



# RAASAY COMMUNITY HYDRO

SHARE OFFER - V2  
updated 20/01/2021

**JANUARY 12TH 2021 – FEBRUARY 23RD 2021**

**[WWW.CROWDFUNDER.CO.UK/RAASAY-COMMUNITY-HYDRO](http://WWW.CROWDFUNDER.CO.UK/RAASAY-COMMUNITY-HYDRO)**



## GREEN ENERGY GENERATION ON RAASAY

## Opening Comment from Raasay Community Renewables

Situated between the Applecross peninsula and the Isle of Skye in the Inner Hebrides, the Isle of Raasay (Eilean Ratharsair in Gaelic) is home to about 170 people. Raasay's cultural heritage dates back to the Iron Age and the island environment, one of the most geologically diverse landmasses in the world, supports a rich variety of plants and wildlife. Its name means 'Isle of the Roe Deer'.

The two burns which will contribute to our hydro-electric generation schemes also have unique histories. The Inverarish Burn winds through Inverarish village before reaching the sea. It draws water from Loch na Mna at the foot of Dun Cann, Raasay's highest peak. According to legend, Loch na Mna was home to an each-uisge, a monster similar to a Kelpie or water horse. When Dr. Samuel Johnson and James Boswell arrived on Raasay during their Hebridean Tour in 1773, they recorded the tale of a local blacksmith fighting the each-uisge after it stole his daughter.

The Mine Burn takes its name from the ironstone mine that was established during the First World War by William Baird and Co. of Coatbridge and operated till 1919.

Exploratory work to develop our hydro schemes was initiated in 2014 by Raasay Development Trust (RDT). After a remarkable journey spanning six years, we are now ready to build. RDT and the Raasay community set up Raasay Community Renewables Ltd (RCR), a Community Benefit Society, in September 2020 to take forward the construction and operation of our two run of river hydros – the **99KW** Inverarish Burn Hydro and the **38KW** Mine Burn Hydro.

The schemes will ensure our island is able to play a role in furthering the global movement towards a low carbon society. It will also enable us to look to the future with increased confidence. Surplus income will be channelled into a Community Benefit Fund and invested in projects that support our local population and the environment.

As a small community, we count ourselves lucky being able to draw on the talents and resourcefulness of those who live here or have lived here. Over the years we have taken ownership of our village shop, the Raasay House estate and Walled Garden. We have built a village hall and a woodfuel enterprise and bought land for affordable housing. These particular projects - our hydro-electric generation schemes - has been made possible due to the inspiration and drive of Dr John Macbeth whose initial plans gave shape to our aspirations.

It has also been made possible due to the support of our partner organisations. We are especially grateful to the CARES team, Community Shares Scotland, the SSE Sustainable Development Fund, the Scottish Hydro-Electric Communities Trust and Highlands & Islands Enterprise along with the consultants and developers, including Manitoba Energy and BluEnergy, we have contracted.

In this next phase of the project, we are seeking to extend our partnership to individuals and incorporated organisations who feel a connection to Raasay or to our aim to create a greener, more sustainable future. We invite you to become a member of Raasay Community Renewables Ltd by buying shares in our community owned hydro-electric generation schemes thereby helping us raise the **£650k** required for project completion. This is a fantastic opportunity to invest in social and environmental causes and see a financial return for your support in the years to come.

If you would like to become a member please invest using the form at the end of this document or online at

[WWW.CROWDFUNDER.CO.UK/RAASAY-COMMUNITY-HYDRO](http://WWW.CROWDFUNDER.CO.UK/RAASAY-COMMUNITY-HYDRO)

OR [WWW.RAASAYRENEWABLES.CO.UK](http://WWW.RAASAYRENEWABLES.CO.UK)



### Capital at Risk Warning

Reliance on this document for the purposes of engaging in investment activity may expose an individual to a risk of losing all the money he/she has invested. Nothing in this document constitutes investment, tax, legal or other advice by RCR, its directors or advisers. **It should also be noted that members of community benefit societies do not have access to the Financial Ombudsman Service of the Financial Services Compensation Scheme.**

## What we need to raise

Min £600,000

Optimum £650,000

## Please invest at

[WWW.CROWDFUNDER.CO.UK/RAASAY-COMMUNITY-HYDRO](http://WWW.CROWDFUNDER.CO.UK/RAASAY-COMMUNITY-HYDRO)

## PROJECT COSTS



**Repaying pre-build costs**  
£154,342 (CARES loan + interest)



**Build costs**  
£756,000



**Working capital and cost of administrating share offer**  
£47,358



**Project Costs**  
£957,700



**Raised to date**  
£307,700  
SSE -£300,000 and SHECT - £7,700

## THE COMMUNITY SHARE OFFER



**Share offer Opens**  
12th January 2021



**Share offer Closes**  
23rd February 2021



**Individual share price**  
£25



**Minimum investment**  
£125 (Community Contributor Members)  
£375 (Contributor Members)



**Maximum investment**  
£65,000 (Community Contributor Members)  
£65,000 (Contributor Members)

Community Contributor Members are individuals who live in the Raasay postcode area and Contributor Members are individuals who live off island or incorporated organisations regardless of location.



**Interest payment capped at 4%\***



**Interest/return on Investment from 2024**



**Withdrawal of investment from 2026\***

\*Our aim is to pay interest at 4%. At the current Bank of England base rate of 0.1%, the maximum interest we could pay is 3.1%. These are, however, historically low rates, and we can reasonably expect them to be higher from 2022. We aim to pay back all initial investment by 2040. RCR's Board will seek agreement on the interest payment level and the amount of investment to be returned each year at a members' Annual General Meeting.

