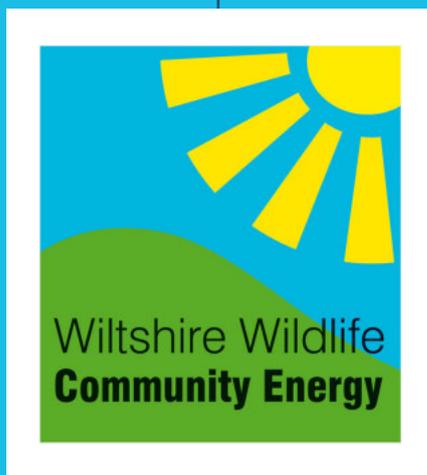




2015 | Annual Report



Chairman's report

It has not been the best of years for Community Energy. Government Policy has systematically undermined the incentives both for clean energy and for schemes involving community benefit. We are not where we would have liked to be.

Despite these challenges, WWCE has achieved a great deal. We completed our second, large project at Braydon Manor - fighting bad weather and meeting changed deadlines to finish construction and start generating in December 2015. The project completed in time to take full advantage of the Feed in Tariff (FIT) then on offer which will endure for 20 years of electricity production. We had already taken advantage of changes in rules to create the first split site scheme in the country, working with a commercial partner to reduce shared costs and almost double the renewable energy generated at the site. We were really pleased to be recognised as the Best Renewable Energy Scheme in the South West at the REGEN SW Awards in September.

Of course we owe great thanks to Mongoose who have overseen all the work at Braydon Manor. They are contracting with Wiltshire Wildlife Trust for Land Management on all our sites so we are assured that not only do we generate good clean electricity but we are also protecting our land holdings and enhancing the land we are using to promote biodiversity.

While we are now secure in the production of up to 6.2Mw of energy, we need to look to the future. We need to find ways to create more energy and we hope to work with Mongoose as they develop a supply company. Our long term hope is not only to generate electricity but also to supply it to our members.

You will see in our Financial Report that owing to the changes in Government support since we drew up our Prospectus at the end of 2014, we are no longer in a position to recommend an interest rate of 7% for the year ending in March 2016. Your directors have closely examined the accounts and the cash flow forecasts and are recommending a total outflow of 5% from our income to go towards interest payment to members and the Community Fund. We are offering a resolution that 4.5% should go to members, with £20,000 to go into our Community Fund. If members choose to turn down this resolution they will receive 5% and nothing will go into the Community Fund for this year.

The Financial Report outlines the reasons for the revised interest rate in detail. The new rate is consistent with our policy of paying a lower level of interest when inflation is lower, but we are proactively analysing options with Mongoose to improve prospects for the future.

We are setting up a Community Fund Board to oversee and administer the moneys we raise for community benefit, which is an important part of our ethos. We currently have £20,000 to allocate and we still expect to raise over three-quarters of a million pounds for the community in the first 25 years of the Society's life. We anticipate that things will improve in the year 2016-2017 as our start-up costs are absorbed.

I would like to thank retiring directors Chris Patrick, David de Saxe and Jan Willem Bode for their contribution to our Board.

Financial report

Investments

The main impact on our balance sheet was the construction of the Braydon Manor solar farm. We raised £5.954 million for this comprising £2.914 million raised via a community share issue and £3.040 million provided as a loan by Triodos. The costs to 31 March were £5.85m and at the year end we had not drawn down the bank loan in full. The final cost is likely to exceed £6.1 million, the budget in the share offer (we hope to reduce the final amount through negotiation). The primary reason for the increase in cost was unexpected difficulties in securing a cable route connecting the project to the local electricity grid which caused additional construction costs plus payments to property owners under whose land the cable now runs.

The project secured some cost reductions by sharing the cost of the grid connection with the neighbouring commercial solar farm as discussed at the last AGM, but the additional construction costs were greater in value than these savings. WWCE will be seeking to raise further funds through a share or bond offer to make up the shortfall. An announcement of the amount to be raised and the terms offered will be made before the end of 2016.

A major challenge faced by WWCE this year was the delay by Ofgem in granting full Feed-in Tariff accreditation to the Braydon Manor Community Solar Farm which means that none of the revenue earned so far has yet been paid to WWCE. The project received its full accreditation in September 2016 and is expecting to receive approximately £550,000 of income from the first year's generation in February 2017. WWCE has secured an overdraft from the project's lender, Triodos Bank, which is sufficient to meet the project's operating and financing costs until that income is received. We are thankful for Triodos' continued support of the project; the overdraft is a strong expression of their confidence in the project.

