



# A Local Energy Community for Manor Royal

## FAQs - management and operation

Version 5 – October 2024

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This document contains information about the operation and management of the Manor Royal Local Energy Community (LEC), that we call ReEnergise Manor Royal (REMR).

Re-Energise Manor Royal is working to deliver the vision for a forward-thinking business district with a reputation for sustainable, secure and locally generated energy, reduced carbon emissions and lower operating costs.

Creating a Local Energy Community (LEC) is part of this journey, ensuring that more businesses can benefit from the financial and carbon savings offered by clean energy as designed by qualified professionals.

If you have any questions about ReEnergise Manor Royal, please contact the BID Office on [info@manorroyal.org](mailto:info@manorroyal.org)

### 1. What is a LEC?

A Local Energy Community (LEC) is a group of local energy generators, users and other stakeholders who work together to take greater control of the way their energy is generated, supplied and managed - making it cheaper, cleaner and more resilient.

The Manor Royal LEC, called ReEnergise Manor Royal (REMR), has been set up as a Community Benefit Society. It will support the installation of renewable energy technology and energy storage to meet the energy consumption requirements of the businesses at Manor Royal, including the integration of electric vehicle (EV) charging infrastructure. ReEnergise Manor Royal will be run as a business to support its operation, secure investment and develop new energy projects from which the benefits flow back into the business district.

### 2. What will ReEnergise Manor Royal do?

ReEnergise Manor Royal will create a low carbon, resilient, locally based energy system that delivers savings and other benefits to its members.

Its creation is part of the long-term strategy by the BID to help Manor Royal businesses progress to net zero operation effectively and efficiently. In the short term, ReEnergise Manor Royal will:

- Invest in solar PV on rooftops to secure a long-term income for its continued operation.
- Support member businesses to invest in solar power generation, for example, by providing specialist advice and resources (e.g. attracting inward investment for projects, providing model contracts and leases etc.)
- Act as the administrator for a £1 million portion of the Crawley Towns Fund which is providing investment to generate solar electricity on the Manor Royal Business District

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- Provide services to ReEnergise Manor Royal members, for example, by procuring services collectively and delivering economies of scale (e.g. shared operation and maintenance arrangements for solar power systems).

Once established, ReEnergise Manor Royal may develop a broader service to members, including:

- Trading energy between members (peer to peer), enabling Manor Royal businesses without renewable energy systems to benefit from local generation once current regulations change.
- Providing flexibility services such as demand side response (DSR) and dynamic containment to the wider energy network to manage increasing demands on it.
- Developing low carbon heating, potentially through a district heat network, should this make economic sense ,and
- providing advice and sustainability audits to help companies achieve carbon and cost reductions in the area of energy efficiency.

#### **Who are BHESCO and what is their role?**

Brighton & Hove Energy Services Co-operative (BHESCO) are the delivery team for the programme, and are leading the development of solar PV systems on rooftops of businesses within Manor Royal. BHESCO is a social enterprise dedicated to accelerating the transition to thermally efficient buildings and local renewable energy generation. Established in 2013, BHESCO is recognised as a leading community energy developer implementing integrated energy efficiency and renewable energy projects. BHESCO's expertise includes design, finance, and project managing low-carbon energy projects on behalf of their clients. For further information, including exploring the potential for solar panels on your roof, contact BHESCO's Projects team; [projects@bhesco.co.uk](mailto:projects@bhesco.co.uk)

#### **What are the benefits of joining ReEnergise Manor Royal?**

The benefits will depend on the category of membership. However, the overall principal benefits are:

- **Easy, cost-effective installation and management** – renewable energy systems will be installed, managed and maintained by ReEnergise Manor Royal on behalf of its members making it easier and at a lower cost than if the companies had to put in place their own arrangements.
- **Inward investment** – by developing renewable energy systems together rather than as individual businesses, the community will be able to attract inward investment and deliver larger, more cost-effective projects at a greater scale and pace.
- **Reduced energy costs** – the locally-generated electricity and heat produced and traded between community members will be cheaper and less exposed to price volatility than the energy they purchase from the electricity or gas grid via their regular energy supplier.
- **Increased financial returns** – surplus energy not used on site will be aggregated and sold to the grid at a higher price than if an individual business acted alone on the energy market. These benefits can be incorporated into the price you pay for your solar electricity removing your risk of export price volatility
- **Energy resilience** – the solar power generated and stored by the systems funded by ReEnergise Manor Royal will give members greater control over a significant percentage of their energy supply along with confidence that their business operations will be less exposed to outages, global events or price shocks.
- **Participation** – companies without the ability to invest in their own renewable energy infrastructure will be able to join ReEnergise Manor Royal and benefit from the services it offers. By the same token, companies

