



Their Future in our Hands



To members of the local community,

I was collecting my daughter from the village school one day in late spring when I first registered that the school building has a very large, south-facing roof. I had recently installed a solar photo-voltaic system on my own home and was impressed by its success and financial viability – especially with fossil fuel energy prices increasing at such a rate! I was therefore curious to see if there was scope for a similar system to be installed at the school.

A few enquiries found that the idea had enough support within the school and wider community to warrant further investigation so I established a project group within Transition Nayland to investigate further.

We initially investigated a scheme, specifically for schools, run by a renewable energy company called Solar Century, based in London. This scheme was funded by a large, international leasing firm that would provide a capital loan to purchase the system in return for the 'Feed In Tariff' made available through government legislation introduced in 2008. The Feed In Tariff pays an index linked rate per kWh generated and is guaranteed by the Government for 25 years. In the end, however, we agreed with Raegan Delaney, Headteacher at Nayland Primary School, and a group of the Governors that there were aspects of the scheme that left an unacceptable level of risk with the school, in particular the leasing firm charged 9% annual interest - a significant sum for a loan that would effectively be underwritten by the school finances.

After rejecting this traditional, commercial, approach we began to consider the idea that this would be a great opportunity for the community to benefit not only from the enhancement to the school but also by retaining the Feed In Tariff money in the local economy. This was the beginning of what became Green Energy Nayland.

Green Energy Nayland is now looking for people in the local area who are in the position to invest anything from £250 to raise the funds to install a solar system on Nayland Primary School roof. Investors will receive annual interest payments on their investment whilst enabling the school to benefit from cheap electricity. This will free up capital which can instead be used for educational purposes. The scheme will also reduce the carbon footprint of our community whilst contributing to a more resilient local energy supply. Obviously this is a *community investment* rather than a stake in a FTSE 100 company! – but it is not completely altruistic in that it is a way of gaining a fair return on your capital whilst contributing to your community at the same time.

Please read this prospectus for full details of how the scheme works including terms and conditions. And I hope that once you find out more you will be keen to join us in this exciting venture.

Will Hitchcock

Founding Member, Green Energy Nayland

Background

The village of Nayland has a long tradition of entrepreneurship stretching back to the 1400s when it was a national centre for the woollen trade. For many hundreds of years, the village also utilised renewable energy from the river with its many water mills.

Although we are now used to our electricity supply coming from the mains, rapidly increasing energy prices, and concerns about energy security and the environment means that communities are once again looking for new ways of supplying their energy needs. Hence Green Energy Nayland (GEN).

In 2009 a group of local people formed Transition Nayland to increase awareness of Peak Oil and Climate Change and to stimulate debate about possible local responses. The idea for GEN evolved from discussion about how to increase local renewable energy supply – in particular the idea of installing renewable energy systems on public buildings. There are obviously a number of benefits of this approach - cheaper electricity for the building and community groups, reduced environmental impact and increased local resilience. Such schemes are backed by the Government's UK energy strategy which states that by 2020 at least 15% of our energy needs will have to come from renewable sources.

This prospectus outlines GEN's plan to install a solar photo-voltaic system on the roof of Nayland Primary School, funded primarily by community investment. This will generate electricity to be used within the school and exported to the mains. Feed In Tariff payments from the Government, plus payments for exporting excess electricity, will generate an annual return for investors.

This project is supported by Suffolk County Council. We are confident that the project will be a success, in which case the model can be reused on other buildings within the village and replicated by other communities. Such projects have already been successful in other areas:

www.sustainablehockerton.org/investment.html - Community wind turbine

www.settlehydro.org.uk – Community Hydro scheme

www.lowcarbonwestoxford.org.uk/ - West Oxford Model, variety of technologies

GEN is now looking for investors with between £250 and £20,000 to invest in a long term, low risk, moderate return investment of this nature. The terms and conditions of the investment are set out in this document.

Financing

We plan to raise all the money required to fund the installation through this share issue. Grant funding has been awarded by Suffolk County Council (through the Suffolk Foundation) to cover start up costs.

Investing in Green Energy Nayland should be seen as a social investment rather than a purely financial one. Your money will be used to improve the sustainability of the village and increase our resilience to volatile energy prices. It should be seen as a long term investment because the shares cannot be sold to someone else and GEN's income will limit the number of Withdrawals¹ that can be made each year.

¹ A glossary of terms is provided on Page 10

However, our estimates indicate that the investor will see a return of around 4% pa in the first few years. Rising as inflation will lift the revenues under the Feed In Tariff and withdrawals will reduce the number of shares outstanding. The project itself is estimated to deliver an 8% pa return (IRR), after costs, over its 25 year life. Because income is drawn mainly from the Generation Tariff (see below), which is linked to the Retail Price Index, the investment is largely protected from the effects of inflation.

