



TRESOC Ltd Report of the Directors 2024

The Directors present their Report of the Society for the period from 14th November 2023 to 11th November 2024 with Financial Statements for the year ending 31st March 2024.

Principal Activity

In the last year, TRESOC has operated and maintained its 47 roof-top solar PV installations (7 commercial and 40 domestic) and continued to develop Energy Local Totnes. In August 2023, it was awarded a Redress Energy Innovation Grant for £120,000 from the Energy Saving Trust, to develop Energy Local Totnes for the next two years in the domestic market. TRESOC also provided 93,412 kWh of free electricity to 40 South Devon Rural Housing Association (SDRHA) tenants. As well as, £15,400 combined, to Leatside Doctors Surgery, Forder House Lane Nursing Home, Follaton Community Centre and SDRHA head office. Furthermore, TRESOC delivered its STEM renewable energy education programme, REEL (the Renewable Energy Experiential Learning Programme), to three local schools. These include Harbertonford Primary, St Christopher's Prep in Staverton and The Grove. In addition, TRESOC Directors Sally and Ian have hosted visits from the University of Plymouth and the University of Bangor MSc courses. More details are provided in the Review of Business below.

Review of Business

Energy Local Totnes (ELT) – is a club for buying and selling locally generated renewable electricity at a fair price, saving customers money off their bills and paying local generators a little bit more for what they produce. Creating a local market for renewable electricity and a decent sale price will provide an economic driver for the development of small-scale renewables, particularly – but not exclusively – for solar PV, for both householders and small businesses, supporting and greening the local economy.

The objectives of the Redress Energy Innovation Grant are as follows:

- To develop ELT by signing up 400kW of locally generated renewable electricity into the club (25% new generation) balanced by 200+ households in the first two years

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- To save household members 10 - 30% off their energy bills and to reduce their carbon emissions by a target of 30%
- To engage all 200 household members in workshops on energy consumption reduction and demand shifting to maximise the use of local renewables
- To investigate the benefits and viability of using storage within a club – especially with predominantly solar generation – and its role in managing network constraints to help install more generation
- To evaluate the financial, environmental, and social viability of a local renewable energy market, using the Energy Local Plus model. This research and evaluation will be directed by Professor Ian Bailey, and carried out by a Sustainable Environmental Management Master's student.
- To share the Energy Local Plus model nationally with other community energy organisations through knowledge dissemination: improving the Energy Local website and materials; a four-minute video; a case study PDF; events and workshops
- To replicate the model by training 10 more Energy Local advisors and establishing, to the point of operation and including incorporation, two new EL clubs (in addition to ELT)
- To engage the next generation in community-scale energy through pre-school and primary school renewable energy education programmes
- To examine the potential for EL+ clubs to provide additional income streams for people on low incomes who have had solar PV installed as part of the ECO Grant scheme

The grant officially started on 1st September 2023, but the project has faced some initial challenges due to technical difficulties with meters and a switch in the kick-start generator. Thus, we have already requested, and been granted, a 6-month time extension until March 2026. Totnes Weir Hydro stepped in as the kick start generator for the club in April 2024 and ELT finally went live on 1st August 2024. The next round of customers should be ready to be switched over to the club in October/November this year. 85 people have registered their interest in becoming members through the Totnes page of the Energy Local CIC website – www.energylocal.org.uk/totnes.

TRESOC has a pipeline of community-owned rooftop solar PV projects that, once installed, will sell their electricity into the club. We are working with the team at St Mary's to help them install 11kW on the church roof, behind the parapet wall, as part of their 'Up Lift project'. TRESOC is also in discussions with South Hams District Council about the Dart Marine buildings on Steamers Quay. The intention is to cover each roof in solar PV, one by one, to sell into the club. Progress on this has been slow, as once again there are issues with meters. How to fund these new

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developments in the context of TRESOC's financial issues is discussed in the Going Forward section.

Background to the ELT is available on our website:

<https://tresoc.co.uk/tresoc-awarded-grant-to-develop-uks-first-domestic-market-for-renewables/> .

Lescaze solar PV site – in September the board received notice that building works on the roof will be taking place between November and January and that some solar panels will need moving. Glo Renewables will be doing a site survey mid-November to determine if any panels need moving. This will have a financial implication.

Hatchlands solar PV site – There have been multiple issues with Hatchlands in the last year, both technical and legal.

The Hatchlands' technical issues were surmountable, leading to the whole 50kW system being restrung and an inverter being replaced. This cost a staggering £20,856, but the silver lining is ... there has been a considerable jump in generation since, and 2024 is already the best on record. The board is pursuing several avenues to reclaim some of this money back.