Fixed Assets

Chelworth	£1,302,450
Braydon	£5,793,773
Roofs	£40,504
	£7,136,727

Current Assets

Cash at Bank	£25,937
Debtors	£471,041
	£496,978

Current Liabilities

Trade Creditors	-£34,598
Other	-£532,180
	-£566,778

Net current liabilities	-£69,800
--------------------------------	-----------------

Long term project loans

< 1 year	-£234,875
> 1 year	-£2,747,586
	-£2,982,461

NET ASSETS

Equity	£4,251,951
Reserves	-£167,485

SHARE HOLDER FUNDS	£4,084,466
---------------------------	-------------------

Financial report

Operating Income and Expenses

In the financial year 2015-16, WWCE earned revenue of £207,906 consisting of the revenue earned from 3 months of operation of the Braydon Manor Community Solar farm and a full year of revenue and the rooftop sites. The start date for Braydon Manor generation was three months later than planned, reducing income for the financial year. We started in December and missed out on the summer months so revenues for this financial year are far below what will be earned in future years.

Operating income from the Chelworth project was lower than originally modelled. There are two primary causes: 1) a faulty inverter lowered the output by 7% (the inverter has now been repaired and we are exploring possibilities for compensation from the manufacturer); and, 2) the unexpected removal by the Government of the right by renewable energy projects to earn Levy Exemption Certificates (LECs) in the post-election budget in August 2015 and the weakening of wholesale power prices has reduced the revenue that can be earned for each unit of electricity generated.

Other income and expenses were broadly in line with expectations.

Members' Interest

While revenues are sufficient for WWCE to continue to pay members' interest in respect of 2015-16, the challenges listed above mean that the board is recommending a combined members' interest payment and community fund contribution of no more than 5%.

This is consistent with the Society's policy of paying a lower level of interest when inflation is lower and is a level that is broadly consistent with the expected future output, revenues and operating costs of the projects.

Income	
Braydon	£86,657
Chelworth	£113,476
Roofs	£7,773
£207,906	

Operating Costs	
Braydon	-£60,194
Chelworth	-£37,124
Roofs	-£3,238
-£100,556	

Gross Profit	£107,350
---------------------	-----------------

Group Overhead	-£20,748
£86,602	

Depreciation	-£114,264
Interest received	£3,153
Interest & Bank charges	-£43,777
Members Interest	-£93,786

Net Profit	-£162,072
-------------------	------------------

WWCE is now starting work with Mongoose Energy to examine ways in which the Society's financial performance can be improved in the future, for example by increasing the price that it is received for the power sold from the plant.

Performance report

Our main activity in the year to March 2016 was the construction of the Braydon Manor solar farm. As announced at the last AGM, we decided to build a larger project (eventually 9.2MW), retaining 5 MW as community owned and selling the remaining 4.2 MW to a private owner. This was made possible by legislation introduced on 1 April 2015 which allowed for projects greater than 5 MW to qualify for the Feed in Tariff (FIT) providing they were part community owned.

As the first project negotiated under this new legislation, there was a lot of legal work to do and financial close was achieved on 7 August 2015. Commissioning was set for 7 November and actually achieved on 31 December.

This was due to delays on the construction of the high voltage connection and a storm in December that meant the connection could not be made at the first attempt. Performance for the first three months of 2016 is shown on the chart below.

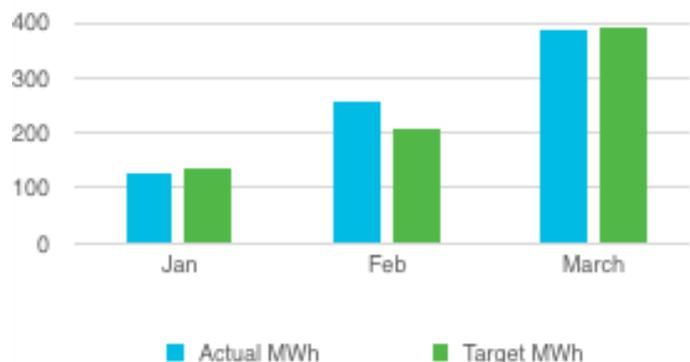
Braydon Manor has performed on target to date. February was a sunny month so the output was high. The project has continued to perform to target although solar radiation levels in the summer of 2016 were below average. June was a very poor month but this was partly compensated for by August and September which were sunnier than normal.