# THE COMMUNITY BENEFIT FUND



**Community Benefit Fund from 2024**



## Value of Community Benefit Fund

c£3,500 community benefit payment in 2024 rising yearly to c£28,000 in 2031 and beyond.



# OTHER KEY FACTS



Hydro Operational from September 2022



Projected annual income £87,978 in 2026



Annual operating and maintenance costs £22,270 in 2026



Energy generating potential of the hydro 520,000 kWh/year



O2 savings will equate to 127 cubic tonnes CO2/year



# THE OPPORTUNITY

## Generating renewable energy and environmental benefits

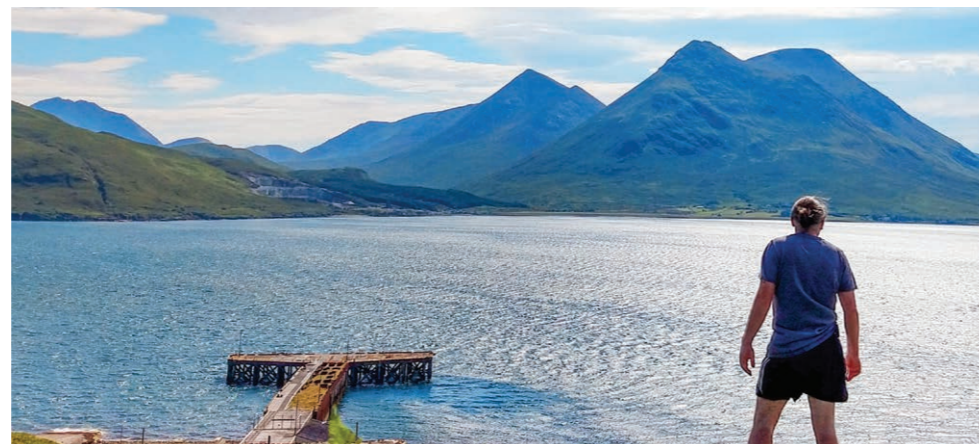
The RCR schemes are estimated to generate, on average, **520,000kWh** of green electricity each year. Once the schemes are fully operational the CO2 savings will equate to **c127** tonnes of CO2e per year. Renewable energy has an important role to play in addressing the key issues of climate change and security of energy supply. The project will support the Scottish and UK Governments in achieving their renewables and carbon reduction targets.

‘Run of river’ hydro schemes have very few adverse environmental impacts provided they are well designed, and their implementation are carefully planned. The Scottish Environment Protection Agency (SEPA) has set out specific guidance, which the RCR hydro schemes are following as part of their license conditions. This ensures that suitable provision is made for aquatic life and habitat and that water levels in the burns are not allowed to get too low.

Furthermore, the turbine and generator powerhouse will be adequately soundproofed to minimise sound pollution to neighbouring properties. The pipeline from the intake to the powerhouse will be buried and the schemes will have limited visual impact on the landscape once operational.



**The CO2 savings will equate to 127 cubic tonnes of CO2 emissions per year.**



## Bringing economic and social benefit to the community

Our conservative financial projections indicate that the schemes will generate, through sales of electricity to the grid, around **£2.27 million** in gross revenue over the 20 years of the Feed in Tariff (FiT) guarantee. This projection takes a 3 year 50kW national grid constraint into account.

We will work with the community to identify local uses for the electricity that we cannot export to the national grid during the constraint period. RDT will use some of this energy for drying wood as part of their ongoing wood fuel initiative and RCR is looking into providing charging points for electric vehicles.

After the Feed in Tariff guarantee period ends the revenue is likely to be less, depending on the commercial electricity price at the time.

The project lifetime worst case scenario predicts that, after servicing our shareholders and covering running costs, an average of **£33,000** per year will be available for initiatives that benefit the islands community and environment. The first community benefit payment in **2024** will be around **£3,500** but this rises to **c£72,000** in **2041**.

The surplus will vary from year to year depending on various factors including interest payments and, of course, the weather. If Raasay has a wet year, then the surplus may be more than if we have a dry year.

It is important that we raise as much money as possible through this share offer. The more we raise through shares, the more likely the schemes are to succeed and the more profits we will have to invest in community projects.

During the construction phase a number of contractors will be required and, where possible these will be local tradespeople. Once operational the hydro schemes will generate and support secure, year-round employment within the Raasay community. A part time administrator/bookkeeper will be required. There will also be a maintenance contract to ensure the sites operate safely and efficiently and metering reports are submitted as required.



**Developing the schemes has got the community thinking about our impact on the environment and the changes we need to make to safeguard it for future generations.**

## Offering you a financial return on your investment

This project will not be possible without the support and commitment of investors.

If you invest in RCR's project you will help us to achieve our vision of a green future while potentially benefiting from a greater financial return than you would currently gain by putting your money in the bank. Starting in 2024, our aim is to pay you interest at **4%**. At the current Bank of England base rate of **0.1%**, the maximum interest we could pay is **3.1%**. These are, however, historically low rates, and we can reasonably expect them to be higher from 2022. We aim to pay back all initial investment by **2040**. RCR's Board will seek agreement on the interest payment level and the amount of investment to be returned each year at a members' Annual General Meeting.

Note: Both RDT and RCR boards are staffed by volunteers and there will be no financial gain for Directors (unless they are also investors).

## Supporting the green recovery from Covid-19

The Covid-19 pandemic has been a troubling time for all but as we progress out of lockdown this project will contribute to the Scottish Governments green economic recovery agenda.



# SUMMARY OF PROPOSAL

This document contains an invitation to subscribe for shares in Raasay Community Renewables (RCR) (FCA reg. no. 8459) to cover the cost of constructing two community-owned hydro schemes on Raasay. RCR has been established as a Community Benefit Society with the specific purpose of owning and operating community renewable energy schemes on the Isle of Raasay to the benefit our community.

