



Baywind Renewable Energy Co-operative

This case study provides an overview of the first UK co-operative to own wind turbines. The six turbines, near Ulverston and Millom in Cumbria, were built by a developer and then sold one by one to the community through a series of share offers. Members of the co-operative receive profits from the sale of electricity from the turbines.

When did the initiative begin?

Baywind Energy Co-operative Ltd was formed in 1996.

Who's involved?

The co-operative was founded by seven individuals from Ulverston and Barrow-in-Furness, who now form the board of directors. They bring skills and experience from a range of backgrounds, including engineering, accountancy and marketing. Baywind has over 1300 members, all of whom are shareholders of the co-operative. 43% of them are from Cumbria and Lancashire. The board is elected by the whole membership at the AGM, where members also have the opportunity to put forward other resolutions concerning the running of the co-operative. The project is supported by a full-time paid administrator who is also a director.

How is it funded?

Baywind has raised £2 million through share offers to its members. The minimum share holding is £300 and the maximum (by law) is £20,000. Voting rights are distributed equally among the members, regardless of the number of shares held. A stake in the co-operative is therefore within the reach of many people, but no single individual or organisation can have a controlling interest. Shareholders receive a 20% tax refund on their initial investment under the Government's Enterprise Investment Scheme.

What are the targets and aims?

Baywind aims to:

- generate renewable energy and enable the community to participate in its generation
- create economic benefits for the community from profits gained from the sale of electricity from the turbines
- increase the uptake of renewable energy and community-owned generating capacity in the UK by helping the formation of new co-operatives
- raise the profile of community renewable energy developments and help facilitate further similar projects.

How was it implemented?

The concept of the project was based on a successful Swedish co-operative called Vindkompaniet that built Sweden's first co-operatively owned wind cluster in 1990. It set up The Wind Company (TWC) in 1994, introducing the concept of community-owned wind initiatives to the UK. TWC helped the community to establish the Baywind co-operative and a board of directors was formed. The company carried the financial risk of building the first wind farm and provided its expertise in assisting Baywind to find shareholders.

Word of the scheme was spread through a large mailshot in the local area, adverts in the national press and extensive local media coverage.

Although the share offer gave preference to local people, the size of the required investment meant that it was necessary to look further afield to find investors. In the event, the first share offer was so successful that it raised enough funds to purchase two wind turbines at Harlock Hill, near Ulverston, rather than one as originally planned. By the time of the second share offer – to buy one of the four turbines at the Haverigg II site in Millom – 60% of the finance came from existing members. The scheme's increasing popularity meant that the new offer closed in less than three months (compared with the ten months required for the first offer). Between September 1996 and February 1999 over £1.9 million was raised in share capital.

Since that time, Baywind has purchased the remaining three turbines on the original Harlock Hill site and owns the entire wind farm. The electricity generated by the turbines is sold to the National Grid through a 15-year Non-Fossil Fuel Obligation (NFFO) contract.

As a voluntary condition for obtaining planning consent for Harlock Hill, Baywind formed the Energy Conservation Trust for the local community, to which 0.5% of the annual income generated is given. The Trust promotes energy conservation by providing energy efficiency grants and energy-saving products to local organisations.

Achievements

- six wind turbines are owned outright by the co-operative, with a total capacity of 3.1MW, generating enough clean electricity to meet the average needs of 1700 homes and offsetting around 6000 tonnes of carbon dioxide emissions
- membership comprising over 1300 shareholders throughout the UK, with 43% living locally
- £2 million raised through share offers between 1996 and 1999
- the Energy Conservation Trust, funded by the Baywind initiative, has provided £2500 in energy efficiency grants and distributed 1400 low-energy light bulbs throughout the community.

Five key success factors

- 1) basing Baywind on the successful tried and tested model of the Swedish co-operatives
- 2) the investment from the community came after much of the risk of the project had passed, so ongoing risks were essentially limited to machinery breakdown (largely covered by regular maintenance, insurance and guarantees), and whether the wind blew at predicted speeds
- 3) Baywind has a strong presence in Cumbria and a good relationship with the local people. The turbines that it owns have been sensitively sited
- 4) equal voting rights: one member, one vote, regardless the number of shares held
- 5) members have consistently received a competitive return on their investment.

Next steps

Baywind plans to recreate the success of this project by forming new co-operatives throughout the UK and has recently obtained grant funding from the Co-operative Action Loan Fund to help achieve this. The co-operative continues to actively seek opportunities for other renewable energy schemes and welcomes discussions with developers and landowners seeking to involve local communities.



LESSONS LEARNT

- 1 communities are often unaware that they can get involved in renewable energy projects, and of the ways of doing so. Opinion about wind energy can be negative and ill-informed, which can lead to a reluctance to invest. Any scheme of this kind should aim to be transparent in its approach, present clear information and make apparent the economic and environmental benefits. One way that Baywind does this is through arranging school visits to the turbines and tours for local councillors and planners
- 2 the community may not have the specialist skills needed to develop a project and the costs may be unaffordable, particularly in the early stages. It is therefore important to identify skills that exist in the community, to bring in specialist expertise when needed, and work in partnerships, for example with developers (who in turn need to gain the support of local communities)
- 3 securing funding can be very difficult, the trading of shares is closely regulated, and the open advertising of shares is strictly controlled
- 4 with the demise of NFFO and the introduction of the new trading arrangements, securing long-term contracts with a guaranteed purchase price for renewable electricity poses a real threat to the development of local and community schemes.

For further information about Baywind contact:

Annette Heslop
Baywind Energy Co-operative Ltd
Unit 22, Trinity Enterprise Centre, Furness Business Park
Barrow-in-Furness LA14 2PN

tel 01229 821028
email info@baywind.co.uk

Baywind Renewable Energy Co-operative is a member of the **Community Action for Energy** network. Community Action for Energy (CAfE) is an initiative of the Energy Saving Trust that promotes and facilitates local community based energy projects. This case study is one of a series showcasing the most exciting and innovative of the 2500 projects that are part of the CAfE network.

Community Action for Energy,
The CREATE Centre,
Smeaton Road, Bristol BS1 6XN

tel 08701 261 444
fax 0117 929 9114
email cafe@est.org.uk
web www.est.org.uk/cafe