Performance at our Chelworth solar farm was 7% below target. This was primarily due to some inverter failures. Since a warranty was in place on the inverters, we have sought compensation for lost income via a claim against the inverter manufacturer (although this has not been successful to date). The problems have been rectified and Chelworth is now performing as expected.

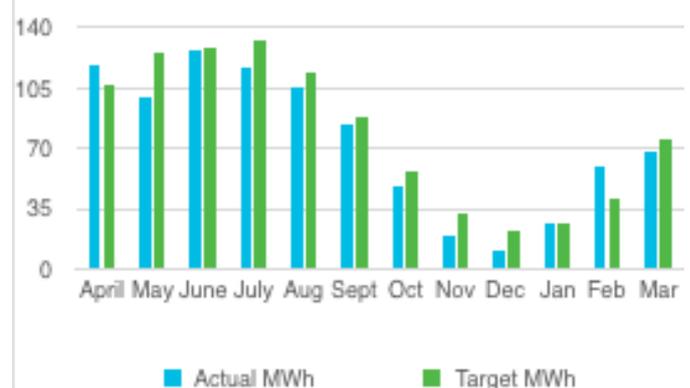
Our 3 roof top sites, Clatinger, Langford Fisheries and Langford Lakeside, continue to perform at the targeted level.



**Braydon Manor Performance
MWh/Month**



**Chelworth Performance
MWh/month**



Land Management report



Wiltshire Wildlife Trust is now fully responsible for all the ecological and site maintenance having to do with seeding, hedges and trees at Chelworth; this should give members confidence that work will be to the appropriate standards to encourage plant and wildlife improvements on the site.

Chelworth is now into its third year of management. It has a diverse population living in the meadows, the pond, the hedgerows the trees and hedges and also, surprisingly, in the old, crumbling concrete foundations of the war time Naffi Canteen.

WWT has created two large “refugia” adjacent to the new pond, these should provide perfect habitat for a range of species especially great crested newts which have been found nearby.

A low but continuous level of bat activity was recorded in a bat survey conducted in September 2015. The echolocation calls of Noctule bats, Soprano and Common pipistrelles, a Myotis species and possible Brown Long-eared bat were recorded on a bat detector located on a solar array panel on the western edge of the solar array. A roe deer buck was very active and vocal on the site during the survey. We plan to erect more bat boxes during 2016.

Until the end of the year, work will continue on the establishment of the new trees and hedges, with some infilling of gaps along the old hedgerows, the installation of a lockable pedestrian gate to the pond area, and a study of where the drainage could be improved in some areas where the flooding is detrimental to the operation of the site.

Rabbits, hare and roe deer are a common site at Chelworth so it is clear that the site is providing a peaceful refuge in the busy industrial estate. After the grazing this year it is anticipated that spring 2017 will show a much improved picture to 2016.

The Braydon Manor site is in very early years of its progress to become a wildflower meadow and a biodiversity bank. We were able to complete construction in time to start generating energy in December 2015 but we still needed a few months to clear the site, fill trenches and generally restore it to a level growing field. Now we are in discussions with the Wiltshire Wildlife Trust about wildlife surveys and our environmental and land management plans for the next 20 years.

2015-16 Directors

Lesley Bennett – Chair: As well as being a former Trustee of Wiltshire Wildlife Trust, Lesley's was a Customer Director at Wessex Water and a Director at Swindon & Marlborough NHS Trust, and Malmesbury River Valleys Trust.

Jeff Kenna: Jeff has a PhD in solar energy from Cardiff University. In 1982 he co-founded Energy for Sustainable Development Ltd which spun out several successful businesses including RedT Energy plc listed on the London Stock Exchange. From 2011 – 2015 he was MD of Bath & West Community Energy, and is now commercial director at Mongoose Energy and non-executive Chairman at RedT.

Emma Chapman: Emma is Director of Business and Commercial Services at Wiltshire Wildlife Trust. She has previously been a Manager at Barclays and after 17 years, moved into the Not for Profit and Charity Sector. She was Chief Executive for an East Midlands based Enterprise Agency working with small and medium sized businesses and was Chief Executive of an Education Charity, working with schools and disadvantaged children.

David De Saxe: David worked in retail, food distribution and logistics. He was Overseas Finance Director of Marks and Spencer plc before leaving to practise accountancy with emphasis on business management and taxation.

