



HARNESSING HYDRO POWER
FOR CORWEN

Corwen Electricity Co-operative

Share Offer Document



February 2015

Corwen Electricity Co-operative Limited

Registered with the Financial Conduct Authority number 32341R

Dear Prospective members,

Welcome to the share offer document for Corwen Electricity Co-operative. Our aim is to generate low carbon hydro electricity from the Nant Cawrddu as it flows down into the town of Corwen. In addition to addressing the growing issue of climate change, this will also benefit the local economy and bring new money into the town.

We have set this up as a co-operative to enable the whole community to engage with the scheme and to share in the benefits. The money needed to build the scheme will be raised entirely by a share issue with priority for local people, with the aim of providing subscribers with a fair return on this money. Because we are a co-operative, the running and decision making will be done on the basis of one member one vote, and the co-operative will be run with careful adherence to the international co-operative principles which include concern for democracy, equality and openness.

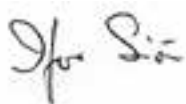
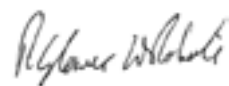
Part of the surplus will be used to pay interest on the shares that members have bought and the remainder of the surplus will go into a dedicated community fund. This is expected to be about £500 per year and the members and directors of the co-operative will be responsible for deciding how this should be spent in the community.

There are attractive tax reliefs that are available to many taxpayers which enhance the returns on these shares and which are described more fully in the document.

Please read this document carefully, and we hope that you will decide to help us to make this exciting opportunity a reality.

The Directors**DECLARATION**

Corwen Electricity Co-operative and each of its Directors whose names are set out below hereby declare that having taken all reasonable care to ensure that such is the case, the information contained in this Offer Document is to the best of his/her knowledge, in accordance with the facts and contains no omission likely to affect its import.


Ifor Sion

Robert Roberts

Michael Paice

Joel Scott**CONTENTS**

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SUMMARY OF OFFER

This is a summary of the offer to acquire shares in the Corwen Electricity Co-operative Ltd (CEC or 'the Co-operative').

1.1. Introduction

The purpose of this share offer is to raise sufficient funds to pay for the purchase of equipment, construction and installation necessary to install a hydro generator on the Nant Cawrddu in Corwen.

All NRW licences are in place. Planning permission for an initial design has been granted, but this permission needs to be modified, the modified application was validated on 29 December 2014 and is due to be determined by 22 February 2015. The work needed to compile these was funded through a pioneer share offer and grants.

Heads of Terms are agreed with all landowners and lease negotiations are near conclusion.

The project has now reached a stage where construction can begin once the leases are agreed and capital for construction is in place. We are aiming to begin construction in Summer 2015.

1.2. Important Information

This document has been prepared by the Directors of the Corwen Electricity Co-operative, who are responsible for its contents. Full details on the legal compliance of this document and the terms of the offer and how to subscribe are set out in the main body of this document. Technical and other words and phrases used in this Offer Document with a particular meaning are defined and explained in the Glossary. This summary should be read as an introduction only and any decision to subscribe made on the basis of the document as a whole.

1.3. The Project

The project's purpose is to build a community owned and controlled hydro-electric generator and to generate as much hydro electricity as possible to reduce the reliance of the nearby area on grid electricity, which is currently primarily fossil fuel based. We aim to make the most of the renewable energy resource available at a cost effective scale.

The Co-operative will generate revenue from the sale of electricity and receive income from the Feed in Tariff (FIT), which will enable it to pay interest payments to members and to pay them back their original capital by the end of the life of the co-op. It is intended that this will be 20 years based on the term of the FIT payment. Full details of the FIT system can be found at www.ofgem.gov.uk, the website of OFGEM who are the regulators of the electricity industry.

1.4. Carbon savings

It is estimated that the project will displace the equivalent of 58 tonnes of CO₂ every year.

1.5. The Offer

This Offer Document seeks to raise sufficient cash by the issue of Offer Shares at £1, to finance the construction and commissioning of a hydro generating station on the Nant Cawrddu in Corwen.

The sum sought from this Share Offer is £300,000, which is the best current estimate for the capital costs required including a 10% contingency but excluding the sum already raised through the pioneer offer (£25,200).

The share offer will be opened for applications from 19th February 2015. The Offer will remain open until the target amount of shares is reached.

Members who bought shares in the pioneer share issue were offered priority shares when the main offer was launched. These pioneer members have requested a total of a further 7,000 shares meaning that the total number of shares still available is £300,000 – 7,000 = £293,000

Subscribers should regard these Shares as a long-term investment. They may subscribe for a minimum of 250 and a maximum of 95,000 offer Shares at their £1 par value, subject to the limitation that no single shareholder (or shareholder and close family members) holds more than 30% of the value of shares at any one time. This is a requirement of being eligible for the tax relief.

Shares have already been issued through a pioneer share offer which raised £25,200 to cover the development costs. Pioneer shares and main share offer shares will be identical in status once issued.

Shares will not be traded on a recognised stock exchange and shares are not transferable. Members may apply to withdraw shares after the end of the third year of operation. Share withdrawal may be authorized at the discretion of the board but where authorized, would be done so in the order that the withdrawal requests are received (first come first served).

After processing any authorized voluntary withdrawal requests, remaining share capital will be repaid to the remaining members in installments annually as income accumulates in the Co-operative, subject to profits being generated and a specified contingency reserve being retained within the Co-operative and subject to share capital not being repaid within three years in order to comply with conditions attached to the tax relief.

Each shareholder, whatever the relevant stake, automatically becomes an equal member of the Corwen Electricity Co-operative on a one member one vote basis.

1.6. Tax Relief

This share offer is designed to be eligible for tax relief so that members who are taxpayers can obtain tax relief on their investment.

The tax relief will take two forms;

SEIS tax relief at 50% will be available on the first £86,000 of share applications in this share offer, (of which 7,000 have been allocated to pioneer members, leaving £79,000 available to other applicants)

The remaining shares will be eligible for EIS tax relief if the application is made before 31st March. It is expected that other tax reliefs will be available for applications made after 31st March (see section 4.1)

The higher rate tax relief will be allocated on the basis of first come first served.

More detail on tax relief can be found in section 4.

1.7. Rate of return

Projected Returns to members are calculated according to predicted income and expenditure during the life of the hydro Installation using the assumptions laid out below.

The projected rate of return equates to an internal rate of return (IRR) of 4.8% over the 20 year project period. The benefit of tax relief is in addition to this. For shares that are eligible for 30% tax relief under EIS or SISR the effective return over 20 years is 7.8%, and for shares that are eligible for 50% tax return under SEIS, the IRR becomes 10.5%.

The IRR calculations are based on our best estimate of the dates when returns will be received by members.

1.8. Risks

All investment and commercial activities carry risk. Subscribers should take appropriate advice and make their own risk assessment whilst bearing in mind the social and environmental aspects of the Project.

Those interested in investing should do so only after reading this document in full and taking appropriate financial and other advice. This share offer is not covered by the Financial Ombudsman Service or the Financial Services Compensation Scheme.

2. BACKGROUND

This section provides the background to the Project and the organisations that have put it together.

2.1. Co-operatives & Renewable Energy

The co-operative movement in the UK originated in 1844 with the formation of a food store in Rochdale, Lancashire, organised by a group now known as the Rochdale Pioneers. These 30 founding members were frustrated with the dishonest practices and high prices charged by local merchants, and set up a new shop based on ethical principles and owned by its own customers. From this beginning, the co-operative movement has spread throughout the world, with every co-operative based on the same principles of wide ownership, and a set of values and principles based around equality and democracy.

Co-operative ownership of renewable energy has been growing rapidly in the UK and Europe over the past 15 years. The first renewable energy co-op in the UK was Baywind Co-operative in Cumbria, established in 1997. 11 years later, Torrs Hydro in Derbyshire became the UK's first hydropower co-operative. There are now renewable energy co-operatives across the UK and across the technologies.