Income

The Feed In Tariff introduced in the 2008 Energy Act provides a guaranteed price per kilowatt hour (kWh) for renewable energy generation. The Feed In Tariff takes the form of a 25 year agreement with an electricity Supplier at an initial price, which then rises in line with RPI over the life of the agreement. The Feed In Tariff is made up of two parts, the Generation Tariff and the Export Tariff.

Generation Tariff

The level of the Generation Tariff is based on the peak capacity of the installed solar photo-voltaic system. At <10kWp you earn 36.1p for every kWh generated, whilst larger systems earn 31.4p per kWh.

GEN proposes to install a 10kWp system on the school roof at a cost of about £32,000 – however there is scope to increase this to a 20kWp system should the level of investment allow.

We have estimated that a 10kWp system will be able to generate 8390kWh of electricity in the first year. The efficiency of the solar panels will decrease very slightly over the years at a rate of about 0.7%, but they will still generate useful amounts of electricity well beyond 25 years.

The Generation Tariff payments come from the school's contracted electricity Supplier. The payments will be signed directly over to GEN.

Export Tariff

During daylight hours, when the school is in operation, most of the electricity generated will be used on site. However, at weekends and during the summer holidays, there is likely to be an excess and this is exported to the national grid for use elsewhere.

The contracted electricity Supplier has to pay an additional 3p per kWh for this. An export meter records the amount sent to the mains and payments are calculated accordingly.

The school will pay GEN for the solar-generated electricity they use at this Export Tariff rate. This represents a significant saving on the 9p per kWh for conventional electricity. These savings for the school can be used for extra educational purposes.

Total Income in Year 1

The income from the Generation Tariff and Export Tariff combined will form the fund that will pay off the capital investment and provide annual interest payments to investors. Industry standard figures place the most likely solar yield at 850kWh per kWp based on the location of Nayland and the direction and angle of the roof – although there are obviously variables that can affect this. On this basis GEN estimates a first year income of £3,280.

Table 1 shows potential incomes based on average, lower than average and higher than average estimates for annual yield of a 10kWp system. It also shows incomes based on a 20kWp system for the purposes of comparison.

Table 1

Panel Yield (kWh per kW peak)	*10kWp system		20kWp system	
	Annual kWh Generated	Income Estimate	Annual kWh Generated	Income Estimate
800	7896	£3,087	15896	£5,500
825	8143	£3,184	16393	£5,672
850	8390	£3,280	16890	£5,844
875	8636	£3,377	17386	£6,016
900	8883	£3,473	17883	£6,188

* Nominal capacity is 10kWp, actual capacity is 9.87kWp

How will Green Energy Nayland operate?

Green Energy Nayland (GEN) is an Industrial & Provident Society for the benefit of the community. As such it will be regulated by the Financial Services Authority under the Industrial & Provident Societies Act of 1965 (as amended) with goals to benefit the wider community as well as private individuals. It will be owned and democratically managed by its Members who are protected by limited liability status. It will be governed by the Rules of the society, which need to be approved by, and registered with the FSA.

Key aspects of GEN are;

- it is run by the Directors to generate renewable energy in and for the community of Nayland through promoting, funding, installing and operating renewable energy systems.
- the Directors aim to provide a financial return on investments through annual interest payments generated by the Government Feed In Tariffs
- it has a single class of shares with a nominal value of £1 – there is no scope for capital appreciation in the value of the shares
- shares are not transferable, in other words they cannot be sold or given to another person
- the Directors aim to allow withdrawals, although this cannot be guaranteed
- each member has a single vote regardless of the size of their investment
- no member may hold more than the maximum permitted by law - currently £20,000 shares
- the Board is elected by the Members each year at the Annual General Meeting
- only Members may serve on the Board
- assets cannot be sold; at the end of the 25 year Feed In Tariff contract term the Directors intend to donate the system to the school

Technical background

What is solar photo-voltaic technology?

The amount of electricity that can be generated by such a system is determined by three main factors;

1. the peak capacity of the system (kWp),
2. the intensity of the sunlight, and
3. the angle of the panels in respect to the sun.

The school roof has an almost optimal situation of facing due south with a pitch of approximately 30°.

A number of individual households in the village already have solar photo-voltaic systems and their experience gives confidence that the estimates used in this document are representative of what can be achieved in practice.

What are the installation and running costs?

A 10kWp system should cost in the region of £32,000. This would be a suitable sized system to meet the needs of the school whilst offering a reasonable return for investors, although a survey has shown that there is sufficient space to install a 20kWp system that we estimate would cost about £62,000.

GEN has secured Grant money from Suffolk County Council under their 'Greenest County' initiative to support some of our start up costs. We anticipate entering a maintenance contract with the selected supplier at an estimated cost of around £300 a year. However since a solar PV system has very few moving parts the probability of serious mechanical failure is slim, the main risk being failure of the inverter, which converts the panel output to mains voltage.