Olympus did an inspection on the system on the 11th May 2023, unplugging a string and turning off an inverter, but then failed to report this to TRESOC. They have admitted negligence for this but refused to pay compensation. TRESOC has estimated the generation loss for the period 11th May to 24th November, when the system was repaired, to be £7,962. A final warning letter has been sent to Olympus and the next step is legal proceedings through the small claims court.

When Glo inspected the system, there had been a small fire on the roof of the large barn caused by a poor connection at an MC4 connector, which caused the inverter to fail. Naturesave, our insurance broker, is investigating if we are covered for this by our insurance policy. If we indeed can claim, this could be up to £10k, including the cost of the scaffold, netting and inverter etc.

The Shine Project – continues to provide approximately £11,400 to £13,700's worth of free electricity to 40 low-income households each year. However, the leases for the portfolio have never been signed, signifying an ongoing financial burden and the systems are becoming more difficult and more costly to manage.

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The leases for the Shine Project with SDRHA remain unsigned for several reasons: TRESOC was without a legal director for several years, COVID, and ongoing negotiations on terms. In the last 9 years, SDRHA has taken out mortgages with several new lenders, all of whom now need to be consulted on changes. Furthermore, early this year, SDRHA was merged with Places for People Group. Legal costs since the start of the project have been £43,000. This figure was not included in the cost benefit analysis done prior to the systems being installed, due to an oversight by the previous board. Once the final lease is agreed, a lease needs to be generated for each individual property, containing an image of each system, the signed lease then needs to be registered with the Land Registry. Each of these steps represents more costs.

Insurance premia on the systems have risen dramatically, mainly due to their age and an increase in cleaning and maintenance requirements. Maintenance and cleaning are not only expensive, but gaining access to the properties is difficult and time consuming. The Shine systems are now 9 years old. The life expectancy of an inverter, of which there are 40, is about 10 years. Several of them have had replacements, but the majority will need replacing in the next few years. Furthermore, at the end of the panels' lives, there will be decommissioning costs, including scaffolding the 40 properties and minor roof repairs.

Rising insurance and maintenance costs and the continuing legal costs around the unsigned lease are of concern to the board, who are striving to bring TRESOC finances into check. It is carrying out cost benefit analysis on the systems over the next 10 years, in the context of the whole TRESOC portfolio to inform decision-making on the future of the systems.

The Renewable Energy Experiential Learning (REEL) Programme - is now in its 8th year of operation and remains a favourite with local schools and pupils alike. In the past year, 160 children have taken part from three schools. Tours of local wind, solar and hydropower installations, with classroom experiments for all 9-11 year old children, are instructive and fun, giving young people an opportunity to engage with the challenges of climate change in a positive way. TRESOC is grateful to Dart Renewables Ltd, South Brent Community Energy Society and Dartington Hall Trust who open their sites to the project. The ELT grant from the Energy Redress Scheme includes funds to deliver the programme to 120 children and develop the programme for pre-schools.

Repayment of Capital and Interest – in the financial year ended 31st March 2024, TRESOC made a loss of £23,702 (Please see TRESOC End of Year Accounts or the [empowering the community](#))



Financial Summary at the end of this document). This is primarily due to £20,856 to repair and re-string the system at Hatchlands, although we hope to get some of this back. Furthermore, there have been legal fees from the continued negotiation of the Shine leases, rises in insurance costs and all commercial systems have been cleaned this year. Therefore, due to the operating loss and under TRESOC's Waterfall policy, no interest payment or share encashments will be available this year to members. However, with the possible reclaim on Hatchlands repairs and increased generation at Hatchlands, next year looks better.

TRESOC is now 16 years old and the board is extremely grateful for the continued support of its members. It has achieved a great deal in its years of operation, providing a social dividend that cannot be measured. However, the board is acutely aware that it has not delivered the financial dividend that was hoped, moreover, been able to return investors' capital when needed. The board is in the process of generating a long-term financial forecast that will provide a path to returning investments as best we can. It is fair to say the existing business model has not worked and that future developments need to be of greater scale, with larger operating margins. Having a local renewable energy market via ELT, and a decent price for renewable electricity will further help to make projects economically viable.

Going Forward

New opportunities are on the horizon thanks to the ELT local market for renewables. However, due to the Charity Bank loan that was taken out to buy Hatchlands, (standing at around £105,445), TRESOC is not permitted to deliver new projects. New projects need to be delivered in a subsidiary company, known as a special purpose vehicle (SPV), to isolate financial risk. This is very common in the world of community energy, for example, Bath and West create a new SPV for each share-offer.