Co-operatives are democratic structures with the legal ability to raise money directly from members of the public. With a one member one vote system and a board elected from the membership, they offer a fair and transparent way to operate a community owned renewable energy business. They also have the power to prioritise investment from the local area, ensuring that, as much as possible, financial benefits from renewable energy are felt by people in the locality.

2.2. The Corwen Hydro Project

The Rhug Estate has identified a site for small hydropower development above Corwen. The source of water is a reservoir fed from the Nant Cawrddu. Although the flow is small, the potential head is about 150m and an early technical report recommended that the site could be developed to provide about 42 kW of electricity.

The reservoir was the source of drinking water to Corwen but the installation of mains water means that the reservoir is no longer used by Welsh Water. The stream currently runs past the reservoir and falls into a steep valley leading to Corwen.

Cadwyn Clwyd commissioned several hydro feasibility studies in 2011 including this site, on information supplied by the Rhug estate. This site was identified as one that showed promise. Cadwyn Clwyd has the mission of supporting grass roots community activity, and therefore has been keen to transfer responsibility for the scheme (and the eventual benefits) to a community led group. This has led to the creation of a new co-operative called Corwen Electricity Co operative which was specifically set up to carry the project forward.

The main organisations involved in developing the scheme are as follows:

Cadwyn Clwyd Cyfyngedig is a Rural Development Agency, which provides guidance and support to develop and diversify the rural economy in Flintshire and Denbighshire through European Union, UK public and private sector funds.

The Company focuses on actions which stimulate grass-root participation, partnership working and innovation to support projects for rural communities and sector groups. It works directly with local communities to assist in the development and implementation of projects which benefit the area's local economy.

Corwen Electricity Co-operative (CEC) was formally established on 20th March 2014 and has 4 founding directors. CEC is one of several renewable energy co-operatives being developed with support from Sharenergy.

Corin Hughes Limited is a developer of small scale hydro schemes, and has coordinated all of the work that has taken place to put in place the planning permission, abstraction licence and the landowner permissions that are required for the scheme to be built.

Sharenergy is a Shrewsbury-based co-operative which helps community groups establish community owned renewable energy co-ops. Sharenergy is a spin-off from Energy4All, a not-for-profit company which owes its origin to Baywind community wind farm in Cumbria.

3. BUSINESS OVERVIEW

The sole current activity of Corwen Electricity Co-operative is the ownership and management of a Hydroelectric Installation on the Nant Cawrddu but this does not prevent the Society from developing other renewable energy projects in the future subject to agreement from members.

3.1. The Site

The Nant Cawrddu is situated to the South of Corwen. The upper end of the hydro scheme will be located at the reservoir above the town, and the lower end would be close to the town centre.

The vertical drop between the proposed intake and the proposed turbine location is about 150m. The horizontal distance from the intake to the turbine house would be about 700m.

A flood alleviation scheme has been built on the Nant Cawrddu and the Nant y Pigyn to protect Corwen from potential flooding. This scheme has involved infrastructure work at both the reservoir and town centre ends of the scheme. By acting early, it has been possible to influence the design of the flood alleviation works and thereby ensure that the proposed hydro scheme can be easily and cheaply integrated.

Also, the design of the flood flow diversion structure that has been built on the Nant Cawrddu above the reservoir has been modified to ensure sufficient flow reaches the reservoir throughout the year.

3.2. Land ownership

There are three landowners involved in the scheme who each own part of the stretch of land from intake to turbine house. These landowners are Natural Resources Wales, Denbighshire County Council and The Rhug Estate.

Heads of Terms have been agreed with all landowners and the options and leases are in final stages of negotiation with all landowners which will secure access for CEC to the site for a maximum of 40 years. At 22 years, CEC has the option to terminate the leases according to the decision of the members and board at that time.

None of the share capital raised through this share offer will be spent before an option is signed with each landlord, and if for any reason one of the options cannot be signed, all monies would be returned on shares bought through this share offer and the scheme would not proceed.

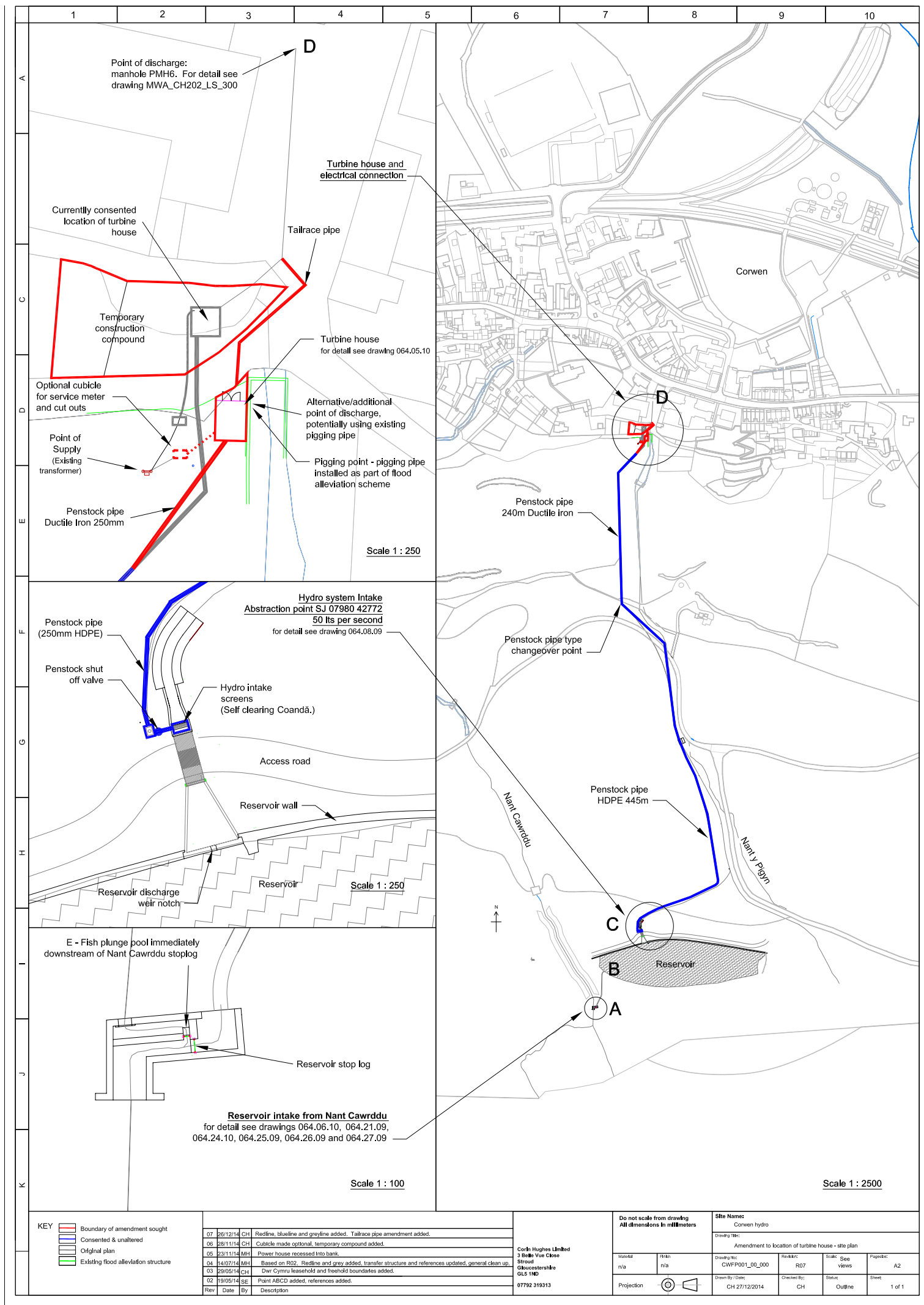
3.3. Operation of the Hydro Installation

The design and feasibility work that has been carried out has established that the most suitable turbine for the site is a Pelton wheel rated at 55 kW. Note this is higher than the 42kW proposed in an early technical report. The increase is mainly due to the abstraction licence allowing a higher 'peak instantaneous flow' than was initially envisaged. This 55 kW scheme has an abstraction licence and the revised planning permission is due on 22nd February 2015.

A plan view of the proposed installation is shown on the next page.