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that already have renewable energy infrastructure installed will also be able to join and become a supplier to ReEnergise Manor Royal and its members, enjoying the added benefits of working as part of a bigger, supported community. This technical expertise is valuable in operating and maintaining renewable energy systems

- **Reputation** – increasing the local supply of low carbon electricity and heat will help businesses to deliver their net zero objectives and improve the reputation of Manor Royal as a location for progressive, environmentally responsible businesses.
- **Compliance** – joining ReEnergise Manor Royal helps you ensure that your business is compliant with future regulation anticipated in association with meeting our Net Zero target.

### How will ReEnergise Manor Royal be set up?

In common with good practice for Local Energy Communities operating elsewhere, ReEnergise Manor Royal will be run as a social enterprise with any financial surplus invested for community benefit at Manor Royal. Re-Energise Manor Royal has been set up as a Community Benefit Society as its preferred form, which is considered by our legal advisors to be the best match for our community's aims. The Community Benefit Society Model Rules are available upon request. Re-Energise Manor Royal is registered with the Financial Conduct Authority Mutuals register.

Here is an overview of the key features of a Community Benefit Society.

#### Key Features

- Open membership, easy to join
- Well established set of rules for operation to ensure fair and transparent decision making
- Can raise funds by way of withdrawable shares or debt
- Can pay interest on shares held and redeem shares to release capital back to members
- Members benefit from limited liability
- FCA oversight providing additional protection to members
- Level of investment per member limited to £100k to protect all members' interests and ensure no single member can dictate the LEC's operation and that it remains genuinely member led.

### What will the different categories membership be?

The categories of membership are likely to be determined by the role that each company plays within ReEnergise Manor Royal, including:

- **Investor** – a company or organisation providing investment capital for ReEnergise Manor Royal to invest in energy projects on Manor Royal.
- **Business / landlord offering roof space** – a company providing use of its roof space via a roof rental agreement to host a solar PV system for ReEnergise Manor Royal.
- **Energy producer and consumer** – a company that supplies power or heat to ReEnergise Manor Royal while also acting as a consumer, drawing some power or heat from ReEnergise Manor Royal.

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- Energy consumer only – a company that draws power or heat from ReEnergise Manor Royal because it doesn't have its own means of production.

All companies and organisations participating in ReEnergise Manor Royal in any of these roles will become members. Membership will provide a voice in how LEC is run with all members, small and large enabled to contribute to its development.

### **Do Manor Royal businesses have to participate in ReEnergise Manor Royal?**

There is no obligation for Manor Royal businesses to join ReEnergise Manor Royal, although we hope businesses will join over time as it develops, and the benefits of membership become increasingly apparent. Although ReEnergise Manor Royal membership is optional, a core group of companies is needed to provide strategic input and resource to establish it and make decisions about its management and operation. This work is being led by a representative group of businesses from across Manor Royal with the support of West Sussex County Council, Crawley Borough Council and Manor Royal BID. To find out who the current Re-Energise Manor Royal Steering Group are and how to get involved visit [www.manorroyal.org/energy](http://www.manorroyal.org/energy)

### **Will there be a cost to joining?**

Companies based on Manor Royal that wish to join ReEnergise Manor Royal as an investor or to use the services it offers (i.e. energy supply, aggregation etc.) must own a share in order to secure a vote in how the community is run. ReEnergise Manor Royal will set a nominal share value when it is established.

### **How will joining ReEnergise Manor Royal compare to 'going it alone'?**

Companies that decide to 'go it alone', for example, by financing and installing their own solar PV system would be responsible for all aspects of delivering the project. This would include project management, sourcing finance, brokering a grid connection, organising ongoing operation and maintenance of the solar PV system and accessing the energy market to sell the power generated and exported. Although companies could outsource any number of these roles at a cost, ReEnergise Manor Royal would oversee all aspects of a project from initial feasibility to ongoing operation. By aggregating the power generated by multiple systems, ReEnergise Manor Royal would also be able to secure higher financial returns compared to companies acting alone. Because the LEC will be run on a not-for-profit basis, the surplus will be invested back into the development of new projects that will benefit members of ReEnergise Manor Royal and the wider community at Manor Royal.