RCR will generate revenue by selling green hydroelectricity to the national grid. The income will allow RCR to contribute to other projects and initiatives within the area by gifting the net profits of the schemes to Raasay Development Trust Limited (RDT) which will be ringfenced as a Community Benefit Fund. RDT is a registered charity (SCO45185) with the objective of promoting sustainable development in the community of Raasay. Exploratory work to further the hydro schemes was taken forward by Raasay Development Trust (RDT) in 2014. The community remains supportive and the project, although listed as on hold, was continued into RDT's current 5 year Development plan.

The share offer opens on **12th January 2021** and closes on **February 23rd 2021**. Please note, the Board of RCR reserves the right to extend this deadline if necessary to achieve the target or to close early if the required amount has been raised. Due care and attention have been taken in preparing this offer document. The process has been overseen by the founder members and current directors of RCR who can vouch that the information it contains is in accordance with the facts available and that there are no known omissions likely to affect the viability of RCR.

## The Project so far

RDT gained funding from Community and Renewable Energy Scheme (CARES) for the development phase of the project. The development phase identified two suitable locations for small-scale run-of-river hydro schemes. It is proposed to install a **99kW** hydro-electric turbine on Inverarish Burn and a **38kW** hydro-electric turbine on Mine Burn. Both hydros will feed into the national grid and will generate income for the benefit of the local community. Initially the export to the national grid will be constrained to **50kW** until planned infrastructure upgrades on Skye are completed. The constraint which should be lifted in 2024-25 has been taken into account in the financial projections.

The first stage of the development has been to obtain the necessary permissions for the schemes and planning permission has been gained from Highland Council, a water abstraction licence has been granted by Scottish Environmental Protection Agency (SEPA) and Scottish & Southern Electricity (SSE) has granted an export licence to enable the generated electricity to be sold to the National Grid. Feed in Tariff (FiT) pre-accreditation has been applied for and we have to commission the developments prior to September 2022 to ensure we can take advantage of the FiT. We do not need a Power Purchase Agreement (PPA) due to the FiT scheme. Legal missives have been agreed with Forestry and Land Scotland (F&LS), the Scottish Ministers and a private landowner. The terms of the leases have been agreed for a period of 40 years and associated costs included in financial projections. Final leases will be signed on completion of a successful share offer.

It is likely to be possible to re-negotiate the lease after 40 years so the schemes could be in place for many more years. The concrete footings and the turbine are expected to last beyond the 40-year lease. It is not unknown for hydro systems to operate for approaching 100 years without major problems.



## Next Steps

As a Scottish Charity, RDT is not allowed to raise shares. Therefore, in 2020 a separate entity - Raasay Community Renewables Limited (RCR) - was established as a Community Benefit Society with the primary objectives of:

- Generating an investor membership and a Board of Directors
- Providing opportunities for individuals and organisations to invest in our community, with the expectation of a financial and social reward
- Constructing and operating a renewable energy project or projects
- Securing an asset which will remain for the benefit of the community in perpetuity via an 'asset lock'
- Supporting the activities of RDT in its charitable objectives through gifting any net profits to RDT to be used for the benefit of the local community via a Community Benefit Fund.

To support RCR's objectives we are looking to raise **£650,000** through this community share offer to construct two run of river hydro schemes for the benefit of the community of Raasay.

Construction of the hydro schemes will be undertaken by BluEnergy, an experienced hydro development contractor.

It is expected that construction will commence early **2021** with a view to grid connection in September **2022** to meet our FiT accreditation deadline. This timeline takes a 12-month FiT accreditation extension, granted due to the Covid-19 pandemic, into account.



## PRE CONSTRUCTION PROJECT TIMELINE

Below you can see our Pre - Construction project timeline. The blue squares indicate a completed stage of the project for a given date.

	12/20	1/21	2/21	3/21	4/21	5/21	6/21	7/21	8/21	9/21	10/21	11/21
Share offer		■	■	■								
Finalise Lease and wayleave agreements	■											
Financial Close				■								
Procurement				■	■	■	■	■	■	■		

## DURING CONSTRUCTION PROJECT TIMELINE

Below you can see our During Construction project timeline. The blue squares indicate a completed stage of the project for a given date.

	12/20	1/21	2/21	3/21	4/21	5/21	6/21	7/21	8/21	9/21	10/21	11/21	12/21	1/22	2/22	3/22	4/22	5/22	6/22	7/22	8/22	9/22	10/22
Power House & Grid + E&M				■	■	■	■	■	■						■	■	■	■					
Pipeline						■	■	■	■	■	■	■	■										
Intakes										■	■	■	■										
Turbine & controls															■	■	■	■					
Commissioning																			■	■	■		
FiT accreditation & operational start																						■	■

# FINANCIAL MODEL

Costs have been estimated by RCR with support from BluEnergy, Local Energy Scotland and their CARES financial model with the final model being produced by Co-operative and Mutual Solutions Limited. The full Financial Model can be accessed online at the following link:

[www.raasayrenewables.co.uk/financial-model.pdf](http://www.raasayrenewables.co.uk/financial-model.pdf)

The profit and loss forecast detailed in the table across the page starts in **September 2022** when generation commences (partial year). It shows the first 5 years (2026), then 2031 and then the final (FULL) year of the schemes. Retained losses are brought forward from year 0: community share raising costs. The schemes are forecast to be immediately profitable. Some of the depreciation is offset by capital grant release.

