

# Report from Greenfields Consulting

Nick Monether  
Greenfields Consulting  
Greenfields  
St Martins Road  
Gobowen  
Shropshire  
SY11 3NW

01691 655328  
07940 570 302

[nick@greenfieldsconsulting.co.uk](mailto:nick@greenfieldsconsulting.co.uk)



COMMERCIAL IN CONFIDENCE

**CLIENT:** Energy4All (Advantage West Midlands)  
**CONTACT:** John Malone (Matt Smith)  
**PROJECT TITLE:** Sharenergy – mid-term evaluation  
**DATE:** March 2010



## Clarification: Sharenergy was originally branded Co-operative FiRE

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### **Executive Summary**

Sharenergy is funded by Advantage West Midlands, is being delivered by Energy4All (E4A) and is tasked with screening potential community owned renewable energy projects in the Rural Regeneration Zone and supporting suitable schemes through the development, planning and capital raising phases, prior to their development. Ultimately ‘successful’ Projects will need to raise the necessary capital through public share issue and repay the development funding provided.

To give sharenergy some context, in order to reach the ambitious EU and UK targets for renewable energy generation by 2020 it has been recognised that the scale of projects and their distribution will have to change markedly from what conventional commercial interests perceive as financially attractive and the local community co-operative model could certainly have a role to play in delivering the capacity needed. However, the renewable co-operative concept is relatively new and based around a single technology, wind, which can split and polarise communities rather than bring them together.

Community groups can take years to become established and are always short of cash and time to realize projects in anything like the short term; the latter because no matter how committed members might be, they will have jobs and other obligations to prioritise.



Renewable energy technology and projects are complex and, therefore, frequently take several years to proceed from concept to realisation. Furthermore, the in depth knowledge of relevant technology and what is needed for implementation is rarely held by a community group.

It is to overcome these barriers that shareenergy has been initiated.

The Shareenergy Project requires independent evaluation at two points during its activity; mid-term and immediately after funding ceases, this report constitutes the mid-term evaluation.

To date around 50 projects have had preliminary consideration and 8 have gone on to receive funding for feasibility assessment after screening by Shareenergy and its Stakeholders from the Rural Regeneration Zone.

To develop and engage community groups in new technology and new co-operative concepts is a huge task within a 3 year timescale. Whilst effective steps have been taken to maximise the impact of the resources available during the 3 year funded period, the long-term nature of the engagement process and the projects themselves now requires that serious thought should be given to succession planning and funding for continuation.

This report concludes with 4 recommendations for Shareenergy to consider

1. Define a clear succession plan
2. Describe and refer to the Revolving Investment Fund more thoroughly
3. Raise awareness of the Rural Regeneration Zone
4. Ensure staffing levels are maintained and adequate.

### ***Methodology***

John Malone, the Shareenergy Project Manager, supplied the contract documents and Greenfields met with Matt Smith of Advantage West Midlands and Shareenergy Project Officer Jon Hallé to discuss the evaluation. Copies of the monthly Shareenergy reports to Advantage West Midlands were provided and access given to the online Energy4All database. Contacts from 8 projects and 7 past and present stakeholders were interviewed over the telephone using separate brief questionnaires.

### ***Delivery against targets***

A number of key milestones and targets were identified in the original bid for funding; those relevant to this mid-term evaluation are set out in Table 1 along with brief comments on progress to date.

**Table 1: Delivery of Targets and reaching Milestones**

<b>Milestone/target</b>	<b>Forecast date to be achieved</b>	<b>Actual date achieved</b>	<b>Comments</b>
Project START date	April 08		