### **What will the return on investment be from ReEnergise Manor Royal?**

ReEnergise Manor Royal will require investment for capital projects such as the installation of solar PV systems. This will be raised through share offers and commercial borrowing. We anticipate that organisations or individuals that buy shares in renewable energy projects through ReEnergise Manor Royal can expect a return on their investment that is comparable to that offered by a community energy group (currently around 4-5%), although this will depend on market conditions.

ReEnergise Manor Royal will operate on a not-for-profit basis and any surplus (after costs, interest payable on shares, etc) it generates will be invested back into running ReEnergise Manor Royal and operating and delivering new projects.

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### **Who will be responsible for installing, managing and maintaining the renewable energy systems?**

Once it has been established, ReEnergise Manor Royal will oversee the procurement process to install renewable energy systems. ReEnergise Manor Royal will put in place operation and maintenance arrangements with a third-party supplier to monitor these systems and carry out maintenance to ensure continued operation, minimise outages and reduce any impact on financial returns.

### **What does Community Benefit actually mean?**

The purpose of Reenergise Manor Royal, as the Local Energy Community (LEC) of Manor Royal, is to help businesses save money and reduce their carbon emissions, supporting our nations goal of achieving a Net Zero economy. The primary benefit is the savings that your business will obtain because the price of electricity charged by ReEnergise Manor Royal is intended to be significantly lower than what you are currently paying to your energy supplier. Because our agreement with you is long term, you gain the security of lower prices well into the future, providing your business with more financial security. Should ReEnergise Manor Royal earn excess profits, these will be invested in accordance with decisions made by members. These could be tree planting, more electric vehicle charging points, or other facilities on the Business District to improve the quality of life for businesses located in Manor Roayl.

### **Will all my energy requirements be met by ReEnergise Manor Royal?**

It is unlikely that ReEnergise Manor Royal will meet 100% of the energy demand from member businesses on Manor Royal. As an alternative to companies' existing energy supply arrangements, ReEnergise Manor Royal will provide reliable, locally generated low carbon power and heat at a price that is less volatile than energy from the grid, which is vulnerable to volatile global market pricing.

### **What if all my energy requirements are not met by ReEnergise Manor Royal?**

Businesses would rely on their existing supply arrangements to supplement electricity from the solar power system owned and operated by ReEnergise Manor Royal. These conventional supply arrangements would act as a backup to ensure there is no break in energy supplied as well as ensure that your electricity demand is fully met.

### **What if my roof gets damaged because of the solar PV? Who will be liable?**

The cost of any damage caused to a roof during the installation of a solar PV system would be covered by the installer's insurance. ReEnergise Manor Royal would be responsible for procuring an installer with the necessary professional accreditations and insurance levels before going ahead with the installation. Installations would only go ahead following a full survey to ensure the roof and electrical installations are suitable and, if necessary, the cost of removing the panels to carry out significant roof maintenance, will be factored into the business case for each customer.

### **How will it affect my insurance?**

As an experienced developer of solar PV systems, West Sussex County Council has seen no additional cost for the insurance policies covering the buildings where its systems are located. However, this may differ for other organisations and businesses depending on individual insurers and their policies. This will need to be explored at the feasibility stage for each solar PV project. In any case the building insurers should be informed that a Solar PV system has been installed.

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### **How will it affect my rateable value<sup>1</sup>?**

The rateable value of the building will not be affected if the solar PV system is installed and owned by ReEnergise Manor Royal. In the Chancellor's spring statement on 23<sup>rd</sup> March 2022 a planned reform of business rates to remove PV installations from scope was brought forward from April 2022 to April 2023. This removes a significant barrier to businesses installing solar panels to produce electricity for their own use. There has been no update on this issue since.

### **How will any surplus profit from ReEnergise Manor Royal be used?**

ReEnergise Manor Royal will operate on a not-for-profit basis. Dependent on the wishes of its members, any surplus will be reinvested back into the LEC and used to support the development of future energy projects and services for the benefit of members.

### **Who will own ReEnergise Manor Royal?**

ReEnergise Manor Royal will be wholly owned by its members.

### **Who makes decisions about what ReEnergise Manor Royal does?**

ReEnergise Manor Royal will be led by a democratically elected governing body comprised of its members. This body will be empowered to make strategic decisions about the future direction of ReEnergise Manor Royal on behalf of all members. In summary, ReEnergise Manor Royal will be member-led and the decisions about what it does decided by its members.