## Financial Model Inputs: Scenario – Baseline (P50) with £307,700 in grant funding

- Development phase Feb 2016 onwards. Development costs are estimated at **£154,342** and were covered by a CARES Development Loan made available to Raasa Development Trust. Repayment of the CARES loan is included in the financial model as a CAPEX cost. The CARES loan includes a write off facility should the project not go ahead therefore shareholders are not liable for repayments.
- Construction end September **2022**
- **138kW** power of turbine; P90 ~**520,000 kWh** per year (Estimated of P90 for 2 hydro schemes WHS July 2017 report).
- FiT Tariff (pre-accreditation) Generation rate **8.41p/kWh** and Export rate **5.6p/kWh** (for 20 years – will increase with inflation)
- Build costs are projected to be **£756,000**.
- Rent set at **2.5%** and includes Forestry and Land Scotland land rent **2%**, Department of Agriculture land rent **0.5%**. A lease agreement has been entered into with a private Landowner where we will undertake groundwork in lieu of lease payment.
- Annual operating cost are projected to be **£22,270** in 2026
- Our aim is to pay interest at **4%**. At current Bank Base Rates of **0.1%**, we could only pay a maximum of **3.1%**. However, these are historically low rates of interest and we can reasonably expect Bank Base Rates to be higher from 2022 onwards. RCR's Board will seek agreement on the interest payment level and the amount of investment to be returned each year at a members' Annual General Meeting.
- Returning investors' initial investment is projected to start in **2026**. The model projects that we will pay back **£43,333** of investment each year and this is documented in the funds flow section of the financial model. We aim to pay back all initial investment by **2040**.

## Project Funding

### Grants

- Our successful SSE Development Fund application has been included as an input. This **£300,000** grant is ringfenced and has to be spent on the capital costs of building the hydro. If the project is unsuccessful RCR will have to repay RDT, as the grant recipient, any unclaimed funds which RDT will then repay to SSE.
- Our successful application to the Scottish Hydro Electric Community Trust (SHECT) of **£7,700** has been included as an input. This grant is reserved towards covering the cost of the grid connection. If the project is unsuccessful RCR will have to repay RDT, as the grant recipient, any unclaimed funds which RDT will then repay to SSE.

### Community Shares

We are aiming to raise **£650,000** in Community Shares and this represents the capital costs of construction as well as repaying the CARES development loan while also allowing for an element of working capital and the cost of utilising an online platform for administering the share offer. Details of what happens if this share offer fails to raise the funds are outlined elsewhere within this document.

