



NORTH UIST DEVELOPMENT COMPANY (TRADING)

BUSINESS PLAN 2018-2038

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1.0 Executive Summary

This Plan has been prepared to support funding proposals for a wind turbine development at Clachan-na-Luib, planned for installation in Autumn 2018. This project will be implemented by North Uist Development Company (Trading), (NUDC-T), a Community Benefit Society registered with the Financial Conduct Authority.

The driving force behind this initiative is the North Uist Development Company (NUDC), which has established the Society, in order to create a suitable vehicle to raise finance through a community share offer. The Society will be the official owners of the scheme and will be responsible for its day-to-day operations.

Full planning permission, a firm grid connection and land agreements are in place for two 900kW Enercon E-44 turbines at Criongrabhal, near Clachan, North Uist.

The annual gross income anticipated in the first full year of operation of the scheme is estimated to be approximately £361,179. This is based on an estimated net annual output of 6,370MWh at the anticipated Feed-in Tariff (FiT) rate at the time of preaccreditation in December 2017 of 0.64p/kWh and the current guaranteed FiT export tariff at which electricity can be sold into the grid of 5.03p/kWh. Once the scheme is registered, FiTs are payable for the first 20 years of operation and their rate is guaranteed by the government which increases annually in line with inflation. It is very likely that the income from selling electricity will also rise over the period of the scheme by negotiating a higher value for the exported electricity through a power purchase agreement.

The construction and development costs of our wind turbine scheme are currently estimated at £3,474,505, which includes a contingency of 10% for the cost of building. We have secured a commercial loan for £2,520,000 from Triodos bank. On the 21st of April 2018, we will be opening a community share offer. We aim to raise £1,100,000 of this amount through this offer, with the remaining finance made up of the commercial loan.

After deducting operational costs, paying interest on shares and interest on loan finance, any disposable profit generated from our scheme will be donated to North Uist Development Company to finance local social, community, economic and environmental benefit projects.

2.0 Background

2.1 Community

North Uist is defined as the area encompassing the islands of Berneray, North Uist and Grimsay or in the HS6 postcode. It supports a population of 1619 (2011) of which 26.1% are aged 65 and over and 12.2% are aged under 16. The area is experiencing long-term population decline, an ageing demographic and low birth rates. Statistics show that between 2001 and 2008 there was a decrease of 7.4% in

the total number of children and an increase in the number of residents of pensionable age – the highest in the Outer Hebrides.

Out of the total of 1,235 people in North Uist aged 16-74 a total of 867 (70%) are economically active. Of those who are economically active, most people are in full time employment, less than the Outer Hebrides average, while 15% were in part time employment. In island areas North Uist has the lowest percentage of unemployed.

The Hebrides including North Uist has a weak economic base which is concentrated on a narrow range of sectors and especially reliant on primary industries and the public sector. With an annual budget of approximately £117 million, Comhairle nan Eilean Siar is the largest employer in the Outer Hebrides, with 1814 full-time employees. The MoD, through its military base and private partnerships, employs over 100 people. These sectors are insufficiently diverse to sustain a young, educated population and, coupled with a lack of well-paid jobs, means those in the age range 15 – 29 years figure disproportionately among those who chose to leave the island.

Local businesses suffer from a lack of diversity. An audit of local businesses in North Uist was carried out in 2011. It is estimated that around 54% of the businesses identified fall within the tourism and culture sectors (5 hotels; 24 B&Bs; 44 self catering businesses; 16 arts related businesses; 3 visitor centres; 5 sporting related businesses).

Of the 791 households in North Uist, 602 (76%) are owned. Of those owned, 415 (52.5%) are owned outright, while 187 (23.6%) are owned with a mortgage or loan. North Uist has the highest percentage of houses which are owned in all island areas. North Uist also has the lowest percentage of social rented houses in all island areas.

Level 4 qualifications and above are held by 28.3% of the population, higher than the Outer Hebrides average. In island areas North Uist has the highest percentage of those with level 4 and above qualifications. Of the 1,579 people aged 3 and over in North Uist, a total of 1,077 people (68.2%) have some Gaelic ability while 502 (31.8%) have no Gaelic skills.

Further details of the North Uist population can be found at <http://www.cne-siar.gov.uk/factfile/population/islandpopulations.asp> and details of the economic and demographic structure of islands will be posted on the NUDC web site at <http://www.isleofnorthuist.com>.

The demographic imbalance illustrated by the reducing number of young people and increasing number of people in the upper age bands, along with the reliance on public sector and primary industries, and tourism among local businesses, presents a challenge for all the agencies with responsibility for the future sustainability of North Uist.