A Roof Contract will be drawn up with the school to secure our use of their roof for the full 25 year term and to ensure that the system is covered by their insurance policy.

Terms & Conditions

This document is issued by Green Energy Nayland, an Industrial & Provident Society for the benefit of the community, incorporated under the Industrial & Provident Society Acts 1965 – 2002. Our registered office is 21 Stoke Road, Nayland, Suffolk, CO6 4JD.

The Rules governing the society can be found on our website at

<http://www.greenenergynayland.org.uk/rules.html>

Shares Offered

In return for your investment you will receive shares in the Society and become a Member.

The subscription price for each share issued by GEN is £1, this is the face value and does not necessarily mean the share is worth £1. The share value may fall but cannot rise.

The minimum shareholding for which you can apply is £250 (250 Shares at £1 each) and the maximum you can hold is set by law at £20,000. You may apply for any amount between £250 and £20,000. You will need a minimum of £500 if you wish to be eligible for the Enterprise Investment Scheme (EIS), which may have some personal tax benefits.

The Directors are keen to attract Members who are committed to a long term relationship with the society. Individuals, companies and unincorporated organisations are welcome to apply.

Shares cannot be transferred to another person except in the case of death or bankruptcy. The Rules of the Society state that shares can be withdrawn, which means the Society could buy them back. However withdrawals can only be allowed if the financial state of GEN, in the view of the Directors, makes it prudent to do so and there can be no absolute guarantee of recovering your investment. In addition withdrawals will not be allowed during the first three years, which is a legal requirement to allow us to apply for the Enterprise Investment Scheme (see below). In the event of GEN ceasing to trade Members will receive a maximum of £1 for each Share held after creditors have been paid.

Enterprise Investment Scheme

It is the intention of the Directors to register with HMRC's Enterprise Investment Scheme. If EIS approval is granted, investors will be able to claim income tax relief equal to 20% of their investment. Prospective investors should seek professional advice on this matter and any other tax issue.

GEN can only qualify for the EIS once trading has commenced and cannot be guaranteed.

If our application is accepted, members will need to hold a minimum of 500 shares for at least three years in order to qualify for the tax relief.

Communication

Members will be kept informed of the progress of the society via e-mail, our website and at an Annual General Meeting (AGM). Notice of the AGM will be issued at least 6 weeks in advance by e-mail and the website.

Voting

The Society is owned by its Members and the Directors will be elected at the Annual General Meeting from within the membership. Each Member has one vote regardless of the size of their shareholding.

Progress of the Society will be reported at the AGM where elections of Directors will take place in accordance with the Rules; there will be no proxy or postal voting.

Interest Payments

In addition to the social benefits of producing renewable energy and thereby helping the school reduce its carbon footprint, investors will receive an interest payment that is similar to the dividends paid on shares in limited companies.

The Directors of the Society will be responsible for recommending the interest rate to be paid from time to time and this will be reviewed by the Members at the AGM. Based on our analysis our aspiration is to pay between 4% and 8% interest each year but the Directors cannot guarantee the rate or indeed that interest payments can be made. Members may be liable to income tax on the interest received.

After maintenance and administrative costs the Directors intend to distribute the great majority of income to investors each year.

Further projects

Although it is anticipated that further projects in the village will be found, but the Directors will seek the consent of Members before engaging in such projects at other sites.

Risk Factors

The directors have identified the following risks that may impact the success of the society:

- Changes in Government legislation may affect the scheme;
- The Feed-In Tariff scheme may be reviewed at a future date;
- The amount of electricity actually generated is subject to the hours and intensity of sunlight and may be less than forecast in any given year;
- There may be interruptions to the generation of electricity caused by financial or legal matters;
- There may be interruptions to generation of electricity caused by mechanical / electrical failure of equipment;
- Restrictions may be placed on the ability of GEN to distribute its annual surplus;

The Directors will seek to protect against these risks through prudent management practices.

Withdrawal of Shares

Shares in an IPS cannot be traded and cannot increase in value, but investors wishing to realise the value of the Shares can usually do so through the Withdrawal process, by which the society buys them back.

GEN will allow withdrawals given 90 days notice where the financial position of GEN allows but this will be limited on an annual basis. Withdrawals will be processed in the order that they are received and a minimum of 250 shares must be held in order to retain membership of the society.

The Directors reserve the right to suspend withdrawals whenever the financial position of the Society requires them to do so. There is no guarantee of having your investment repaid.

You should only invest money that you can afford to tie up for a long period.

GEN is not a bank and your investment does not have the benefit of any deposit protection scheme. If in any doubt please take advice from an independent financial advisor.

Application for Membership

You cannot withdraw your application for Shares once GEN has received the completed application form. Any prospective investor should therefore be sure they have the financial means to fulfil their application.