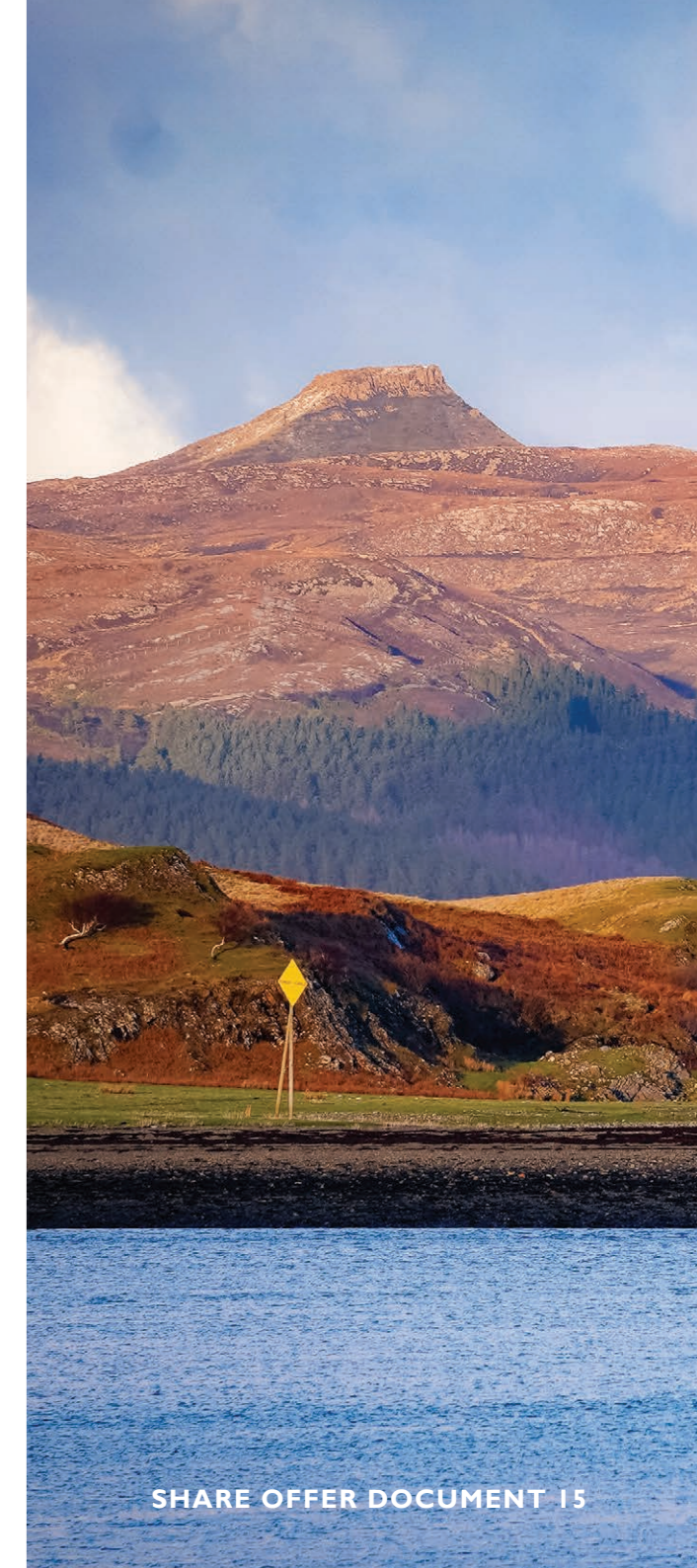


## RAASAY HYDRO - SUMMARY PROFIT AND LOSS PROJECTIONS

	2022	2023	2024	2025	2026	2031	Total
Gross revenue (£)	15,072	62,279	64,347	66,495	87,978	106,608	2,250,350
Operating expenses (£)	-4,923	-20,195	-20,712	-21,244	-22,270	-25,374	-544,936
Loan interest (£)	0	0	0	0	0	0	0
Shareholder interest (£)	0	0	-6,500	-18,200	-22,533	-13,867	-182,433
Depreciation (£)	-11,379	-45,517	-45,517	-45,517	-45,517	-45,517	-910,342
Bank interest (£)	106	49	91	105	106	84	2,274
Capital Grant release (£)	3,846	15,385	15,385	15,385	15,385	15,385	307,700
Net profit/(loss) before tax (£)	2,722	12,001	7,093	(2,975)	13,148	37,319	922,613
Community Benefit Provision (£)	0	0	-3,455	-3,934	-6,574	-27,989	-668,462
Net profit/(loss) (£)	2,722	12,001	3,639	6,909	6,574	9,330	254,151
Cumulative profit/(loss) (£)	(12,185)	(184)	3,455	3,455	3,119	62,168	254,151

## RAASAY HYDRO - SUMMARY CASH FLOW PROJECTIONS

	2022	2023	2024	2025	2026	2031
EBITDA (£)	10,149	42,084	43,634	45,252	65,707	81,234
Investment in working capital (£)	77	-406	-421	20,627	209	-904
Net cash inflow/(outflow) from operating activities	10,226	41,678	43,213	65,928	65,917	80,331
Cash inflow/(outflow)	-248,075	41,727	33,349	566	-6,418	-4,775
Opening cash	278,370	30,295	72,022	105,371	105,937	83,657
Closing cash	30,295	72,022	105,371	105,937	99,519	78,882



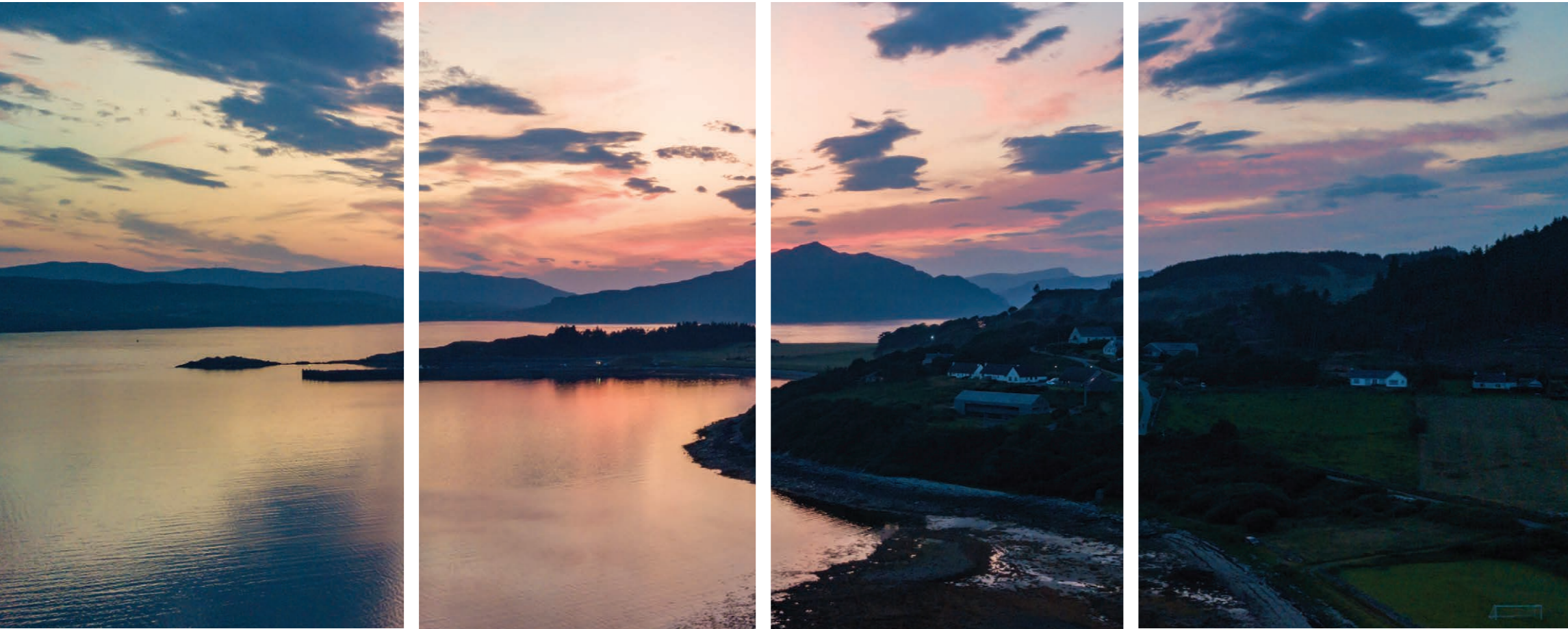


# COMMUNITY BENEFIT PAYMENT

The surplus income from the RCR hydro schemes will be gifted to RDT and will be paid into a Community Benefit Fund. The details for the process of disbursement of this fund will be determined by a full community consultation prior to the surplus being generated.

Hydro schemes are long-term income-generating projects lasting for at least 20 years, probably much longer. The value of the community benefit fund, over the first 20 years of the project, is projected to be **£668,462**.

