

Chair's Annual Report 2018/19



This year, more than ever before, the public, the media and at last, the politicians, are acknowledging the vital role of renewable energy in tackling the climate change emergency.

However small the two CEC's projects are, we contribute in real terms to reducing CO₂ (to date by approximately 220,000kgs) as well as serving as an inspiration and signpost to other local communities contemplating establishing their own energy company. CEC's relationship with CAFS (Cumbria Action for Sustainability) and with other renewable energy projects in Burneside, Alston and in the Melbreak communities (around Buttermere, Lorton and Loweswater) – enable CEC's impact to reach beyond the roof of the Lake District National Park and the dam at Killington.

In addition, CEC has so far raised £2,500 towards its 'Community Benefit Fund' which has been dedicated to supporting practical energy projects, energy awareness programmes and inspirational visits across South Lakeland and Cumbria. We hope that by funding this advocacy and awareness work we enable more energy saving and switching to renewables on a domestic scale.

In 2018 /2019 the Directors of CEC applied for 'Next Generation' funding from a national 'Power to Change' programme, with the aim of exploring different financial models for generating and selling renewable energy through local co-operative energy companies. With the feed in tariff now gone, this is more important than ever. Though unsuccessful in this instance, the Directors will continue to pursue means of supporting the deployment of more community owned renewable energy projects.

Solar PV and hydro generation are CEC's sole income and throughout 2018 -2019 these have been subject to variations in solar output and rainfall. In addition, Killington hydro is also occasionally subject to the operations of its landlord (the Canals and Rivers Trust), to debris in the lake and more recently, to changes in the frequency of the local grid (more later).

In 2018/19 the solar output of the 29.8Kw system at Murley Moss remained relatively consistent with previous years (25,448kWh in 2017/18 and 26,542kWh in 2018/219). These generation figures are set in the context of our financial model which is based on an annual generation of 20,159kWh per annum – so this is tremendous news. However, it should be noted that the solar PV project only represents approximately 15% of our total CEC annual income.

Killington Reservoir Hydro has had another challenging year, following the unusually dry year experienced in 2017/2018. Our financial models are based on annual generation of 152,000Kwh. Unfortunately our figures for 2017/18 and 2018/19 have been 135,000kWh and 117,819kWh respectively. Once again in 2018/2019, annual rainfall has been considerably below average. In addition, the Canal and Rivers Trust had to draw down Killington Reservoir in order to prepare for repair work on its canal system downstream. Finally, our hydro management team at Ellergreen Hydro Ltd has established why there has been a number of power outages in the Power House. As the local grid also includes several wind farms, it means that Killington is liable to intermittent power surges – surges which have tripped our system. These are usually reset remotely, but on occasions this has not been possible. In 2019, a full set of capacitors have been upgraded and replaced and this has now rectified the problem.

These variations in actual energy output against projected output, together with higher than expected hydro management costs has inevitably had an impact on the capacity of the company to deliver on its aspirational interest payments of 5%. The Directors have therefore agreed that the interest payments for 2018 /19 should be set at 2.5%.

In terms of the community benefit fund, the Directors are proposing that once again £2,500 be set aside. This sum is dependent on the financial figures for operating costs and generation output being 'on track' during 2019 / 2020.

At this year's AGM we will be proposing to hand back £15,000 of the capital that we have, in effect, 'borrowed' from investors. Through this, we are aiming to lower our total annual interest payments whilst maintaining the interest rate on the capital remaining invested in CEC. As set out in our original Share Offer, this has always been planned and is not a response to any fall in hydro electric generation. Once Members who request their capital back are provided for, the remaining sum will be allocated and returned equally in proportion to the shares each member has invested.

Finally, it leaves me as Chair to thank the Directors who carry out their governance and scrutiny responsibilities with skill and commitment, all voluntarily. CAfS has been a safe, secure and responsive administrator throughout 2018/19 – so we thank them for their diligence too.

Let's hope that 2019-2020 brings a meteoric acceleration in the uptake of renewable energy across the globe. As the Zero Carbon Britain report from CAT sets out, we all need to '*power down*' (by reducing our energy consumption) and '*power up*' (with renewables).

Thank you for your continued support.

Phil Davies

Chair