### **What happens if ReEnergise Manor Royal fails?**

In the unlikely event of ReEnergise Manor Royal becoming insolvent the statutory processes set out in the Co-operative and Community Benefit Societies Act 2014 would be followed along with FCA guidance. This gives societies facing insolvency most of the same options as those already available to companies. Members' share capital will be repaid after all other creditors have been repaid in full. The Community Benefit Society corporate form includes an 'asset lock', requiring any renewable energy systems to be sold as a going concern to an alternative, not-for-profit community benefit society or co-operative. Any agreements covering the operation and maintenance of the systems would be novated to the new society or co-operative.

### **What would happen to any renewable energy technology installed on my building if ReEnergise Manor Royal fails?**

The member would have the option to purchase the assets owned by ReEnergise Manor Royal in the event that the agreement was terminated due to bankruptcy or liquidation. The purchase price would be determined in accordance with the terms of the agreement.

### **What happens if a member company moves out of the Manor Royal or decides to leave ReEnergise Manor Royal?**

ReEnergise Manor Royal has been set up to take account of the changing circumstances of its member businesses, including potential change of location. Should a member company move, the terms and conditions of the financial agreement for the solar array on the roof would be transferred to the new tenant. The new tenant would become a

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<sup>1</sup> [Business Rates - Advice and FAQs • Solar Energy UK](#) (will be updated with new information from the Chancellor's Spring Statement, March 2022)



member of ReEnergise Manor Royal, the former tenant's investment would be returned and any obligations for the payment of the solar electricity would be terminated.

### **What if we don't own our property, can we still join ReEnergise Manor Royal?**

Yes. Companies that don't own a property on Manor Royal could support and benefit from ReEnergise Manor Royal in a number of ways, for example, as an energy consumer or investor. ReEnergise Manor Royal would enter into a separate agreement with the landlord, called an "airspace lease". ReEnergise Manor Royal would then enter into a power purchase agreement with the tenant who was using the energy produced by the asset owned by ReEnergise Manor Royal. The landlord would benefit from the improved attractiveness of their property, while the tenant would benefit from the reduced electricity price. This is the object of the community benefit society, to ensure that all members receive the benefit from their action to reduce their carbon emissions.

### **I'm a landlord with commercial property on Manor Royal. How will ReEnergise Manor Royal benefit me?**

Landlords are encouraged to support their tenants' net zero ambitions and improve their properties by installing renewable energy technology through ReEnergise Manor Royal. The process will be simple and low risk. For example, in the case of a roof-mounted solar PV, it will be possible to fund, install and maintain a system on a third party's roof throughout its lifetime (usually 25 years) without up-front cost to the landlord or tenant. ReEnergise Manor Royal would ensure that the required legal agreements are in place to protect all parties. This would include a airspace lease (allowing ReEnergise Manor Royal to install and maintain the solar panels), and power purchase agreements with tenant covering access for system maintenance and a payment price for the power generated.

Tenants will be supplied with solar power ahead of power from the grid because the solar panels are connected to the building's electricity system behind the supply meter. This will reduce the amount of electricity drawn from the grid and will cut electricity costs for the tenants without constraining their choice of grid electricity supplier. When a building changes tenants, the offer to the new tenants will include lower cost, locally generated, solar electricity to meet a share of their power demand.

### **What will happen at the end of the airspace lease?**

At the end of the 25-year airspace lease, manufacturers warranty that the solar panels would still be producing 80% of their original output. Options after 25 years could include extending the airspace lease, entering into a maintenance agreement with the landlord for the system, agreeing to transfer the system to the landlord (the landlord would then become responsible for the system's operation and maintenance), or removing the system.

### **What happens if I sell my property?**

Any agreements relating to the installed renewable energy technology would be novated to the new owners of the building. For example, in the case of solar PV, ReEnergise Manor Royal would continue to own, operate and maintain the system. The new owner may also wish to buy the solar PV system from ReEnergise Manor Royal at a negotiated price or the system could be removed altogether, although ReEnergise Manor Royal would have to be compensated for the loss of income. Under the terms of the airspace lease agreement, ReEnergise Manor Royal would be notified early on of the landlord's intention to sell the property, actively supporting the landlord's effort through the property conveyance process. As the agreement guarantees lower electricity prices for the tenant, the relationship with ReEnergise Manor Royal adds value to the property by increasing its attractiveness to tenants.

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