It is impossible to detail how any surplus from the schemes will be spent several years into its operation, however the intention is that it will donate monies to a Community Benefit Fund thereby supporting projects and activities for the benefit of the Raasay environment and community and that have been decided through consultation with the community. It is likely that the Community Benefit Fund will primarily support projects with an environmental and carbon reducing focus, examples detailed in the following table.



We want to address		Proposed action
<b>High levels of fuel poverty</b>	44% of our Island residents live in fuel poverty according to a report by the Highland Small Communities Housing Trust.	<ul style="list-style-type: none"> <li>● Increase capacity of our Woodfuel project</li> <li>● Increase availability of well insulated affordable housing stock</li> <li>● Raise awareness among the Raasay community of information and financial support services available to individuals and businesses.</li> <li>● Encourage the switch to alternative heating systems such as air or ground source heat pumps or other renewable technologies.</li> </ul>
<b>Grid Constraint</b>	Current capacity limits the size of local renewable energy generation that can be connected to the national grid. This will be the case until Scottish and Southern Energy Network upgrades infrastructure on Skye.	<ul style="list-style-type: none"> <li>● Ensure current renewable energy projects are futureproofed to ensure they can take advantage of the grid constraint being lifted.</li> </ul>
<b>High vehicle ownership</b>	No public transport or taxi/car share service on Raasay. Public transport on Skye does not link up with ferry.	<ul style="list-style-type: none"> <li>● Work with Raasay Community Council and transport operators on timetables.</li> <li>● Develop community electric transport initiatives.</li> </ul>
<b>Insecurity of fuel supply</b>	The recent liquidation of the islands coal supplier Ferguson Coal, highlighted the insecurity of our reliance on imported fossil fuels.	<ul style="list-style-type: none"> <li>● Investigate and take forward renewable energy projects.</li> <li>● Encourage the installation of alternatives to fossil fuels such as air or ground source heat pumps or other renewable technologies.</li> <li>● Continue to grow the Woodfuel enterprise to ensure a supply of locally sourced sustainable wood fuel.</li> </ul>
<b>Habitat Conservation</b>	Our islands natural heritage is important, and we need to protect and manage it for future generations.	<ul style="list-style-type: none"> <li>● Our islands habitats need protection and management, and this could be achieved through providing clear pathways, tree planting and conserving out peat lands.</li> </ul>
<b>The impact of tourism</b>	Raasay is seeing an increase in visitor numbers and we lack appropriate signage and infrastructure.	<ul style="list-style-type: none"> <li>● Ensure visitors have the information and infrastructure to enjoy their stay sustainably. This could include facilities for campervans as well as signage and clear pathways.</li> </ul>

# THE RISKS

All projects involve an element of risk. Successful projects manage and mitigate risks appropriately. As RCR has been incorporated with limited liability, the liability of its members will be limited to the amount paid for their shares. However, prior to making any decision to subscribe for shares in RCR, you should carefully consider, together with all the other information contained in this document, the specific risk factors described below which are considered to be material in relation to the society. These risk factors are not set out in any particular order of priority and the list should not be regarded as exhaustive or a complete and comprehensive statement of all potential risks and uncertainties associated with the schemes. Additional risks and uncertainties that are not presently known or which are currently deemed immaterial may also have an adverse effect on the society's operating results, financial condition, and prospects.

Investors should appreciate that any investment they make is to support the development of renewable energy and, accordingly, a subscription for shares in RCR should be regarded as both an investment for social and environmental purposes and one that could produce a fair financial return. **It should also be noted that members of community benefit societies do not have access to the Financial Ombudsman Service of the Financial Services Compensation Scheme.** If you are in any doubt as to the action you should take you are recommended to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (FSMA) or from another appropriately authorised independent financial adviser. The content of this document has not been approved by an FSMA authorised person.

All monies raised by this share offer, all money donated, and all grants and interest-free loans will be held in a holding account until the decision to go ahead with the project has been made. If a decision NOT to go ahead is made, all monies raised through the share offer will be returned IN FULL to the parties concerned.

Investors are not exposed to any risks associated with a repayment of the development loan from the Scottish Government Community And Renewable Energy Scheme (CARES) as, if the project does not proceed, there is a process by which RDT can apply to have the loan written off through converting it to a grant.

As with any investment there is risk involved. Should RCR get into financial difficulties:

- We may not be able to pay interest
- We may have to suspend your rights to withdraw shares
- You may lose all the money you pay for your shares



**The project will support the Scottish and UK Governments in achieving their renewables and carbon reduction targets.**



**Once operational the schemes will support secure, year-round employment within the Raasay community.**

Please note, the Directors may resolve at any time to return excess capital to members in the proportions in which they provided it to the society. Also, Directors reserve the right to refuse an application for withdrawal of investment to protect the stability of the society's financial position.

All infrastructure projects have risks, can be delayed, and impacted by external factors. These risks can impact on the projects budget, viability and investors return on investment. Good project management and communication, along with being forward thinking and risk aware can identify potential issues early and mitigate the majority of issues.

As part of our project management procedures, we have created a risk register. This will be a dynamic document, updated at each meeting which will ensure we are continuously looking for emerging issues and identifying and implementing mitigation where necessary in a timely manner.



**Supporting the green recovery from COVID-19**

The Covid-19 pandemic has been a troubling time for all but as we progress out of lockdown projects such as we propose will be key to achieving the Scottish Governments green economic recovery.



**Fueling Local Infrastructure on Raasay**

We will work with the community to identify local uses for the electricity that we cannot export to the national grid during the constraint period.