Appoint local employee	30/6/08	7/7/08	
Establish RRZ Steering Group		Dec 08	
Legal structure identified	30/9/08	Dec 08	Agreement with AWM to forego these 3 items, leaving E4A and the Steering Group to manage continuity
Shareenergy registration	30/9/08	Dec 08	
Strategy for handover (E4A to Shareenergy)	30/9/08		
First filter of 15 Projects	31/3/09	Jan 09	AWM reporting indicates 16 were screened by Dec 08
Second filter 3 Projects	31/3/09	Sept 09	5 projects undergoing feasibility study
RRZ Steering Group meetings (x3)		12/1/09	Only one meeting appears to have taken place which is of concern given the need for continuity
First filter of another 25 Projects	31/3/10		AWM reporting indicates completed in Oct 09 but earlier reports show a total of 27 not 40
Second filter another 7 Projects	31/3/10	Jan 10	11 projects undergoing feasibility study
Planning Applications for 2 Projects	31/3/10		One project has been undergoing a drawn out planning process since c. June 09

Further to the information in Table 1, it is essential that some of the comments are expanded on and qualified.

It does not appear that the separation of Shareenergy from Energy4All (planned for 2011) will now happen and there was, therefore, no need for the establishment of Shareenergy as a legal entity.

The 'first filtering' stage ranges from a brief telephone conversation to much more detailed investigations that verge on feasibility study. The Energy4All database indicates some 50 archived projects, some of which are outside the Rural Regeneration Zone or are unsuitable for other reasons but still drew on Shareenergy resources. Some of these projects may not have been captured in the Advantage West Midlands reporting and explain the disparity between the Target of 40 and recording of 27.

The definition of the 'second filtering' stage was not explicitly described in the Project Plan to the extent that if a project is undergoing a feasibility study (which may take 6 months or more to complete) it is not clear if it should or should not count as a completed milestone.



### ***Telephone interviews of recipients***

Contacts from 8 of the most advanced projects were interviewed by telephone using a brief questionnaire; a copy of the questionnaire, and the notes made during the interviews, is included in the Appendix. Statistical references are for illustrative purposes only as no scientific rigour was applied in gathering and analysing the comments.

The respondents have indicated that Sharenergy has been involved with the development of their project from very early on and in some cases Sharenergy has initiated projects.

The understanding of the Sharenergy concept is not consistent and there are definite gaps in the understanding of the Revolving Investment Fund and how it needs to be maintained by payments from projects that reach completion. The misunderstanding ranged from ignorance to annoyance that their project had got to such an advanced stage before the group found out about paying for the support retrospectively.

Most respondents knew that Advantage West Midlands was funding Sharenergy but there was some confusion of Energy4All's role and whether they were providing some of the funding.

The Rural Regeneration Zone 'identity' (or brand) was not firmly associated with Sharenergy. Although most respondents knew of the Rural Regeneration Zone, and had a rough idea of what it was. Twenty five percent of the respondents did not know what the Rural Regeneration Zone was.

All the respondents felt that Sharenergy had helped their project significantly and several were of the opinion that nothing would have happened without Sharenergy support.

Most people felt that there was no need for improvement in the way Sharenergy operated but three significant points were raised; firstly it was recognised that the project needed more people to cope with the demands from community groups. Secondly the mechanism to replenish the Revolving Investment Fund should be made clearer from the start of Sharenergy's involvement in a project. The third point recognised that Energy4All's experience had been based around large scale wind turbines and that to develop a co-operative business model based on other renewables had meant that Sharenergy had itself been on a learning curve.

### ***Telephone interviews of stakeholders***

Notes from the telephone interviews are included in the Appendix.

Nearly all the stakeholders expressed concern over the timeframe allowed to engage communities in a complex concept and many were of the view that the staffing level was insufficient to achieve this from the outset but had improved with the recent appointment.



Most of the Stakeholders are involved with Sharenergy because of their engagement with projects with similar aims and there is strong evidence that this arrangement is paying dividends.

When asked how Sharenergy could do better, the low staffing level at the start of the project was reiterated as a barrier to overall performance.

The need to have a succession strategy rather than an exit strategy in place when Sharenergy comes to an end was raised several times.

### ***Sharenergy management***

Sharenergy has utilised a comprehensive on-line database package but systems like this always require a very disciplined approach to keep them updated and truly reflective of constantly changing details. If outputs from this system could be integrated into the reporting mechanism it would be beneficial from a project management perspective and save duplication of effort.

