

## WHEN THE HYDRO SCHEME IS RUNNING, WILL I GET CHEAP ELECTRICITY?

No. At the moment it is extremely difficult and expensive to become a licensed electricity supplier, which is necessary to be allowed to sell electricity direct to the public. However, this scheme is expected to be operational for at least 40 years and during this time this may change.

LCR will aim to keep up to date with developments in the industry and will keep its members informed.

## WHAT DO I RECEIVE IN RETURN FOR MY INVESTMENT?

- A target interest rate of 4% (gross) per annum
- Interest payments starting in 2018
- A vote: all members will have one vote each, regardless of how many shares they hold
- The right to elect the LCR Board of Directors and to participate in the Annual General Meeting which decides the future and running of the business
- The opportunity to become one of the volunteer directors of LCR.

## HOW CAN I APPLY FOR SHARES?

Please read the Share Offer Brochure in full; this provides comprehensive and important detail about the Share Offer and the risks and benefits. Full details on how to apply for shares, together the application forms, can be found in this document.

Shares will be allocated on a first come first served basis for eligible applicants. Should the offer be over-subscribed then the share offer may be closed early.

The Share Offer Brochure can be downloaded from the [BroomPower](#) website and/or a printed copy can be posted to you on request.

## CONTACT US

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**Follow us on Facebook** [www.facebook.com/broompowerhydro](http://www.facebook.com/broompowerhydro)

Use this space to jot down any questions that you have and email them to us.

A FEW QUESTIONS AND ANSWERS



## Lochbroom Community Hydro

### Sgeama Cumhachd Dealain-uisgeach Coimhearsnachd Loch Bhraoin

#### WHAT ARE BROOMPOWER AND LOCHBROOM COMMUNITY RENEWABLES LIMITED (LCR)?

Lochbroom Community Renewables Limited is a Community Benefit Society established in 2015 to raise funds to develop and run the Lochbroom Community Hydro scheme referred to as

**BroomPower**

We are planning to build a 'run of river' 100kw hydro scheme which will create electricity to feed into the National grid and thereby raise funds for the benefit of the Lochbroom Community.

In 2013 a community ballot voted in favour of the project. A viable site was subsequently identified on the Allt a' Mhuilinn burn. We now have all the necessary permissions in place and are looking for investors to help us make this a reality.

#### WHAT IS A COMMUNITY BENEFIT SOCIETY?

A Community Benefit Society is an organisation that operates its business for the benefit of the community rather than just for shareholders or members of the society. Its objectives must have an overarching community purpose and surplus profits are returned to the community it serves.

The Society is owned by its members on the basis of one person / one vote.

Although a Community Benefit Society is required by the Financial Conduct Authority to specify the community to be benefitted, membership is not restricted to residents of that community. This means that anyone can invest in a Community Benefit Society, subject to its rules.

#### HOW WILL THE FUNDS TO BUILD THE HYDRO SCHEME BE RAISED?

Funding for the design and build of the hydro scheme will be primarily raised through the sale of community shares.

This is an attractive investment, not just for those who live in the community but for anyone who values the environment, local action and supports green energy.

#### SUPPORTED BY



<sup>1</sup> 'Run of river' hydro schemes generally have very few environmental impacts provided they are well designed and the implementation of the schemes are carefully planned.

## WHAT ARE COMMUNITY SHARES?

Community Shares - a funding mechanism to assist the raising of money for sustainable community enterprises that provide goods and services which serve a community purpose.

There is no legal definition of what a community share is but the term refers to a unique form of share capital often called 'withdrawable shares'; these can only be issued by co-operatives or community benefit societies.

## THE COMMUNITY SHARES UNIT (CSU) STANDARD MARK

LCR's hydro scheme has been awarded a CSU standard mark. This means the business model, level of community engagement, governance and the share offer document have all been assessed against strict standard criteria. The award means that a licensed CSU practitioner has determined that the society's plans are specific, measurable, achievable, realistic and timely.

## ARE COMMUNITY SHARES REGULATED BY THE FINANCIAL CONDUCT AUTHORITY (FCA) ?

No. Community Benefit Societies are registered by the FCA but societies are exempt from regulation, under FSMA 2000, for the issue of withdrawable shares. However, societies carry a responsibility for stringent self-regulation and there is a code of conduct for community share offers carrying the Standard Mark that includes a public right of complaint that is overseen by the Community Shares Unit.



## WHAT IS THE DIFFERENCE BETWEEN AN ORDINARY SHARE AND A COMMUNITY SHARE?

Community shares provide capital for a community project where investment is primarily for social rather than financial benefit; annual interest on share capital is paid but there is a limit to how much this can be. Unlike ordinary transferable shares that are bought and sold through the stock market, community shares cannot be transferred between people and share values do not change.

Shareholders of community shares have a share account and can increase or decrease their shareholding according to the rules of membership. The value of shares is fixed and not subject to speculation and shareholders have only one vote, regardless of the size of their shareholding. Interest is paid on share capital but the level of this is based on a principle that interest should be no more than is sufficient to attract and retain the investment.

## I'M THINKING OF INVESTING - WHY SHOULD I BUY SHARES AND HOW MANY CAN I BUY?

Those buying shares will be largely motivated by a wish to support the hydro scheme and its under-pinning social and environmental purpose. Share purchase can also provide a good investment opportunity with an average interest return after the first year of operation expected to be higher than many banks. Interest levels may vary as they are dependent on many factors including annual rainfall.

The minimum share investment in BroomPower is £300. The maximum amount that can be invested is £90,000. Anyone over 16 years can buy shares and adults can purchase shares on behalf of children.

If you would like to invest but will find it difficult to find £300 immediately you may be able to pay in instalments or buy as part of a group (though the group would only get one vote). Please contact us to find out about ways to pay.

## HOW MUCH MONEY IS NEEDED?

The total required is £900,000 and we would like to raise all of this through the sale of community shares between April 30th 2016 and August 31st 2016.

## WHEN WILL BUILDING START?

Construction is planned to start in Spring 2017 and it is expected that electricity generation will start at the end of 2017.

## WHEN WILL FUNDS BE AVAILABLE FOR COMMUNITY BENEFIT?

The total revenue over the first 20 years is forecast to be £2.3m with an overall surplus of over £0.5m available for community benefit and investment in the community growth plan ( £1.5m over the first 40 years). The annual surplus will be gifted each year to Ullapool Community Trust (UCT) to be paid into a Community Benefit Fund. The process of disbursement of this fund will be determined by a Community Consultation prior to the surplus being generated.

FULL INFORMATION ABOUT THE HYDRO SCHEME AND THE COMMUNITY SHARE OFFER CAN BE FOUND ON THE BROOMPOWER WEBSITE

[www.broompower.org](http://www.broompower.org)

AND IN THE

BROOMPOWER COMMUNITY SHARE OFFER BROCHURE

## IF I INVEST, CAN I WITHDRAW MY SHARES?

Community shares are known as 'withdrawable shares' and can be withdrawn at the request of the shareholder with reasonable notice and if the Society can afford to repay the shares at the time. They cannot be sold or transferred.

## WILL I GET MY ORIGINAL INVESTMENT BACK?

Yes, you should. The intention is that LCR will buy back all the community shares during the first 5 to 20 years. If the scheme does not proceed for any reason, all share investments will be returned.