The main issues that have been considered at the feasibility stage are as follows:

1) Resource – head and flow. The gross head of 147 m was established based on survey plans obtained from Martin Wright Associates. This leads to a net head (adjusted for friction in the water pipes) of 143 m. The annual flow was estimated by use of the computer model LowFlows 2 and by plotting the catchment from contour plans. A V-notch thin plate weir and a level sensor have been



Point of discharge:
manhole PMH6. For detail see
drawing MWA_CH202_LS_300

Turbine house and
electrical connection

Currently consented
location of turbine
house

Tailrace pipe

Temporary
construction
compound

Turbine house
for detail see drawing 064.05.10

Optional cubicle
for service meter
and cut outs

Alternative/additional
point of discharge,
potentially using existing
pigging pipe

Point of Supply
(Existing
transformer)

Pigging point - pigging pipe
installed as part of flood
alleviation scheme

Penstock pipe
Ductile Iron 250mm

Scale 1 : 250

Hydro system Intake
Abstraction point SJ 07980 42772
50 lts per second
for detail see drawing 064.08.09

Penstock pipe
(250mm HDPE)

Penstock shut
off valve

Hydro intake
screens
(Self clearing Coandă.)

Access road

Reservoir wall

Reservoir discharge
weir notch

Reservoir

Scale 1 : 250

E - Fish plunge pool immediately
downstream of Nant Cawrddu stoplog

Reservoir stop log

Reservoir intake from Nant Cawrddu
for detail see drawings 064.06.10, 064.21.09,
064.24.10, 064.25.09, 064.26.09 and 064.27.09

Scale 1 : 100

Penstock pipe
240m Ductile iron

Penstock pipe type
changeover point

Penstock pipe
HDPE 445m

Nant Cawrddu

Nant y Plyn

Reservoir

Scale 1 : 2500

KEY	
Boundary of amendment sought	
Consented & unaltered	
Original plan	
Existing flood alleviation structure	

Rev	Date	By	Description
07	26/12/14	CH	Redline, baseline and greyline added. Tailrace pipe amendment added.
06	28/11/14	CH	Cubicle made optional, temporary compound added.
05	23/11/14	MH	Power house recessed into bank.
04	14/07/14	MH	Based on R02. Redline and grey added, transfer structure and references updated, general clean up.
03	28/03/14	CH	Dier Cymru leasehold and freehold boundaries added.
02	19/05/14	SE	Point ABCD added, references added.

Cork Hughes Limited
3 Bells Vue Close
Stroud
Gloucestershire
GL5 1ND
07792 319313

Do not scale from drawing
All dimensions in millimeters

Site Names			
Corwen hydro			
Drawing title:			
Amendment to location of turbine house - site plan			
Material	Drawn	Drawing No:	Revised:
n/a	n/a	CWFP001_00_000	R07
Projection	Scale	Checked By:	Static
CH 27/12/2014	CH	Outline	Sheet
			1 of 1

installed at the proposed Coanda intake screen location to collect flow data. This equipment will be left in place until just before Easter 2015 and the data collected will be used to validate the modelled flow estimates. Indications based on the 39 days of data collected so far are that the two estimates of annual mean flow (the first based on LowFlows 2 modelling and the second based on flow measurements at the site and at a nearby NRW gauge) agree to within 2 %.

2) Consents and permits. Any hydro scheme will need planning permission and a licence from Natural Resources Wales (NRW). It will also need a grid connection.

All permits have been received, and an offer of a grid connection has been received from the DNO. The grid connection has now been ordered and paid for in full.

3) Annual energy production. This has been calculated to be 135,000 kWh, based on realistic estimates of resource, permitted abstraction regime, system efficiency, system availability, grid availability and electrical losses.

4) Financial projections. Capital and operational expenditure were estimated based on reasonable assumptions and experience from previous projects. Quotes were obtained for key items.

A bespoke financial model for the project was then created by Sharenergy, based on similar projects elsewhere.

3.4. Microgeneration Certification Scheme

Due to government delays in creating an appropriate Standard for hydropower, this certification, which is needed for other technologies in order to claim the FIT, has been waived in the case of hydropower installations. This situation will be monitored, and if certification becomes a requirement, the Co-operative will ensure that all certification requirements will be met to ensure that the scheme is FIT compliant.

3.5. Preliminary accreditation

A scheme called Preliminary Accreditation is operated by OFGEM to enable renewable energy schemes to lock into a particular FIT rate at the point when planning permission, NRW licences, and the grid connection are confirmed. The tariff is then fixed as long as the scheme commissions within 2 years of the date that Preliminary Accreditation is applied for.

The Society was aiming to obtain all the necessary permits before the end of December 2014 to enable the FIT tariff to be fixed at that point. Planning permission however had to be altered at a late date as a result of a change in one of the landowner agreements. This resulted in an amendment being needed to the planning permission and this amended permission will not be received until 22nd February 2015 (although planning permission for the scheme prior to the amendment had been approved).

The Feed in Tariff that will actually apply will therefore be the one that comes in place in April 2015 and this is the assumption made in the financial projections. It is still possible that negotiations may result in the pre-April 2015 FIT being applicable, in which case the financial projections would be better than the ones presented, but this cannot be assumed.

3.6. Electricity sales

Any renewable energy scheme which incorporates an export meter has the option of either exporting to the grid and receiving the basic OFGEM export tariff of 4.85p/kWh, or of negotiating the sale of the electricity to any of the electricity suppliers. It is normally the case that direct sale of the electricity will provide a price slightly higher than the basic OFGEM tariff. The present market price for exported electricity is around 5.7p/kWh (including the additional payments such as Levy Exemption Certificates) and this is the figure used in the financial projections.

Potentially some electricity could be sold directly to an end customer at a higher price and this will be investigated. The financial model has taken the conservative assumption that all the electricity would be exported to the grid.

3.7. Project Timeline

This is an indicative timeline showing planned progress along a realistic path – but this can and will change as required.

Feb 2015	Share offer launched
May 2015	Main share offer complete Construction contracts signed
July 2015	First AGM for the society
Summer 2015 onwards	Construction
Summer 2016	Commissioning
March 2017	First interest payment made

4. FINANCIAL PROJECTIONS

The anticipated total cost for the 55kW Pelton turbine system is about £320,000 inclusive of all development and construction costs. A grant has been received to cover legal costs and another grant has been applied for to cover the flow measurement campaign, which reduces the capital requirement from other sources to £290,000.

The projected cost is calculated from a quotation received from Corin Hughes Limited for the construction, together with development costs already incurred such as the cost of preparing the planning application, the NRW licences and the land agreements.

The total target set to be raised through all shares is £290,000 + 10% contingency = £319,000

Of this, £25,200 has already been raised through a pioneer share offer, leaving £293,800 to be raised through this current share offer. For convenience, this has been rounded to £300,000.

Based on these capital costs, and estimates made for operating and running costs, financial projections have been prepared and approved by the Board and are summarised on the following page. The Directors take responsibility for the reasonableness of the Projections in this Offer. These projections are presented in section 4.1.

Returns to Members are calculated according to projected income and expenditure during the life of the Hydro Installation. The annual amount available for payment as interest on Members' capital is divided by the number of Shares in issue to give a projected rate of return. CEC will commence operations when electricity and FIT revenues commence. The strategic objective is to optimise returns from the Hydro Installation whilst promoting the concepts of renewable energy. The Projections are based on a project which initially lasts 20 years.

At the end of the 20 year period the income to the Co-operative will reduce sharply because of the ending of the FIT payments. The turbine cost will be fully depreciated and is likely to need some refurbishment. The lease will end at the point at which FIT payments cease. The business case and financial modeling in this share offer document are based around a payback of 20 years for members' capital. However, the co-operative may decide not to terminate the leases at 20 years (22 years from the dates of lease agreement), but to continue in operation for the remainder of the 40 year term depending on the economic and political climate at that point in the future.

The future role of the co-operative beyond 20 years would be up to the members and directors at that time to decide.

4.1. Tax relief

The scheme is designed to be eligible for tax relief. The tax relief that is available currently for community energy generation schemes is the Enterprise Investment Scheme (and the related Seed Enterprise Investment Scheme). See below for full description.