Overwhelmingly both stakeholders and recipients have been very impressed by the performance of the project officer.

### ***Issues affecting delivery***

Feedback from both clients and stakeholders has shown that more staff should have been allowed for from the start of Sharenergy and this has impacted on delivering some of the targets. The 3 year timeframe is unrealistic given the scope of the project.

Whilst there are numerous community groups within the Rural Regeneration Zone that have an interest in sustainability and renewable energy, there are huge variances in the size, commitment and ability of these groups. In particular, the level of knowledge is such that most groups are unable to make a well informed start on developing a renewable energy project. This reality has meant that the “1<sup>st</sup> filter self-screening” process envisaged has drawn much more heavily on resources than forecast. Rather than evaluate concepts from the groups, Sharenergy has had to coach and support the groups in identifying possible renewable resources which might have potential.

The Energy4All model is based on large wind turbines but this technology is not going to be feasible in many, or most, parts of the Rural Regeneration Zone because of both the available wind resource and public perception. Because the model could not be readily used Sharenergy has had to develop co-operative business models based on other technology which has put further pressure on the already stretched staff resource.

Changes in Government policy with the proposed introduction of FiTs and the RHI have also drawn on resources because of the potential impact on business models. The lack of clear guidance from Government on the eligibility of projects for these incentives and how they do or do not fit with



other funding has created confusion and required more work in analysing what might or might not affect income streams.

### ***Interaction of Sharenergy with other regional projects***

By having the right stakeholders involved with Sharenergy there has been some excellent sharing of information with projects such as RE:think and LEADER. Because of their different target audiences RE:think and Sharenergy have complimented each other particularly well and have been able to redirect contacts between each other when relevant.

Sharenergy has been quick to make links with other projects and picked up on the interest kindled by Low Carbon Communities and Grow with Wyre, for example. The Cleobury projects have emerged because of the strong interaction with the Low Carbon Communities pilot.

One Stakeholder thought that Sharenergy may already have contacted the Transition Towns Network and another suggested the Communities Association for Local Councils and Community First but was not sure if contact had already been made.

### ***Increase of awareness of AWM and the RRZ***

Most of the recipients were very aware that Advantage West Midlands were involved in the project but the Rural Regeneration Zone 'brand' in connection with Sharenergy is not strong.

### ***Conclusions***

To reach the ambitious EU and UK targets for renewable energy generation by 2020 it has been recognised that the scale of projects and their distribution will have to change markedly from what conventional commercial interests perceive as financially attractive and the local community co-operative model could certainly have a role to play in delivering the capacity needed. However, the renewable co-operative concept is relatively new and based around a single technology, wind, which can split and polarise communities rather than bring them together.

Community groups can take years to become established and are always short of cash and time to realize projects in anything like the short term; the latter because no matter how committed members might be, they will have jobs and other obligations to prioritise.

Renewable energy technology and projects are complex and, therefore, frequently take several years to proceed from concept to realisation. Furthermore, the in depth knowledge of relevant technology and what is needed for implementation is rarely held by a community group.

Because of the timescales involved in developing groups, developing renewable energy projects and developing new co-operative business models, the Sharenergy project is hugely ambitious but has achieved remarkable progress under the circumstances.



Some of the spin-off activities, such as raising awareness of Advantage West Midlands and the Rural Regeneration Zone have, perhaps understandably, slipped as priority has been given to support community projects and develop business models for different renewable energy technologies.

The need to maintain the Revolving Investment Fund, and the mechanism to do so, should be made clearer from earlier on in the engagement of the community group. However, there is a risk that the community group will require a degree of budgetary control to the extent that projects are scaled back, slowed down or do not proceed at all. Without building the experience of Shareenergy and capturing information it is difficult to see where trustworthy data on development costs will come from to give reliable estimates for future community renewable energy co-operatives to consider.