# GOVERNANCE

## Type of Society

RCR is a Community Benefit Society (BenCom) and was registered with the Financial Conduct Authority on **1st September 2020**. A BenCom is run primarily for the benefit of the community at large, rather than just for members of the society. This means that it must have an overarching community purpose that reaches beyond its membership. Although a BenCom has the power to pay interest on members' share capital, it cannot distribute surpluses to members in the form of dividends. A BenCom can opt to have a statutory asset lock, which has the same strength as the asset lock for a charity and for a community interest company.

## Governance

Our governing document, RCR Rules and Registration, can be found on our website – [www.raasayrenewables.co.uk](http://www.raasayrenewables.co.uk).

The Bencom will be governed by a democratically elected Board of Directors and any member is eligible to stand to be on the Board at each Annual General Meeting (AGM).

RCR will initially be run by a group of founder members. These founder members form the current RCR Board and work on a voluntary basis. It is these founder members (Directors) who will administer the initial share allocation and who will run the Society until the first AGM where a Board will be elected by the wider membership. Founder members can put themselves forward for re-election. Members can be co-opted onto the board before the first AGM.

There will be a total of up to **12 Directors** in future.

## Voting rights

Each member is entitled to one vote irrespective of the number of shares held or the scale of their investment.

## Community Anchor Share

In order to fully embed community ownership of the project, our rules require that we appoint a key organisation within our community as the holder of the community anchor share. We have appointed Raasay Development Trust (RDT) to this role and RDT has the right to appoint up to two Directors, with the remainder elected from among the members of the society. The RCR Board cannot be made up of a majority of RDT Directors.

The community anchor share allows RDT to exercise veto power over any rules changes that would alter the relationship between the two organisations. A Deed of Covenant allows for profits from the BenCom to pass to RDT to be ringfenced as a Community Benefit Fund.

## Asset Lock

Our governing documents include an asset lock to ensure our assets, such as the proposed hydro schemes, remain in community ownership in perpetuity. This ensures continued community benefit throughout the lifetime of the hydro.

## Member eligibility

Membership of the society is open to all investors over the age of 16. Priority will be given to investors from the Raasay area in the first instance.

Members within the Raasay postcode area will be designated Community Contributor Members. They will have a lower share minimum and will always have the majority membership on the Board of Directors, ensuring community control.

## Dissolution

If RCR is wound up, its assets will first be used to meet its liabilities; next to repay members for their shares; finally any surplus remaining will be passed on to a charity, society or other asset locked body serving the Raasay community.

## Transferring shares

Shares are not transferable.

If a member dies the repaid value of the shares will normally be added to the estate for probate purposes. The application form at the end of this document offers the option for you to nominate a recipient for the value of the shares in the event of your death.

## Withdrawing shares

We encourage prospective members to view their investment as a long-term commitment to the project – a one-off investment to generate a long-term financial benefit to yourself and a lifetime of environmental and social benefit to the Raasay community.

Shareholders should be prepared to tie up their capital for a number of years. Share capital cannot be withdrawn except at the Directors' discretion. We project to repay all shareholder investment by year 19 and the amount returned each year will be decided by members at an AGM.



**Shareholder owned**



**Run by a Board of Directors**



**Visit our website for further information**

[www.raasay-renewables.co.uk](http://www.raasay-renewables.co.uk)

# FREQUENTLY ASKED QUESTIONS

## 1. How much will RCR shares cost?

The share price will be **£25**, with a minimum investment of **£125** for those with a Raasay postcode and **£375** for incorporated organisations or those out with Raasay. The maximum investment will be **£65,000**.

Group/syndicate investments, business/organisation investment and investments as gifts will all be accepted. Each investor (or group) will receive one vote regardless of the amount invested and the level of your investment will remain confidential.

Shares in RCR will never go up in value but can have their value reduced to zero if RCR fails. Investors can expect a reasonable rate of return on their investment. RCR's Board will seek agreement on the interest payment level and the amount of investment to be returned each year at a members' Annual General Meeting.

## 2. What will I get in return for my Investment?

Investing in RCR is principally a social and environmental investment but will provide investors with a fair financial return. You should expect to invest for a minimum of five years and investors can only withdraw shares within the first five years of trading at the absolute discretion of the RCR Board. A proportion of the total share capital will be repaid each year starting in **2026** and the Directors will endeavour to match repayments to members' preferences where possible. You can indicate your preferred retention period on the Share Application form, and this can be updated at any time by contacting the Secretary of RCR at its registered address.

Based on the assumptions about the likely profits, the Directors aim is to pay interest at **4%**. At the current Bank of England base rate of **0.1%**, the maximum interest we could pay is **3.1%**. These are, however, historically low rates, and we can reasonably expect them to be higher from **2022**. We aim to pay back all initial investment by **2040**. RCR's Board will seek agreement on the interest payment level and the amount of investment to be returned each year at a members' Annual General Meeting.



If you have a specific question, please contact us by email at [info@raasayrenewables.co.uk](mailto:info@raasayrenewables.co.uk)

## 3. Who can invest/become a member?

Membership of RCR is open to individuals over the age of 16 years, corporate bodies, voluntary organisations, and public sector investors.

## 4. How do we invest?

A Share Application Form is provided with this booklet and online applications can be made via

[WWW.CROWDFUNDER.CO.UK/RAASAY-COMMUNITY-HYDRO](http://WWW.CROWDFUNDER.CO.UK/RAASAY-COMMUNITY-HYDRO)

## 5. What happens if you do not reach the target?

If we fail to reach the target, RCR has provisional agreements in place for a bridging loan with CARES and for deferring contractor fees if necessary. This is discussed further within the Business Plan available from [www.raasayrenewables.co.uk](http://www.raasayrenewables.co.uk). If it is necessary to opt for a bridging loan from CARES we will aim to refinance this loan on completion of construction as we will be able to secure a better interest rate. RCR is confident though that the full value of the project will be raised and there are other examples of communities achieving this for broadly similar schemes (see Applejuice [www.applecrosshydro.scot](http://www.applecrosshydro.scot) and Sunart [www.sunartcommunityrenewables.org.uk](http://www.sunartcommunityrenewables.org.uk)).