Government policy on Societies and tax reliefs is going through a period of change at the moment. Social Investment Tax Reliefs (SITR) are being modified and will take over from EIS tax reliefs for Societies. The precise details of the transition are not yet available. The Society will keep a close watch on developments through its association with Sharenergy and will take whatever steps are necessary to ensure that shares issued after the transition are carried out under tax reliefs comparable to those currently available.

4.2. Enterprise Investment Scheme Tax Relief

Enterprise Investment Scheme (EIS) Tax Relief, and the related Seed Enterprise Investment Scheme (SEIS), are tax reliefs that offer relief on income tax. Where this applies, individuals that buy eligible shares get a rebate on the UK income tax that they have paid. The relief is 30% for EIS and 50% for SEIS. CEC has received advance assurance from HMRC that this scheme is eligible for EIS and SEIS tax relief.

SEIS can apply to only the first £150,000 of capital received by a Society (including shares and any state aid grants received), and where the shares are issued within 2 years of the establishment of the business. EIS tax relief (at 30% relief) would apply to shares issued after the first £150,000. (note that £25,200 shares have already been issued by this Society under the pioneer share offer and £38,175 of state aid grant received).

In this share offer, the SEIS shares will be allocated on a first come first served basis.

Please note that you cannot claim more tax relief than you have paid in income tax. The relief is given by way of a reduction of tax liability, providing there is sufficient tax liability against which to set it.

In the event that when members eventually withdraw their shares they are worth less than their purchase price, the loss incurred (minus the initial 50% relief) can be set against income for tax purposes in that year (or the previous year). For further details about the EIS and SEIS schemes you are advised to consult the HMRC website.

The Board will endeavour to ensure that this share offer qualifies for EIS and SEIS tax relief. However, the Directors are not in a position to guarantee this. Applicants should take their own advice as to whether they are eligible for SEIS tax relief.

SEIS Example

Jenny invests £20,000 in SEIS qualifying shares. The SEIS relief available is £10,000 (£20,000 at 50%). Her tax liability for the year (before SEIS relief) is £15,000 which she can reduce to £5,000 as a result of her subscription.

For full details see <http://www.hmrc.gov.uk/seedeis/>.

4.3. 20 year income and expenditure projections

Year	1	2	3	4	5	years 6-10	years 11-20	year 1-20
Generation (kWh)	135,000	135,000	135,000	135,000	135,000			
Profit/Loss								
Feed in Tariff income	21,641	22,290	22,958	23,647	24,357	133,192	333,404	581,488
Income from electricity sales	7,020	7,301	7,593	7,897	8,212	46,260	124,759	209,042
LECs, Triads etc	675	695	716	738	760	4,154	10,399	18,138
Income	29,336	30,286	31,267	32,281	33,329	183,606	468,563	808,668
Depreciation over 20 years	15,936	15,936	15,936	15,936	15,936	79,679	159,357	318,714
Operating and admin costs	6,852	7,060	7,274	7,495	7,722	54,883	137,652	228,938
Expenditure (including depreciation)	22,788	22,996	23,210	23,430	23,657	134,562	297,009	547,652
Operating surplus	6,547	7,290	8,058	8,851	9,671	49,045	171,554	261,016
Interest on cash in bank	0	120	359	598	420	2,098	4,195	7,788
interest to members	-6,047	-6,895	-7,886	-8,902	-9,528	-48,065	-168,922	-256,245
Surplus for distribution	500	515	530	546	563	3,077	6,826	12,558
Cashflow								
Bank opening balance	0	15,936	31,871	20,000	20,000			
Capital expenditure	-318,714							
Surplus for distribution	500	515	530	546	563	3,077	6,826	12,558
Add back depreciation	15,936	15,936	15,936	15,936	15,936	79,679	159,357	318,714
Community fund	-500	-515	-530	-546	-563	-3,077	-6,826	-12,558
Share capital (receipt and repayment)	318,714	0	0	-27,807	-15,936	-79,679	-179,357	-318,714
Bank closing balance	-	15,936	31,871	20,000	20,000	20,000		
Member IRR (no tax relief)	4.8%							
Member IRR (30% tax relief)	7.8%							
Member IRR (50% tax relief)	10.5%							
Community fund	500	515	530	546	563	3,077	6,826	12,558

4.4. Projected returns profiled over 20 years

The IRR (Internal rate of return) is calculated over the 20 year period from the projected capital and return each year. The table below illustrates the anticipated returns that you would receive (capital and interest) across the 20 year period if you bought 1000 shares.

Interest and capital payments														
Share offer closed				tax relief received										
				year 1	year 2	year 3	year 4	year 5	year 6	year 7	year 8	year 9	year 10	
no tax relief				£-										
30% tax relief	1,000			£300	£16	£21	£96	£82	£78	£75	£76	£78	£81	£84
50% tax relief				£500										
relevant date	May 15			Sep 16	Apr 17	Apr 18	Apr 19	Apr 20	Apr 21	Apr 22	Apr 23	Apr 24	Apr 25	Apr 26
												Total money returned		IRR
				year 11	year 12	year 13	year 14	year 15	year 16	year 17	year 18	year 19	year 20	year 21
no tax relief													£1,778	4.8%
30% tax relief	£87	£89	£92	£95	£99	£102	£105	£109	£112	£170	£30	£2,078	7.8%	
50% tax relief												£2,278	10.5%	
relevant date	Apr 27	Apr 28	Apr 29	Apr 30	Apr 31	Apr 32	Apr 33	Apr 34	Apr 35	Apr 36	Apr 37			

- 1) "Relevant date" indicates the date when you would be expected to pay or receive the amount.
- 2) Interest and capital are paid annually. There will be a part year at the beginning and end because the 20 years of the FIT payments will not coincide with a financial year.
- 3) Tax relief can be applied for once the cooperative has been trading i.e. selling electricity for 4 months. The date of September 2016 takes this into account.
- 4) Interest and capital payments would be paid after the end of each financial year once all revenues and receipts have been confirmed and annual profit can be verified. The financial year end for the CEC is 31st December.