What happens when the Shareenergy project come to an end is still not clear; the transition and funding to follow up on the good work achieved thus far will need to be determined as a matter of urgency.

### ***Recommendations***

Based on the feedback from both stakeholders and recipients of assistance from Shareenergy there should be a focus on the following aspects of the project going forward:

1. Define and produce details of what will happen at the end of Shareenergy to give continuity to those receiving support and clarity to the stakeholders involved.
2. Clearly describe the Revolving Investment Fund concept from the very start of involvement with community groups; what is, and is not, deemed repayable should be made clear from the outset.
3. The relationship between Shareenergy, AWM and the RRZ should be made more explicit in both publicity materials and in correspondence sent from Shareenergy. This should be designed to ensure the RRZ is more visible such that its services might be accessed by members of the community groups.
4. With the increase in awareness of renewables generally and the introduction of incentives there is likely to be increased interest in Shareenergy. Steps should be taken to ensure demand does not put undue pressure on the available staff resource.





## **Appendix 1 Responses from Recipients**

### **Sharenergy Evaluation**

#### **Telephone Interview Questions – Projects.**

The following notes are not a verbatim record of the conversations but summarise the discussion and thrust of what was said. All those contacted were sent a follow up e-mail inviting further comments.

**Hello, my name is Nick Monether I am calling in relation to the Sharenergy Project and the support it has given XXXXX.**

**Is it OK to ask you a few questions?  
[General chat].....**

**I have 8 questions to ask, there are no right or wrong answers but we would value your honest opinions and views**

**1. How long have you been developing XXXXX?**

Three years but it had been considered about 14 years ago.

Two years.

About 2 years; we have had a company on the shelf ready to be activated but the ESCo idea has developed much later.

It kicked off about April 09 at an MEA event following Low Carbon Communities; the RADAR project drove it but the meeting considered all RE.

About 9 months ago in 2009.

Since the end of November 2008

Roughly 14 months.

6 to 9 months ago.

**2. Do you know when Sharenergy became aware of and started helping develop your project?  
YES, NO, ABOUT.....**

Through contact with E4A.

First talked about the project in summer 2008 and practical support came later in 2008.

About 18 months ago.



JH had approached us several months before the April meeting; we had a group focussed on RE but there is a big hurdle from talking to doing.

Right from the start – they initiated it.

Since early 2009, we met JH in the summer of 2008.

Would not have started without them; JH had been in post for about 2 days. In Sept 2008 JH attended the local Environment and Energy Fair.

Very early on – very shortly after the idea came up.

### 3. Do you understand the concept of the Shareenergy offer?

Understand E4A model but not sure if Shareenergy can help commercial developments [*was not aware that Shareenergy is totally focussed on community ownership*].

Only found out about the RIF recently and we were a bit surprised. It is still not at all clear what will need to be repaid; there is no paperwork, no contracts in place, no clarity. We fear it may make the share offering less attractive. We would expect to pay it back over 3 to 5 years rather than all at once at the share offer. We feel the 7% ROI is inappropriately high, especially given the current economic climate.

Yes; JH explores what RE is appropriate to setup an ESCo and we issue shares as a co-operative. It was better for us to explore RE other than wind, and biomass was obvious but difficult for other reasons. We're now looking at PV. I don't understand the RIF but sure I will be able to work it out.

We have talked to JH about the mechanism for setting up a co-op. Initially the RIF was not clear but now it is and has been added to the scope of the feasibility study.

They have made it very clear from the outset what support is available and technical advice. Shareenergy is not commercial but promotes RE for the benefit of the community; the RIF is generated from the share issue/co-op.

I fully understand the concept [*but was not aware of the RIF*].

I think so. The micro-hydro concept couldn't happen without joining small projects together. Aware that the RIF will need supporting by repayment.

Yes, roughly. Aware this is 'pump priming' but not aware that costs of



the feasibility study will be recharged. [*did not understand the RIF*].

**4. Do you know how Sharenergy is funded?**

Yes, from AWM.

Yes, through AWM.

Not without looking it up.