Conversely, if we reach our funding target before the closing date of the share issue, the offer will close early, and priority will be given to investors from Raasay. If it is necessary to reject any applications from outside Raasay this will be done on a 'first come, first served' basis.

## 6. What happens if RCR has to wind up?

RCR will use its assets to repay debts. Any remaining funds at this point will be used to repay members' investments. The remaining funds or assets will be passed on to a charity, society or other asset locked body serving the Raasay community.

## 7. Why set up a separate Community Benefit Society?

As a Community Benefit Society, we are able to raise funding at much lower cost by using community shares. This means more of the profit made by RCR can be given back to the Raasay community via a Community Benefit Fund.

# ABOUT RAASAY COMMUNITY RENEWABLES



Ross Gillies

RCR Director/Co-Chair



Rosie Macleod

RCR Director/Co-Chair



Ross Camilli

RCR Director/Treasurer



Artemis Pana

RCR Secretary & RDT Treasurer



Elizabeth Macleod

RDT Development Officer

The Board of RCR comprises of four founding members from our local community. We are delighted that the Board is gender balanced and that our Directors bring a strong knowledge of engineering and renewables as well as community development to the project.

Full Director biographies can be found in the Business Plan available from [www.raasayrenewables.co.uk](http://www.raasayrenewables.co.uk)

# OUR PARTNERS



BluEnergy are working with RCR to provide a turnkey service covering project management, procurement and construction.



Twin Deer Law are working with RCR to provide legal services.



Local Energy Scotland is supporting RCR through a CARES enablement grant and a loan. The support of the CARES team has been invaluable to the hydro progress.



Community Shares Scotland are supporting RCR with the share offer and were instrumental in supporting the creation of RCR as a Community Benefit Society.



Forestry and Land Scotland are the main landowner covering the area of the development.



Scottish Hydro Electric Community Trust provided RDT with a grant towards the cost of entering into a grid connection agreement with SSEN.



SSEN are the electricity network provider in our area and provided RDT with a grid connection agreement.



SSE Sustainable Development Fund provided **£300,000** towards the capital costs of building the hydro developments.



HIE supports the work of RDT through providing support to employ a Development Officer for the island.



Hugh Campbell is providing marketing and promotional support as well as assisting with setting up a website and online presence.

This offer closes at 6pm on 23rd February 2021 or whenever the maximum amount is subscribed, whichever is soonest. The Board reserves the right to extend this offer. Completed forms must be returned by post to Raasay Community Renewables, Raasay Community Hall, Inverarish, Isle of Raasay, IV40 8PA or electronically to [info@raasayrenewables.co.uk](mailto:info@raasayrenewables.co.uk).



Minimum Share price of £125 for those with a Raasay postcode.



Minimum Share price of £325 for those with a non Raasay postcode and organisations.



Maximum Share price of £65,000

### Apply Online

Applications can also be submitted through our Crowdfunder page at:

[WWW.CROWDFUNDER.CO.UK/RAASAY-COMMUNITY-HYDRO](http://WWW.CROWDFUNDER.CO.UK/RAASAY-COMMUNITY-HYDRO)

# RAASAY HYDRO SHARE APPLICATION FORM

Please indicate the members type you require and the value of the shares you wish to apply for:

	Value of Shares you are wishing to apply for
Individual Membership	
*Syndicate membership	
*Gifting membership	
*Organisation Membership	

\* RCR may require additional details and will be in touch prior to issuing share certificates.

First Name	
Last Name	
Address	
Postcode	
Email	
Phone Number	
Please enter your preferred investment retention period	<input type="text"/> Years
Please nominate a recipient for the value of the shares in the event of your death	Name: Address:

If applicable, please enter the names of the other members of the syndicate:

First Name	Last Name

If applicable, please enter the names of those you are purchasing shares for as a gift:

First Name	Last Name

Organisation/business name	
Is your organisation/business	<input type="checkbox"/> Incorporated <input type="checkbox"/> Unincorporated
Registration number if incorporated	

### Payment

Please indicate how payment has been made:

- Cheque payable to Raasay Development Trust
- Bank Transfer (please use your full name/organisations name as a reference)  
Raasay Development Trust, Cooperative Bank  
Sort code – **08-92-99** Account number – **65746118**

### Declaration

I confirm that I am 16 years old or older. I have read the Share Offer document and understand and accept the terms of the share offer and the Hybrid Bencom Rules of Raasay Community Renewables which can be downloaded from [www.raasayrenewables.co.uk](http://www.raasayrenewables.co.uk). I consent to Raasay Community Renewables sending me, at the email address given above, formal notices or documents (or links to the Society's website) and information relating to the management of Raasay Community Renewables.

Signed:  Date:



**SUPPORTING THE COMMUNITY OF RAASAY**



## CONTACT US



Contact us by phone on  
**07902093608**



Contact us by email on  
**info@raasayrenewables.co.uk**



**www.facebook.com/raasayrenewables**



**RAASAY  
COMMUNITY  
HYDRO  
SHARE OFFER**



**JANUARY 12TH 2021 – FEBRUARY 23RD 2021**

**[WWW.CROWDFUNDER.CO.UK/RAASAY-COMMUNITY-HYDRO](http://WWW.CROWDFUNDER.CO.UK/RAASAY-COMMUNITY-HYDRO)**

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