4.5. Assumptions

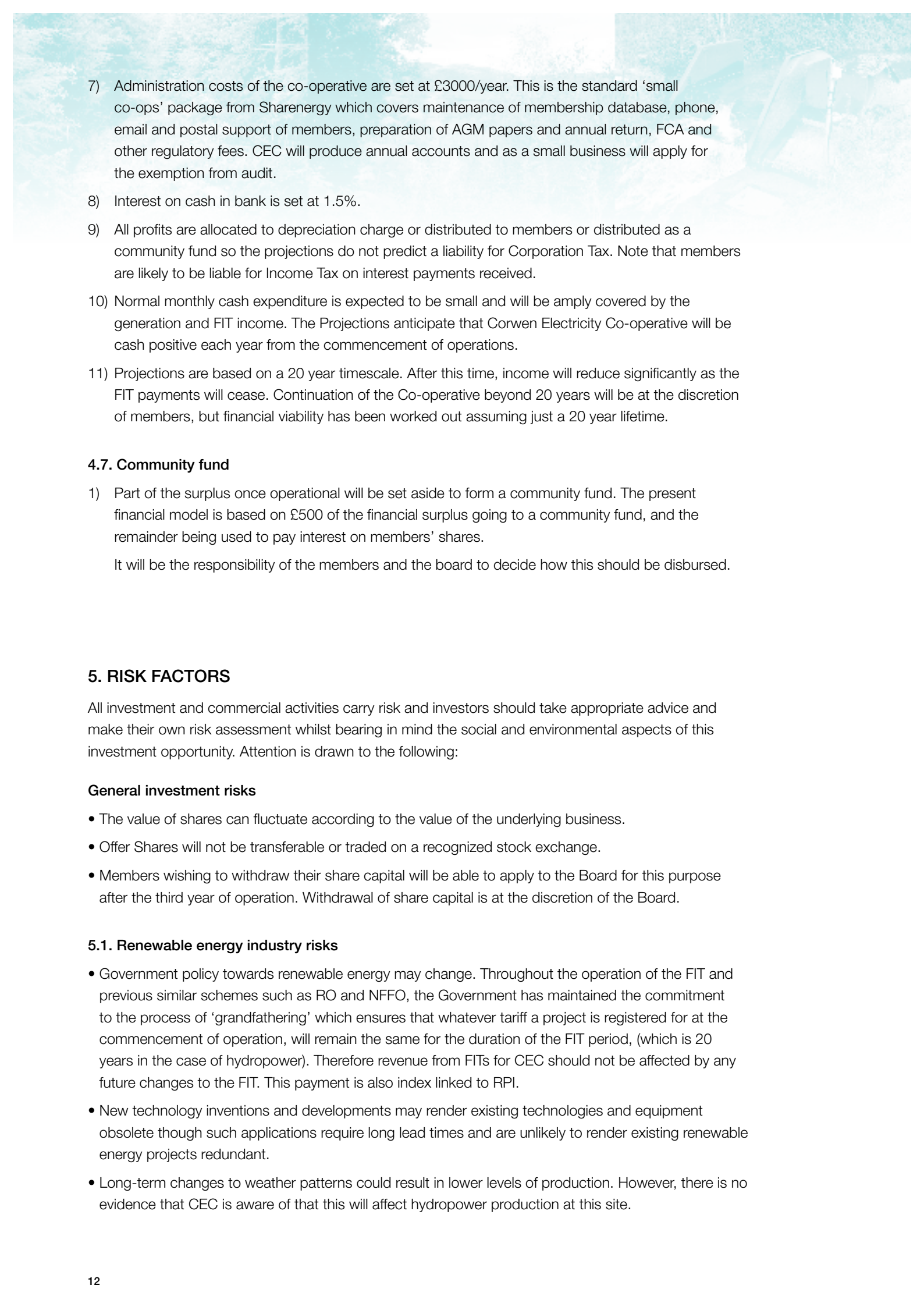
The Projections are based on the following principal assumptions:

1. That annual production levels of the 55kW Hydro Installation will be in line with the estimates made, averaging 135,000 kWh per annum. In the event that the predicted energy production falls below the projected levels the revenues of the Co-operative will be reduced. In the case of a technical fault, this is intended to be covered by warranties and/or insurance, including for losses incurred as a result.
2. Current expectations relating to the global energy market, the UK electricity industry, UK government policy, and the desirability for and promotion of electricity from renewable sources, will remain reasonably consistent and reasonably favourable to the Hydro Installation over the next 20 years, resulting in continuing demand for electricity and related environmental attributes produced by the Hydro Installation.
3. Prices at a reasonably similar level to those currently obtainable will be achieved through the life of the Hydro Installation (after allowance for annual inflation).
4. Operation and maintenance costs will be incurred from the start of operations. Maintenance costs will continue to rise as the equipment gets older. It is assumed that operations and maintenance costs will rise no faster than the income.
5. The intake will incorporate a self-cleaning Coandă screen but this may need manual cleaning occasionally. The financial projections include provision for manual debris clearance to be carried out on an ongoing basis.

Any of the assumptions not being realised is likely to result in adjustments to the Projections within the overall Project plan. Projections and assumptions such as those above are inherently less reliable over longer time spans.

4.6. Notes on the Financial Projections

- 1) The total cost of £320,000 is based on capital cost quotes and estimates obtained by Corin Hughes Limited plus the development costs already incurred and covered by the previous pioneer share offer.
- 2) Inflation on all income and expenditure other than grid electricity is modelled at 3% per annum over the 20 year period. The inflation rate assumed for grid electricity is 4% p.a. i.e. 1% above inflation.
- 3) Income is based on the Feed in Tariff, and on the electricity being exported at the most beneficial rate. Note that the Feed in Tariff price per kWh is guaranteed for the full 20 years.
- 4) Depreciation of equipment is straight-line over the 20 year period and creates a fund to pay back members' capital. Capital will be returned to members each year as cashflow allows, subject to maintaining a contingency reserve within the co-operative and subject to maintaining EIS eligibility (i.e. no return of capital within the first 3 years).
- 5) Business rates are assumed to be zero for the first five years due to the Denbighshire Council exemption for small businesses. There is no confirmation of whether this will be permanent, and the financial model has assumed this will revert to a normal level of business rates after 5 years.
- 6) Insurance costs are set at £1000/year – this is an estimate based on similar schemes elsewhere.

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- 7) Administration costs of the co-operative are set at £3000/year. This is the standard 'small co-ops' package from Shareenergy which covers maintenance of membership database, phone, email and postal support of members, preparation of AGM papers and annual return, FCA and other regulatory fees. CEC will produce annual accounts and as a small business will apply for the exemption from audit.
 - 8) Interest on cash in bank is set at 1.5%.
 - 9) All profits are allocated to depreciation charge or distributed to members or distributed as a community fund so the projections do not predict a liability for Corporation Tax. Note that members are likely to be liable for Income Tax on interest payments received.
 - 10) Normal monthly cash expenditure is expected to be small and will be amply covered by the generation and FIT income. The Projections anticipate that Corwen Electricity Co-operative will be cash positive each year from the commencement of operations.
 - 11) Projections are based on a 20 year timescale. After this time, income will reduce significantly as the FIT payments will cease. Continuation of the Co-operative beyond 20 years will be at the discretion of members, but financial viability has been worked out assuming just a 20 year lifetime.

4.7. Community fund

- 1) Part of the surplus once operational will be set aside to form a community fund. The present financial model is based on £500 of the financial surplus going to a community fund, and the remainder being used to pay interest on members' shares.

It will be the responsibility of the members and the board to decide how this should be disbursed.

5. RISK FACTORS

All investment and commercial activities carry risk and investors should take appropriate advice and make their own risk assessment whilst bearing in mind the social and environmental aspects of this investment opportunity. Attention is drawn to the following:

General investment risks

- The value of shares can fluctuate according to the value of the underlying business.
- Offer Shares will not be transferable or traded on a recognized stock exchange.
- Members wishing to withdraw their share capital will be able to apply to the Board for this purpose after the third year of operation. Withdrawal of share capital is at the discretion of the Board.

5.1. Renewable energy industry risks

- Government policy towards renewable energy may change. Throughout the operation of the FIT and previous similar schemes such as RO and NFFO, the Government has maintained the commitment to the process of 'grandfathering' which ensures that whatever tariff a project is registered for at the commencement of operation, will remain the same for the duration of the FIT period, (which is 20 years in the case of hydropower). Therefore revenue from FITs for CEC should not be affected by any future changes to the FIT. This payment is also index linked to RPI.
- New technology inventions and developments may render existing technologies and equipment obsolete though such applications require long lead times and are unlikely to render existing renewable energy projects redundant.
- Long-term changes to weather patterns could result in lower levels of production. However, there is no evidence that CEC is aware of that this will affect hydropower production at this site.

- Abnormal short-term weather conditions could affect expected levels of generation, although overall patterns outside anticipated parameters are unlikely.
- Operational costs may rise faster than anticipated during the life of the Project.

5.2. Risks specific to Corwen Electricity Co-operative Share Offer

- The project may fail to raise the required capital through its main share offer. We believe that the overall benefits of the project and the target member return will suffice to raise the necessary sum, based on the experience of other co-operatives of a similar nature.
- Tax reliefs arrangements are going through a period of change driven by statements made in the Autumn Statement in December 2014. Tax relief arrangements beyond 6th April 2015 are still uncertain (see section 4.1).

5.3. Risks specific to Corwen Electricity Co-operative Long Term operation

- Warranties and insurance will be in place in the event of mechanical breakdown of the equipment. Accidental and malicious damage will also be covered under insurance and public liability insurance will be in place. However, equipment failure due to exceptional circumstances would increase maintenance costs and this would impact on co-operative income.
- The government has exempted hydro installers and equipment from Microgeneration Certification Scheme (MCS) registration. Should this exemption lapse or be reversed and our chosen installers or equipment not qualify under the scheme then the project might be ineligible for FIT. This is however considered a low risk.
- In the event that the landowner needs to undertake essential works on site during the project term, CEC will be responsible for all costs associated with the removal and reinstallation of the installation and associated equipment and the Landowner will not indemnify CEC for loss of income. Insurance may or may not cover the costs incurred by CEC in such instances and as a result returns to members could be affected and in the cases of repeated and/or prolonged periods of works could mean members' original investment is not repaid.
- We believe that CEC qualifies for business rates exemption for small businesses. Should this prove not to be the case the project might be liable for business rates, which would reduce net income.