The Directors reserve the right to refuse an application without having to give any reason for the decision. They may decide not to issue any shares or to issue fewer shares than you applied for.

GEN will bank your cheque and acknowledge receipt but will not issue shares until the Directors are certain that the project will proceed. In the event of GEN failing to raise the necessary money or otherwise failing to proceed with the installation of the solar panels within 6 months GEN will return money to the Members. No interest will be paid in this eventuality.

Responsibilities of Applicants

By submission of your application you commit that;

1. your cheque will be honoured
2. if an individual, you are aged over 16 years
3. you have authority to sign the application
4. you will supply GEN with proof of your identity and address if required in order to comply with Money Laundering regulations
5. you agree to be contacted for all purposes by e-mail and to notify GEN if your e-mail address changes
6. you will be bound by the Rules of the Society with respect to your Membership and Share holding

Dissolution

By law GEN is not allowed to sell its assets in the event that the business has to be wound up. This means that you may not recover your investment.

At the end of the 25 year term GEN intends to donate the solar system to the school. However it is our intention to run additional schemes that Members will be able to invest in. Existing Members will be given preference in applications on future schemes.

General Matters

Member's details will be held on a computer database and will only be used for Society business and not disclosed to any third party. GEN will comply with Data Protection regulation and as such Members can request a copy of information held about them.

Founding Directors of GEN

William Hitchcock, IT Manager, 31st May 1971

James Finch, Suffolk County Councillor and Nayland school governor, 6th July 1947

Jeremy Elden, Company Director, 21st June 1958

Simon Gilhooly, Company Director, 9th April 1969

Advisors to GEN

Legal: Co-Operative UK, Birketts LLP

How to Invest

Complete the application form attached and send together with a cheque made payable to 'Green Energy Nayland' to;

21 Stoke Road,
Nayland,
Suffolk,
CO6 4JD

Deadline

GEN hope to complete the installation of the solar system before the end of May 2011. Therefore we would appreciate receiving your application by **4th March 2011**.

Beyond this date acceptance of applications will be at the Directors discretion.

Glossary

GEN	Green Energy Nayland
Feed in Tariff (FiT)	Incentive introduced through the 2008 Energy Act to provide a guaranteed price per kilowatt hour for renewable energy generation.
Export Tariff	The component of the FiT based on the amount exported to the National Grid
Generation Tariff	The component of the FIT based on the actual electricity generated.
RPI	Retail Price Index
Supplier	A holder of an Electricity Supply Licence
Withdrawal	Process by which the society pays the member back some or all (but not more than) the initial price per share and cancels the share
Roof Contract	The contract between GEN and owner of the school building, Suffolk County Council.
Member	Holder of shares in GEN and therefore a Member
EIS	Enterprise Investment Scheme. Allows qualifying investors in qualifying companies to reclaim 20% of their investment from HMRC
Shares	Shares in the society, each having equal rights to interest or other distributions
kWp	Kilo Watt peak; peak generation capacity of the solar system
Inverter	Appliance used to convert the electricity from DC to AC current
Peak Oil	The point at which half of the usable oil has been used.

Application Form for individuals

I wish to become a member of GREEN ENERGY NAYLAND in accordance with the rules and apply for shares to the value of:

£250 £500 £750 £1,000 Other - £_____

Applicant Details

First Name	
Family Name	
Address	
Telephone	
E-Mail*	

** to minimise costs e-mail will be the primary means of communication between the Directors and the membership - we cannot accept applications without a valid e-mail address*

Agreement

I am at least 16 years old.

I agree to be bound by the terms and Conditions included in the Prospectus and the Rules of Green Energy Nayland.

I understand that the Board of Directors of Green Energy Nayland may reject my Application and does not have to tell me why it has been rejected.

Date Protection & Money Laundering

The data provided by you on this form will be stored within a computerised database. This data will only be used for GEN purposes and will not be disclosed to a third party. It is a term of the offer that to ensure compliance with the Money Laundering Regulations 2003, GEN may at its absolute discretion require verification of identity of any person seeking to invest.

Signature

Date

Please send this application along with your cheque to Green Energy Nayland, 21 Stoke Road, Nayland, Suffolk, CO6 4JD.

Application Form for Corporate applicants

We wish to become a member of GREEN ENERGY NAYLAND in accordance with the rules and apply for shares to the value of:

£250 £500 £750 £1,000 Other - £ _____

Applicant Details

Organisation name	
Contact name	
Organisation Address	
Telephone	
E-Mail*	

** to minimise costs e-mail will be the primary means of communication between the Directors and the membership - we cannot accept applications without a valid e-mail address*

Agreement

We agree to be bound by the terms and Conditions included in the Prospectus and the Rules of Green Energy Nayland.

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