Yes, it's from AWM and we have a fair bit of experience with their projects from the Market Towns Initiative.

Is it E4A? JH has talked about it but I've forgotten. We know AWM from the MTI.

By E4A and AWM.

E4A got money from the co-operatives and the AWM pot.

Yes, AWM.

**5. Do you know what the Rural Regeneration Zone is?**

No.

Yes, it is a way of targeting funding at rural areas rather than money being only delivered to urban districts.

Yes because we are constantly arguing about the arbitrary boundary! How was it drawn up?

I know we are within it but missed the RRZ conference.

Is it tied to an EU requirement in order to get funding?

Not really, no. We have Parish Councillors involved in our project but there is no formal organisation set up yet.

Yes...Government and council target areas. I've seen a magazine about it.

I've heard of it; is it a region that attracts certain support in the West Midlands?

**6. Do you think Sharenergy has added value to your Project?**

It will do - through wind energy analysis.



Yes, we have relied on volunteers for 2 years. Sharenergy has speeded up the project and given us expertise we did not have. EF has been great – good quality advice and challenging the group where needed.

Hugely. It has given us expertise and funding to move ideas forward. It also gave credibility to the concept when talking to mainstream town centre developers.

Yes, definitely, we would still be talking and looking at potential without it and, to be honest, hydro would not have occurred to us. Being able to team up with LEAD has helped too.

RE has been thought of for a while but we needed expertise and the resource to really kick-start a project. We could not have done it without them.

Undoubtedly; it would have been very difficult to proceed without Sharenergy – we have engineers and experts in our group but we are all very busy.

Incalculably; without it I can't see how the project would have developed. The Herefordshire Hydro Group (Ainsley Rice) have been very generous with advice in a very practical way and JH has added synergy to meeting with them.

Definitely yes, hugely. It has speeded things up and we would not have gone for a feasibility study, we would be thinking of things on a smaller scale. One thing that is very useful is Jon's extensive contacts in relevant fields. It enabled him to suss out that a number of disparate groups were thinking along similar lines and put us in touch with each other by organising a day's workshop at Canon Frome Court.

## 7. Can you think of any ways Sharenergy could do things better?

No, JH has done everything asked of him.

The transparency of the RIF is still not clear; e.g. is Sharenergy staff time part of the RIF? Or is it just the outsourced consultancy? We were given EF and do not have control over how much work she does for us which might impact on how much we need to repay. It *might* have been better, for example, if someone from the community carried out EF's role as they would be there to continue the work within the co-op. But it is difficult to say this would have happened *without* Sharenergy.

No, apart from the need for more resources, which has now been addressed.

The strength of E4A is in wind and this may be the simplest from a



technical point of view but has problems with the emotive side of things. I feel other RE has been a learning curve for E4A and the Sharenergy model.

Difficult to distinguish between JH and Sharenergy. Very realistic and good at gauging local opinion, for example, knowing that wind would not be welcome. JH has been very flexible, worked with the grain of the local community and very good at keeping us informed. The AWM approach would be too dogmatic.

No I can't; a model of assistance.

More people! Local communities are resource constrained and they need the direct assistance that JH provides. If more attention was given to small-scale schemes, more would happen.

So far no, but it is early days. JH has been exceptionally helpful; encouraging without being pushy. Very impressed.

**8. Is there anything else you would like to suggest I should take account of in the evaluation of the Sharenergy Project to date?**

It is still early days as the monitoring masts have only been up about 4 months.

We have an issue with the co-operative model in that we do not know the details of what it *is* yet. We are not happy with the original wind model as the project needs embedding much more within the community and we also feel there is an obligation to stick with E4A or lose Sharenergy support. Again, there is no paperwork, no model to look at. We have sought advice from Co-op UK because of our concerns, for example we are not sure if you have to form the co-op and offer shares at the same time?

They need to maintain a diversification from wind as we need a mix of RE and not get drawn back to the wind only model.