5.4. Scenario sensitivity

There are several factors that will affect the overall return of the shares and constitute a risk to the investment. Two of these risks are 1) Annual energy generation, and 2) inflation rate of energy costs.

In order to demonstrate the sensitivity of the return to potential risks, scenarios have been run under different assumptions to identify the variation in return under these scenarios.

The scenarios modelled are energy generation, and electricity price inflation. The table below illustrates these variations.

Variation of rate of return due to variation in electricity price index and annual energy generated.				
		Electricity price inflation (average rate of 2.5% RPI assumed)		
		0% above RPI	1% above RPI	2% above RPI
Generated Energy	10% below forecast (121,500kWh)	3.3%	3.5%	3.8%
	Central forecast used for modelling (135,000kWh)	4.6%	4.8%	5.1%
	10% above forecast (148,500kWh)	5.8%	6.1%	6.3%

Note that from 2003 to 2013, domestic electricity prices have risen on average about 5.6% above CPI (source: <https://www.gov.uk/government/statistical-data-sets/monthly-domestic-energy-price-stastics>, accessed 22/01/2015) which is about 4.6 % above RPI. CPI (consumer price index) is typically about 1% lower than RPI (Retail price index).

6. MANAGEMENT AND ADMINISTRATION

6.1. Corwen Electricity Co-operative

Corwen Electricity Co-operative Limited is a Registered Society, registration number 32341R, and was incorporated and registered with the UK Financial Conduct Authority on 20th March 2014. It is domiciled in Wales, with its registered office at Owain Glyndwr Hotel, The Square, Corwen, LL21 0DL.

A Registered Society is a legal form providing the structure of a co-operative. It is owned by and operated for the benefit of its members and/or the community. Members elect directors and each member has one vote in a members' meeting regardless of the number of shares held. Members are protected by limited liability and are only obliged to contribute the initial cost of their shares. A Registered Society is governed by Rules, largely in standard form, which are approved by and registered with the Financial Conduct Authority. A copy of Corwen Electricity Co-operative's Rules is available by application to the Co operative (see back of this Offer document for contact details).

6.2. The Board

The current board is a transitional board, for the purposes of setting up the Co-operative, running the share issue and overseeing the installation of the Hydro Installation. Board elections from the new membership will be held at the first AGM.

Director: Ifor Sion



I'm originally from Gwyddelwern, then lived in Bryneglwys for a while before coming to Corwen in 1985.

After obtaining a degree in Electronics at University College Bangor, I started my own electrical business. During that time I completed the re-wiring of Palé Hall, Llandderfel, which has its own 60kW hydro system, installed in 1918 and still working fully today.

Now, and for the past 16 years, (a big change) I'm running the Owain Glyndwr Hotel in Corwen.

With Nant Cawrddu running underneath the hotel, I have great interest in seeing this project succeed.

Director: Robert Roberts



I am an active member of Corwen Town Council, Corwen Partnership and Corwen Walking Committee. I am keen to help the community in Corwen to improve the area and also help to bring more tourists into this beautiful area of North Wales. The Hydro scheme should contribute some financial assistance for the community through the green production of electricity:- a win-win situation!

Director: Michael Paice



I am originally from Greenwich in London but have lived in various parts of the U.K. including Northern Ireland and Norfolk.

I moved to Cynwyd 8 years ago with my partner, Jen. We live quite a sustainable life with a pig, some rare breed sheep, ducks and hens. We grow a lot of our own fruit and vegetables. We installed solar panels two years ago and have seen a good return on them.

I have worked as a volunteer with The Waterways Recovery Group on canals all over England for the last 23 years. I am now involved with The Corwen Railway Society and The Corwen Walking Festival.

I hope that this hydro scheme will enhance our town and would encourage others to get involved.

Director and Company Secretary: Joel Scott

I have a background of mechanical engineering and have worked in a variety of roles in the local Monsanto chemical works for 23 years. Outside of work I have been on, and am on, numerous committees in and around Corwen, including secretary to the Merioneth County and Corwen Cricket club, past treasurer and warden of Carrog parish church, member of the War Memorial Park committee and more recently have



become one of the founder members and secretary of the Corwen Railway Society. I see this hydro project as a vital link to the future prosperity of Corwen town by not only providing finances to benefit the community but also to help unite the town's people, educate our youngsters, (as it would be a great project for our schools to follow) and do our bit in helping to decrease the carbon footprint of our world.

I am married to a local girl and have four grown up children and four grandchildren.

6.3. Current and intended shareholdings of Directors

The directors are intending to take up shares to the value of £7250 in aggregate in this share offer and the previous pioneer share offer.

6.4. Disclosure

None of the directors of Corwen Electricity Co-operative have, for at least the past five years, received any convictions (for any fraudulent offence or otherwise), or been involved in any bankruptcies, receiverships or liquidations, or received any public recrimination or sanction by a statutory or regulatory authority or designated professional body, or been disqualified from any function by any court.

6.5. Conflicts of Interests

The directors are not aware of any current conflicts of interest.

6.6. Remuneration

No remuneration has been paid by the Corwen Electricity Co-operative to the Directors. When the Hydro Installation is generating electricity, each Director will be entitled to claim fees and/or expenses not exceeding £50 p.a. in addition to travel expenses. Directors' share applications will be met in full, but there are no pension schemes, share option schemes, and except for the reimbursement of expenses there are no other benefits for Directors of Corwen Electricity Co-operative.

6.7. Board Practices

Directors and the Company Secretary serve in accordance with the Rules. They have no service contracts. Corwen Electricity Co-operative will have no employees and the business is not dependent on key individuals. Day-to-day operations will be managed by the Co-operative under the supervision of the Board. The Board will bear ultimate responsibility to the Members.

As a Registered Society, Corwen Electricity Co-operative complies with statutory requirements and the regulation of the Financial Conduct Authority. As the Shares will not be listed, Corwen Electricity Co-operative is not obliged to comply with The Combined Code on Corporate Governance.

Corwen Electricity Co-operative strives to promote Co operative Values and Principles:

- Self help and self-responsibility
- Honesty and openness
- Autonomy and independence
- Opportunities for education
- Co-operation among co operatives
- Democracy and equality
- Social responsibility
- Member economic participation
- Concern for community

6.8. Accounts

Corwen Electricity Co-operative was incorporated on 20th March 2014. Its financial year end is 31st December. At the time of commencing this share issue, the number of shares that have been issued comprise 25,200 shares that were issued through the pioneer share offer, and the issue of 4 shares at par to the founding directors.

6.9. Dividend Policy

Members' Shares will attract a payment of interest annually in arrears and there is currently no policy to pay dividends (see glossary for the definition of dividends). Interest rates will vary according to financial performance.

6.10. Legal Proceedings

There have been no governmental, legal or arbitration proceedings relating to the Project or Corwen Electricity Co operative and none are pending or threatened which could have a significant effect on the financial position or profitability of CEC.

6.11. Rules of the Co-operative

Registered Societies, such as Corwen Electricity Co-operative, are governed by Rules approved by the Financial Conduct Authority (not by Memorandum and Articles of Association). A copy of the Rules is available from CEC (see contact details on back page of this Offer).

6.12. Further information

Other documents mentioned in this Offer are available from the CEC (see contact details on back page of this Offer).

General information sourced from third parties in this Offer Document has been accurately reproduced and as far as the Directors are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

7. SHARE OFFER

7.1. Reasons for the Offer and use of proceeds

This Offer is being made so that:

- The Hydro installation on Nant Cawrddu that has received planning permission and NRW permits can be constructed.
- Members and people in Corwen Town may benefit from Corwen Electricity Co operative owning the Hydro Installation.
- Members may be as far as possible drawn from the local community.
- Corwen Electricity Co-operative and its Members are able to make a contribution to promoting renewable energy and reducing the negative effects of reliance on non-renewable energy sources and their effects on Climate Change.