James Page: James is Head of Engineering at Joju Solar. He previously worked in telecoms and broadcasting, from both a technical and regulatory front. He has an engineering degree from Cambridge.

Chris Patrick Chris worked for large businesses including Natural England, mainly with finance and administration duties. He is retired now, but keeps busy auditing charity accounts and helping Treasurers of local organisations.

John Watson: John is recently retired with 12 years Service in the military and over 30 years' experience in industry Commercial and Public Sector prime contracting. He has lived in Wiltshire since 2002.

David Lewin: David is a partner in a London-based consulting firm which provides policy regulatory advice to governments, regulators and operators in the telecommunications sector worldwide. He has worked on boards of organisations for the last 30 years and has acted as managing director, chairman and non-executive director.

David Bunker - Company Secretary: David is a chartered accountant. He has a long standing interest in sustainability, and was a trustee for the Centre for Sustainable Development.

Jan-Willem Bode: Now the CEO at Mongoose Energy. Jan-Willem is a manager, consultant and project developer with strong financial structuring skills in renewable energy and climate change. He set up, and re-financed OneCarbon, a carbon credit company, and was responsible for various investment products in the carbon credit and renewable energy industry.

Community Board

Wiltshire Wildlife Community Energy Limited is an enterprise established for the benefit of the local community (a 'Community Benefit Society') which has developed community-owned renewable energy projects. As part of its terms of reference it has been agreed to set up a Community Fund for the benefit of the people of Wiltshire.

We have previously agreed that 20% of community allocated funds will go to Wiltshire Wildlife Trust and the remainder to projects in Wiltshire which benefit wildlife conservation, climate change mitigation, carbon reduction and reducing fuel poverty. As WWCE is not a charity its Community Fund will be administered through Wiltshire Wildlife Trust which is a registered charity. WWCE proposes setting up a Community Board to oversee the Fund. It will consist of 1 representative from Wiltshire Wildlife Trust, 2 representatives nominated by the WWCE Board and 2 representatives from amongst WWCE members. The Community Board will set the terms of reference for grants, advertise, assess and award the grants. Processes will be administered by WWT and the Community Board will report to WWCE Board meetings and the AGM.

WWCE would like to appoint Chris Patrick, one of its retiring non-executive directors be one of its representatives on the Community Board. The other will be one of current directors. Wiltshire Wildlife Trust is nominating Derek Gard. We have invited interest from members and hope to be able to confirm representatives at the AGM. We invite members to approve the establishment and remit of the WWCE Community Board.

Future for energy



Community Energy is part of a movement whose prime aim is to engage people within their communities to work together to cut carbon emissions. To date, the community energy sector has focused primarily on raising money to construct community-owned renewable energy projects, like the solar projects owned by WWCE, wind-farms, hydro-power schemes and boilers burning wood fuels. With the recent changes of Government policy, i.e. the virtual removal of Feed in Tariffs (FIT), following hot on the heels of the ending of the ROC and LEC schemes, the viability of renewable energy in the UK relies now on the value of the electricity generated and not on the subsidy. This makes for a tough environment for solar since it has a relatively high up front cost and generates relatively low financial surpluses each year. On the bright side, the price paid by consumers for the electricity that they use matches the requirements for financing solar schemes, so long as we can create a way for projects to sell directly to the end user. So, for example, solar on offices, shops and industrial sites with day time use of electricity are still a sound investment, and if the returns prove too long term for the landlord, the option of using community funding remains. Establishing local 'micro grids' which create local electricity grids that are more self-sufficient in matching supply and demand can help make projects more sustainable.

Not only does this keep electricity bills down it also reduces the amount exported - wholesale prices

will be low. Such micro-grids are a natural area for community involvement. Another possible way to use community investment is by coupling the generation of renewable energy with the development of batteries. Many different technologies are emerging which show huge promise to revolutionise the energy business. We hope soon to be bringing batteries both to Chelworth and Braydon Manor which will enable us to store and then sell electricity at different times of the day and evening, earning extra money and providing energy when it is needed.

Community energy is also not just about energy generation. We should also look towards helping communities to reduce carbon emissions by saving energy of all types. The community may well have role to play in encouraging the use of LED lighting in the home as well as improved insulation. Even greater savings could be made if emissions from transport (now the largest contributor to climate change in the UK) could be reversed. We need to encourage the use of electric vehicles for domestic and business use. Perhaps WWCE could promote links to expertise and services which could better inform our communities?

The WWCE board welcomes ideas members may wish to share about how to move forward.