We've been happy and things have moved dramatically relative to where we would be without Sharenergy. The co-op model needs explaining earlier, both the mechanism and how to get the community involved. The ability to postpone dividends might be useful.

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I have nothing but praise for what JH has done.

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That's it, thank you very much for your time and if something occurs to you that you think I should include, please call me on 07940 570 302 or email [nick@greenfieldsconsulting.co.uk](mailto:nick@greenfieldsconsulting.co.uk)

## **Appendix 2 Responses from Stakeholders**

### **Shareenergy Evaluation**

#### **Telephone Interview Questions – Stakeholders:**

Hello, my name is Nick Monether I am calling in relation to the Shareenergy Project and the support it has been giving.

Is it OK to ask you a few questions?  
[General chat].....

1. **What have been the most difficult things Shareenergy has had to overcome thus far?**

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The staffing resource has been difficult because of the large amount of hand holding essential for the groups. There are also political sensitivities over projects, for example the Shrewsbury weir and the obligation to go out to tender.

I've only been to 1 meeting and don't know enough yet but getting communities to be involved must be difficult.

The whole concept is very challenging. A lot of development work is needed to build capacity of communities for any project not just RE. In addition there's a need to build confidence and on top of that there is the technical side of things.

Getting the message across. Promoting to the *right* people – more commercially minded; there's a need for commercial reality. Even though E4A have been behind it, they have still had to invest in developing co-operative models, possibly because of different RE technology not wind.

The timeframe of 3 years is not sufficient for the amount of work needed. From the start they have had to find communities engaged enough, active and able to take things forward. JH could not do all this on his own; you can not 'establish' community groups with the resource available. There is a lack of expertise in the groups but JH has been able to overcome this.



2. **Can you give examples where Sharenergy has worked well with, or not worked well with, other relevant regional projects?**

>>

JH has been very good at making links with other projects such as Grow with Wyre. The Cleobury projects have come from the Low Carbon Communities pilot and community RE is very attractive and more exciting.

There has been a good relationship with RE:think, a good exchange of contacts and information. I think it has worked well with LEADER too.

Not worked with them as yet but LEADER will get leads to pass on. It has been useful to bounce things off JH.

Its worked well with LEADER and the RRZ team and RE:think. The right people are on the steering group.

No, I've flagged it up but I did not know enough to explain it to other networks.

There are strong links with RE:think and a regular exchange of relevant contacts. Sharenergy collaborated with Low Carbon Communities and possibly the Transition Towns Network. They have been quick to latch on to existing projects.

3. **Can you think of any ways Sharenergy could do things better?**

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>>

No. JH has done a marvellous job of addressing the RE potential of a sector not being reached by others.

I don't know enough about what they have done so far. I'm not sure if they have been in touch with organisations such as Communities Association for Local Councils or Community First, for example. Herefordshire and Worcestershire have these organisations; I'm not sure about Shropshire.

It's difficult to think of any. JH was to stretched at the start; he should have had assistance earlier.

PR and marketing. I need to know more about how it works.

The staff resource for the scale of the project was not enough. Community groups need a lot of hand holding and you need staff for that. The budget structure could have been designed better as it was



obvious that the majority of the spend is likely to be toward the end of the project. It was too much for one person.

**Is there anything else you would like to suggest I should take account of in the evaluation of the Sharenergy Project to date?**

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Any prospective RE projects have a very long lead time anyway and there is the additional need for community engagement and to explain the co-operative concept.

A succession strategy needs more thought; it needs to be a succession strategy rather than an exit strategy. The timescales were always going to be difficult because of the 3 year limit on the project.

I can't think of anything at the moment.

It's a very innovative project therefore it will be difficult because it involves new concepts and technologies.

I wasn't sure what to expect but I am now very enthused by the other stakeholders. JH probably needs more admin support.

JH has worked so hard; a less committed project officer would not have managed. Continuation needs serious thought; by the end of the project several projects will be at a critical point but what happens? The 3 year timescale was not suitable, for example an AD project will take years to develop from scratch but there is huge potential for AD in the rural areas.