7.2. Offer Shares

300,000 ordinary Shares of £1 are offered at par and payable in full on acceptance of an application on the Terms and Conditions of this Offer Document. The Shares, which will not be traded on any stock exchange, have been created under the Co-operative and Community Benefit Society Act 2014.

Successful applicants will receive share certificates and their details and holdings will be recorded in a share register to be kept by Sharenergy, on behalf of CEC, at The Pump House, Coton Hill, Shrewsbury, SY1 2DP, or any successor business address. Each person or organisation issued with Shares becomes a Member of CEC, with membership rights defined in the Rules. The principal rights are:

- One vote per holding on resolutions of the Members, including in relation to the appointment of Directors.
- The right to receive a proportionate annual interest payment as a return on the investment in shares (subject to available profits).

- The right to the return of their original subscription of capital at the end of the life of the Hydro Installation (subject to available surplus assets being available and any new business of CEC).
- As a Member, eligibility for election to the Board.

7.3. Interest payment/dividend

Interest will be paid on the balance of each Members' account at rates which will reflect annual financial performance. Each Share also carries a right in theory to an equal part in any declared dividend, although it is not the intention to declare dividends in addition to annual interest payments. The date on which entitlement to interest (or any dividend) arises will be announced each year. It is envisaged that any interest (or dividend) unclaimed for a period of 7 years will be cancelled for the benefit of all Members. There are no restrictions on interest and dividend payments and no special procedures have been established for non-resident holders.

7.4. Voting rights

Each Member has one vote, regardless of the number of Shares held. There are no pre-emption rights.

7.5. Rights to share in profits/surpluses

All Members are entitled to share in interest (and dividends) declared out of annual profits, such payments to be divided equally between the total Shares in issue. This means that a Member with 10,000 shares has a single vote but will receive interest or dividends on all 10,000 shares. When the Hydro Installation comes to the end of its life Members may choose to liquidate CEC, in which case assets will be realised and the net proceeds applied in repaying Members' share capital. Any surplus will be paid to Members pro-rata in accordance with the number of Shares then in issue.

7.6. Redemption provisions

Redemption of Shares may take place in accordance with the Rules. Members do not have the right to withdraw share capital but the Board of the Co-operative has the power to permit Shares in the Co-operative to be withdrawn by agreement between the Board and the member. Members can apply for withdrawal of share capital after the third year of operation. In addition the Board has the power to return capital to members at its discretion.

7.7. Taxation

Interest payments made to Members will be subject to United Kingdom taxation. It is expected that payments will be made gross and members will be responsible for declaring this income on their tax returns.

7.8. Provisions on death of a Member

In accordance with CEC rule 22, on the decease of a member of the Co-operative, their shares can be transferred to their personal representative, who can keep them, apply for withdrawal of the share capital or transfer them to any other person who qualifies to be a member of the Co-operative.

8. TERMS AND CONDITIONS

8.1. Eligibility

The Offer is open to anyone, over 16 years of age, who meets the membership requirements of the Rules.

8.2. Minimum and maximum holdings

The minimum number of Shares which can be applied for is 250 and the maximum is 95,000.

8.3. Application procedure

- Anyone interested in responding to this Offer is strongly advised to take appropriate independent financial and other advice.
- Shares shall be applied for using the Application Form following the Guidance Notes.
- By delivering an Application Form an Applicant offers to subscribe, on the Terms and Conditions contained in this Offer Document, for the number of Shares specified, or such lesser number as may be allocated.
- An Applicant who receives Shares agrees to automatic membership of Corwen Electricity Co-operative and to be bound by its Rules.
- Once an application has been made it cannot be withdrawn.
- Multiple applications will be admitted providing that they do not result in a Member holding more than the limit of 95,000 shares. This upper limit is a condition of the tax relief that states that any one shareholder (or group of shareholders with financial links) cannot hold more than 30% of the shares for the tax relief to apply.

8.4. The Offer timetable

The share offer will be opened for applications from 15th February 2015. The Offer will remain open until the target amount of 300,000 shares is reached. If the target has not been reached within three months, the directors will decide whether to continue the share offer or to close the project and return all monies.

Subject to the share offer being successful, the Board expects the following timetable to apply:

February 2015 Launch of share offer

March 2015 Issue shares of applications received by end March

May 2015 Share offer complete

July 2015 First AGM
Construction begins

July 2016 Generator commissioned

8.5. Consequences if the Offer is unsuccessful

If a sum less than the Offer total is raised the Board will not proceed with the development of the Hydro Installation. Application Monies will be returned in full to the Applicants as soon as is practical. None of Corwen Electricity Co-operative, its Directors or advisors will be responsible for loss of interest or any other benefit suffered by Applicants during the period the monies are held by CEC.

8.6. Commitments and confirmations by Applicants

Each Applicant, on submitting an Application Form, confirms that he/she/it:

- Meets the eligibility criteria.
- Is not making multiple applications for a total of more than 95,000 Shares.
- Is not relying on any information or representation in relation to the Offer Shares, Corwen Electricity Co-operative, or the Hydro Installation which is not included in this Offer Document.

- Shall provide all additional information and documentation requested by Corwen Electricity Co-operative in connection with their application; including in connection with taxation, money laundering or other regulations.

Any person signing an Application Form on behalf of another person undertakes that they are authorised to do so.

8.7. Procedures on receipt by Corwen Electricity Co-operative of Applications

- Offer cheques/bankers' drafts will be presented on receipt and may be rejected if they do not clear on first presentation.
- Surplus Application Monies may be retained pending clearance of successful Applicants' cheques.
- Applications may be rejected in whole, or in part, or be scaled down, without reasons being given.
- Application Monies in respect of any rejected or scaled-down Applications shall be returned by crossed cheque or bank transfer, no later than one month after the end of the Offer Period.
- No interest is payable on submitted Application Monies which become returnable.
- Applications on incomplete or inaccurate Application Forms may be accepted as if complete and accurate.
- CEC reserves the right not to enter into correspondence with Applicants pending the issue of share certificates or the return of Application Monies.
- Results of the Offer will be published to members within one month after the Offer has been closed.
- Share certificates will be issued to successful Applicants one month after the end of the Offer Period.

8.8. Pricing, trading and dealing arrangements

The Board has resolved to offer Shares at their par value of £1. CEC intends paying interest on Members' shares each year from the time when electricity generation begins, such that retained profits will not accumulate. The underlying asset value of each Share is likely to remain at £1 and any Share redemption will take place at par.

8.9. Governing Law

This Offer is one of a series throughout the UK being managed by the co-operative Sharenergy and so to minimise costs this Offer Document and the Terms and Conditions of the Offer are subject to English and Welsh law.

9. GUIDANCE NOTES

10.1. Applying for Shares

The Offer is open to individuals, Registered Societies and other organisations. It is only possible to purchase Shares in Corwen Electricity Co-operative by completing the Application Form.

Before completing the Application Form you should consider taking appropriate financial and other advice, particularly in relation to any aspect of the Offer Document which is not clear to you. Your attention is particularly drawn to:

- The Risk Factors section which describes risks relating to an investment in the Offer Shares.
- Terms and Conditions of the Offer because by completing the Application Form you will make an irrevocable offer which may be accepted by Corwen Electricity Co-operative.
- The Rules of Corwen Electricity Co-operative because in buying Offer Shares you will become a Member of CEC and will be bound by those Rules.

10.2. Amount to invest

The price of each share is £1. The minimum number is 250. The maximum is 95,000. Annual interest payments will be based on the number of Shares you hold, but you will only have one vote, regardless of the number of Shares you hold.

10.3. Personal details

You may apply as an individual, or as long as you are properly authorised, on behalf of an Registered Society or other organisation.

For legal reasons persons under 16 years of age cannot become Members.

10.4. Priority Application

Shares will be allocated on a first come first served basis.

