70 tonnes / year of carbon emissions.

This investment has made a significant contribution to the £8k increase in annual income - from £15k in 2018 to £23k during 2019.

This has been a major factor in the achievement of the strong financial position which ACE is now in. A detailed breakdown of the increase in cumulative year end profit from £2k to £12k is shown in the financial section of this report.

This commendable performance is due to the dedication and complementary expertise of all my fellow directors. On behalf of the Board I'd like to pay a special tribute to Michael Penn, who is resigning with effect from the June 2020 AGM. As financial lead Director for the last four years, Michael has applied his long experience coupled with his enthusiasm for renewable energy to guiding ACE's financial affairs so astutely. Thank you, Michael!

Looking ahead, in the absence of Government financial incentives and in pursuit of our goal to drive down carbon emissions, we are as determined as ever to increase the scale of our solar installations. To this end we are collaborating with eight like-minded cooperatives in researching and making the case for establishing a pan-Somerset community energy organisation.

Finally, we felt we couldn't publish this report without some specific mention of the situation with regard to Covid-19. As a result, our report and AGM arrangements will be accessible online only this year.

Whilst we humans are on 'lockdown', the planet and nature has some short time to recover. When the immediate impact of the virus is behind us there will undoubtedly be huge adverse societal and financial consequences. Nevertheless, addressing the climate and ecological emergency will be even more important. We therefore intend that ACE will be at the forefront of encouraging and enabling more community owned renewable energy schemes bringing low carbon and cheaper electricity to more people.

A handwritten signature in blue ink, appearing to read "Stewart Crocker".

Stewart Crocker
Chair, Avalon Community Energy

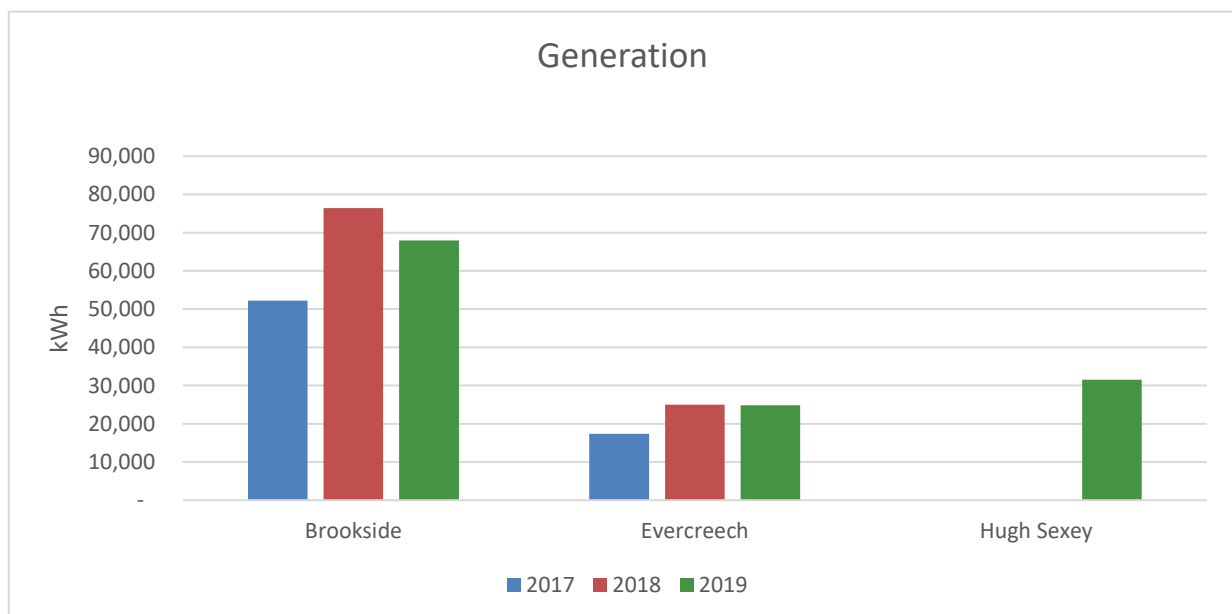
Highlights for 2019

- First full year of energy generation at our third project – Hugh Sexey CofE Middle School. It was able to use 89 per cent of the energy generated.
- Projects saved 70 tonnes of carbon in 2019.
- Partnered with IDDEA to promote solar streets in Street, Glastonbury and Wells. Solar Streets is a new partnership initiative to bring down the cost of home installations through local co-ordination.
- Facilitated contacts for the installation of solar at The Connect Centre, Wells by IDDEA.
- ACE representatives attended 12 meetings to discuss more regional joint working and partnerships.
- We took part in Glastonbury's Climate Emergency Open Forum.
- Our experience of school installations was shared with other business managers through an article in Education Executive.
- Managed detailed discussions with two large education providers who decided not to progress with installations in 2019.

2019 Major Projects Update

The following chart illustrates how our three projects have performed in 2019.

Brookside continues to be our largest source of solar energy generation and it used 67 per cent of this with the rest exported back to the national grid.



Commentary on our finances

Profit and loss account

The increase in income in 2019 is due largely to the additional income from the new installation at Hugh Sexey School. It should be noted that though this figure assumes ACE will receive FiT income for the installation, our FIT registration has yet to be finalised.

Direct costs increased in 2019, mainly due to maintenance at Brookside Academy. Meanwhile, overheads remained low, as the society is mostly run by volunteers.

The £2,157 cumulative profit achieved by the end of 2018 was paid out as interest to Shareholders - some of whom generously waived their interest due for allocation to our new Community Benefit Fund.

Depreciation increased in 2019 because it now includes the new installation at Hugh Sexey, as well as the other two sites.

Balance Sheet

The Balance Sheet remains healthy. The value of the Fixed Assets has fallen slightly, as the assets are depreciated. The bank account holds nearly £40,000. This was reduced by around £7,000 just after the year end as we made capital repayments to shareholders in line with our policy of repaying capital at the rate of depreciation + £1,000 pa.

Looking ahead

We will endeavour to get our FiT registration for the installation at Hugh Sexey. We expect FiT income to rise in line with government RPI. The lockdown caused by COVID-19 will reduce sales of electricity to our landlords, which will reduce our income - we don't know the scale of this yet.

Our costs will rise, mainly because we now need to put in place some operational and maintenance contracts to ensure the solar panels operate most efficiently. We also have additional back office support.

Hugh Prentice

Management Accountant

Summary Profit and Loss for the three years ending 31 December 2019

	2017	2018	2019
Income	£13,148	£15,812	£23,428
Direct costs	£595	£1,488	£2,723
Overheads	£1,895	£1,054	£1,207
Interest to shareholders	£-	£-	£2,157
Depreciation	£5,425	£5,635	£6,832
Profit	£5,233	£7,635	£10,509

Summary Balance Sheet at 31 December for three years

	2017	2018	2019
Fixed Assets	128,849	156,424	151,563
Cash at bank	57,117	19,924	39,942
Others	-1,909	7,557	2,869
Total	184,057	183,905	194,374
Financed by			
Shares	189,535	181,748	181,708
Profit & loss account	-5,478	2,157	12,666
	184,057	183,905	194,374