The Charity Bank loan costs a crippling £9,671 per year. At the moment, the interest is fixed at 9% plus management fee for 5 years, but we are looking into options for refinancing. If there are any TRESOC members who would be interested in giving us a private lower cost loan, please get in touch.

The TRESOC TEAM

Dr Sally Murrall-Smith has completed her second year as TRESOC's Managing Director. Sally is the project manager for Energy Local Totnes. She has responsibility

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for administration, bookkeeping, press, business and financial management systems and is the programme director for REEL.

Founding Director, Ian Bright has stepped back from TRESOC activities, but is still supporting TRESOC by building support in the community and with our local partners for the Energy Local Totnes project. Ian also gives regular Totnes Weir Tours as part of the REEL programme.

Alastair Gets, Engineering Director, is managing and monitoring our solar assets, with technical input across the range of our projects in development including significant contributions to the Clay Park microgrid and Energy Local projects, key to TRESOC's future success.

Raymond Seager, Finance Director, is actively involved in advising on finance across all of TRESOC's activities.

Hannah Evans is TRESOC's Legal Director and Secretary and has been advising TRESOC on the legal issues that have arisen around Hatchlands, Lescaze and Shine.

Olly Frankland is TRESOC's policy Director, he advises TRESOC on the impacts of policy changes on TRESOC's operations.

Dean Leybourn has been recently appointed as TRESOC's Marketing Director (September 2024). Dean has accepted the post on a 3-month trial and will be responsible for communications and digital marketing.

Luke Siemaszko continues to make a significant contribution to TRESOC as a project manager and communications engineer, providing technical input across the range of TRESOC projects and assisting Sally and Alastair with Clay Park.

Ella Wittlestone joined TRESOC last year to provide support with comms and admin.

Jem Fryer is the Energy Local Totnes Advisor and is helping Sally to develop the Totnes Energy Local Club.

Members who wish to contribute to the work of the Society are always welcome to join us. Please contact Sally Murrall-Smith for details:
sally.murrall-smith@tresoc.co.uk

Directors

The Directors shown below have held office during the whole period from 14th November 2023 to the date of this Report.

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Sally Murrall-Smith Managing Director
Ian Bright Founder Director
Alastair Gets Engineering Director
Raymond Seager Finance Director
Hannah Evans Legal Director & Secretary
Olly Frankland Policy Director

Directors Retiring at AGM 13th November 2024

Sally Murrall-Smith
Ian Bright

Election of Directors

Sally Murrall-Smith to stand for election as Managing Director.
Ian Bright to stand for election as Founder Director.

Resolutions:

- (1) That the society, in accordance with its Rules, disapplies the requirement to appoint an auditor for the current year.

On Behalf of the Board

A handwritten signature in black ink that reads 'S Murrall-S'.

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Dr Sally Murrall-Smith – Managing Director

Date24th September 2024.....

Financial Statements for the Year Ended 31st March 2024

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Darnells Chartered Accountants, Totnes, prepared the Society's accounts for the year ended 31st March 2024. A copy of TRESOC's accounts is available for inspection by members prior to the AGM and is also posted on our website. The main points are:

- Total turnover for the year was £74,310, comprising £57,720 from solar outputs, grant income of £13,660 and other income of £2,930.
- The cost of sales was £13,457, consisting of £1,721 in metering costs and £11,736 in consultancy fees.
- TRESOC incurred £75,767 in expenses during the year, including £450 in Directors' fees, £3,685 in administrative costs, £4,979 for insurance, £1,440 in accountancy fees, £6,274 in legal and professional fees, £840 in bank charges, and £26,042 in depreciation.
- TRESOC reported a loss of £23,702, primarily because of the legal cost associated with the Hatchlands soiling issue.
- The profit & loss reserve stood at: -£219,622 (minus) on 31st March 2024.
- Called Up Share capital at 31st March 2024 stood at £451,081.
- Total Equity was £254,650.

Significant financial events since 1st April 2023 have included:

The award of Redress Energy Innovation Grant, by the Energy Saving Trust, for £120,000 to develop ELT over the next 2 years. In addition to TRESOC time, this will fund support from Energy Local CIC, energy saving technology for households, 4 local schools projects, the establishment of the Energy Local Plus model in 2 other local areas and training for 10 more energy local advisors.

Repairs and restringing at Hatchlands £20,856.

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