10.5. Declaration

In signing the Application Form, as an individual, you are personally making an irrevocable offer to enter into a contract with Corwen Electricity Co-operative. If you are signing on behalf of an organisation or on behalf of another individual you are personally representing that this is in accordance with due explicit authorisation.

Non-UK residents must take responsibility for ensuring that there are no laws or regulations in their own country that would prevent them from investing in or receiving income from a UK co-operative. Under Money Laundering Regulations, you may be required to produce satisfactory evidence of your identity and it is a condition of the Offer that you do so as requested. You should note that if the Offer is unsuccessful, it will become necessary to return money to applicants.

10.6. Payment

Please attach a cheque or banker's draft, drawn on a UK bank or building society or make a bank transfer for the exact amount shown in the box under 'Amount to invest'. If there is a discrepancy between the two, or if the cheque is not honoured on presentation, your application may be rejected without further communication. Bank account details for transfer are given on the application form.

10. GLOSSARY

Abstraction The word used by Natural Resources Wales to refer to water being removed from a watercourse.

Applicant An applicant for Offer Shares through submission of an Application Form.

Application Form The form in this Offer Document which must be completed to be returned in accordance with the Terms and Conditions of this Offer and the Guidance Notes.

Application Monies The total gross sum realised by this Offer.

Board The Board of Directors of Corwen Electricity Co-operative.

Climate Change The phrase widely used to describe changing weather patterns as a direct result of global warming, including an increase in the incidence and intensity of storms and droughts.

CO₂ Carbon dioxide, a natural gas emitted during the burning of fossil fuels and regarded as the main cause of global warming.

Directors The directors of Corwen Electricity Co-operative.

Dividend (in a co-operative society) is a discretionary allocation of profit paid to members, based on the members' transactions with the co-operative and not on the amount of capital invested.

FIT (Feed in Tariff) Incentive for micro generation up to 5MW introduced by HM Government on 1st April 2010 under powers from the Energy Act 2008.

kW (kilowatt) A unit that measures power and is equal to 1 thousand Watts.

kWh (kilowatt hour) A unit that measures energy and is equal to the energy that can provide the power of 1 kW for the period of one hour.

Corwen Electricity Co-operative Corwen Electricity Co-operative Ltd. Principal Office: Owain Glyndwr Hotel, The Square, Corwen, LL21 0DL (Registered Society number 32341R).

Corwen Electricity Co-operative Shares Ordinary shares of £1 in Corwen Electricity Co-operative.

MWh (megawatt hour) A unit that measures energy and is equal to 1000 kWh (see above).

Offer The Offer of Shares in Corwen Electricity Co-operative contained in this Offer Document.

Offer Costs The expenses incurred by or on behalf of Corwen Electricity Co-operative in issuing this Offer Document.

Offer Period The period during which the Offer will remain open (including any extension) as set out in the Offer timetable in this document.

Offer Shares New shares of £1 in Corwen Electricity Co-operative, offered at par on the Terms and Conditions and payable in full on application.

PPA Power Purchase Agreement for the sale of electricity.

Project The proposed ownership and operation by Corwen Electricity Co-operative of a Hydro Installation on the Nant Cawrddu, Corwen.

Projections The financial projections for Corwen Electricity Co-operative set out in this document.

Rules The Rules of Corwen Electricity Co-operative, available on demand by using the contact details set out on the back of this Offer document.

Shareenergy Shareenergy Co-operative Limited. A Registered Society (registered no. 31237R), registered at The Pump House, Coton Hill, Shrewsbury, SY1 2DP.

Site The location of the proposed Hydro Installation.

Terms and Conditions The terms and conditions of the Offer contained in and constituted by this Offer Document.

The Hydro Installation in this Offer Document refers to the Hydro turbine, civil works and ancillary equipment of the Project.

Corwen Electricity Co-operative Limited is a Registered Society
registered with the Financial Conduct Authority (reg no. 32341R)

For enquiries relating to this share offer contact:
Sharenergy, The Pump House, Coton Hill, Shrewsbury, SY1 2DP
01743 277119

The project has been developed in association with



15th February 2014

Printed on recycled paper

More information can be found on the website www.corwenelectricity.org.uk

APPLICATION FORM

Corwen Electricity Co-operative Limited Share Issue, February 2015

Important: before completing this Application Form you must:

- Read the accompanying Share Offer Document
- Pay special attention to the Risk Factors set out in this Offer Document
- Consider where you need to take financial advice or other advice in relation to the Terms and Conditions of the Offer contained in the Offer Document
- Read the Rules of Corwen Electricity Co-operative available on the project website at www.corwenelectricity.org.uk or from the Co-operative (contact details on back of this Offer)

PLEASE USE CAPITALS AND BLACK INK AND COMPLETE BOTH PAGES OF THE APPLICATION FORM

Amount to invest: I wish/my organisation wishes to invest a total amount of £ .00 in

Corwen Electricity Co-operative on the Terms and Conditions of the Offer Document at the price of £1.00 per Share. (You may invest not less than £250 and not more than £95,000).

Individual Applicant details

Title (Mr/Mrs/Ms/other) Forenames:

Surname:

Address:

Postcode: Daytime telephone:

Date of birth:

Correspondence: *If possible please provide an email address to keep the costs of administering the co-operative to a minimum*

Email:

Tax Relief: I would like to claim tax relief Yes ☐ No ☐

If the Applicant is an organisation

Organisation name:

Organisation address:

Type of organisation:

Registration number:

Name of authorised signatory signing this application:

Position of authorised signatory:

Payment of interest:

If you would like your interest payments to be paid by bank transfer, please provide bank details in the box below, otherwise interest will be paid by cheque.

Name on account:

Sort code: Account number:

DECLARATION

I confirm my understanding that:

- This Application may be withdrawn if a supplementary Offer Document is issued, but not otherwise and if and when accepted by CEC forms a contract subject to English law on the Terms and Conditions of the Offer Document.
- An Applicant who/which is not UK resident is responsible for ensuring that this Application complies with any laws or regulations applicable outside the UK to which he/she/it is subject.
- If the Offer is oversubscribed it is possible that an otherwise eligible Application will not be accepted in part or in whole.
- If insufficient funds are raised by the Offer, Application Monies will be returned.

I confirm that:

- I have read the Offer Document (including the Risk Factors and the Guidance Notes to this Application Form) and the Rules of CEC.
- I am over 16 and the Applicant meets the Offer eligibility criteria.
- CEC is hereby authorised to make such enquiries as are deemed necessary to confirm the eligibility of this Application.
- The Applicant is not making an application or multiple applications for a total of more than 95,000 Shares.
- The Applicant is not relying on any information or representation in relation to the Offer Shares or CEC which is not included in the Offer Document.
- The Applicant shall provide all additional information and documentation requested by CEC in connection with this Application, including in connection with money laundering, taxation or other regulations.
- If signing this Application on behalf of any person/organisation I am doing so with explicit authority.

I understand that the cheque supporting this application will be presented for payment upon receipt and I warrant that it will be paid on first presentation.

Signature: *(Applicant/on behalf of
Applicant organisation as applicable):*

Date:

Payment

I wish to pay by cheque: ☐ transfer: ☐ (tick as appropriate)

Cheque

Please attach a single cheque or banker's draft for the amount shown above, payable to Corwen Electricity Co-operative Limited and crossed A/c Payee.

Transfer

Please transfer to the following account:
Corwen Electricity Co-operative Limited
Sort Code 08-92-99
Account No. 65736636

If we need to return any or all of your monies because of oversubscription or cancellation of the project, please indicate whether you would like this returned by cheque or by bank transfer to your account specified overleaf.

Please return any monies by cheque: ☐ bank transfer: ☐

Send your completed Application Form and payment to:

Corwen Electricity Co-operative Limited, c/o Sharenergy, The Pump House, Coton Hill, Shrewsbury, SY1 2DP

We would be grateful if you would inform us how you first heard of this Share Offer:

This application form can be photocopied and **additional application forms** are available.

For all enquiries use the contact details on the back of this Offer document.

Thank you for considering subscribing to and joining Corwen Electricity Co-operative.