2.2 Strategic Aims

The project is sponsored by NUDC which was created in 2010 with the overall objective to promote the social, educational, cultural, economic and environmental wellbeing of the people of the Uists and in particular the residents of the area known as North Uist and having postcode HS6. Renewable energy was identified as a key

driver for long-term sustainability in a series of consultations with the community and, since 2011, considerable volunteer effort has been involved in project delivery.

Its strategic aims and charitable objects are as follows.

Aim 1 – To Foster a Dynamic, Sustainable and Viable Community

- Promote economic development and employment opportunities in the community and promote North Uist as a place to conduct business activities
- Improve our representation on policy-making forums according to the particular needs of North Uist
- Support and encourage community enterprise and locally based business
- Develop renewable energy opportunities and energy efficiency measures to provide community benefit
- Support and promote the creative industries
- Support initiatives that reduce dependence on external inputs, delivering local needs locally
- Support, improve and develop community facilities and infrastructure to meet local needs and contribute to a better quality of life for the North Uist community

Aim 2 – To Promote and Protect the Community’s Unique Natural and Cultural Heritage

- Protect, promote and enhance our unique natural environment and promote sustainable and innovative use of our natural resources
- Enable local management of new statutory designations
- Protect and promote the historical, archaeological and cultural assets of North Uist, and encourage research
- Retain and exhibit artefacts in a local facility
- Encourage the promotion of cultural activity in the community through Gaelic language, song, dance and music and creative industries
- Support and promote the value of our crofting and fishing industries and their heritage.
- Promote co-operation with other communities.

Aim 3 – Strive for a Demographically Balanced Community

- Welcome and encourage in-migration
- Support initiatives that encourage the relocation of online and remote workers to North Uist
- Support initiatives that encourage retaining youth and encourage young returners
- Promote training opportunities to enable the development of a skilled workforce
- Support equal access to essential services
- Encourage the retention and expansion of services for all age groups in North Uist.

Aim 4 – Make North Uist an Accessible Community

- Support initiatives that protect, enhance, improve, integrate and reduce costs of our transport, both to and from and on the island
- Encourage the development of tourism opportunities that provide economic diversity, sustain vital services and provide local employment as well as being appropriate to the environment, cultural heritage and community wishes.
- Support better internet facilities including campaigning for expansion of the fibre-optic installation for the whole of North Uist

NUDC is a registered charity and company limited by guarantee with no share capital. It has nine volunteer directors and 690 members from the surrounding community. Turnover in 2016/17 was c. £32,171.00

2.2 Project Origins

Renewable energy was identified as a key driver for long-term sustainability by NUDC in the early stage of its community consultations.

The choice of location and site was determined through a detailed feasibility study undertaken in 2010/11 with the preferred site identified near to suitable electricity grid capacity that could support a number of wind turbines.

Funding applications for pre-construction activity were submitted in 2009 and significant capital/revenue grants to support wind turbine development were awarded in May 2010 (independent legal advice has confirmed that these grants are compatible with Feed-In Tariff incentives).

In 2011, a grid connection offer for 1.8MW was secured for the site. Environmental studies were completed over 2010 and 2011 and an Options Agreement and Draft Lease signed in 2013. These enabled a planning permission to be submitted in April 2013.

The Ministry of Defence had been approached in 2011 regarding the turbine developments proximity to their radar range on St. Kilda and Air Traffic Control on Cleatraval, North Uist. The MoD stated that the development would have no impact on their systems. When the Planning Application was submitted however, the MoD changed their position and objected to the turbine development. The local authority believed that this objection was not justified and were of a mind to approve Planning permission when the process was called-in by the Scottish Government. After the subsequent inquiry in early 2014, Scottish Ministers sided with the MoD, and agreed that the turbines would have an adverse effect on their ability to manage the radar systems effectively. Planning permission was therefore refused.

For 18 months afterwards, the MoD refused to discuss potential mitigation solutions which would reduce the impact of the turbine development on their radar systems. In Autumn 2016 however, they eventually accepted a technical specification for the use of the Thruput MIDAS III radar mitigation system, and agreed to a planning condition in January 2017. With all environmental surveys and land and grid agreements still in place, NUDC was able to submit a new planning application in February 2017, which was finally approved in September 2017.

A Feed-in-Tariff pre-accreditation application was submitted in September 2017.

2.2 Achievements

Despite a number of obstacles, the project has continued to make progress, and is now in the final stages of development. Once completed, it will enable NUDC-T and NUDC to deliver a number of concrete benefits to the local community.

Whilst this project has been underway however, NUDC have worked on a number of other projects around North Uist which are already bringing a number of benefits to the community.

This includes:

- Assisting Urachadh Uibhist, a local North Uist social and educational charity, to develop new income-generating activities including a community gym, a hairdressing facility, and exhibition and business space. In 2017, NUDC successfully raised over £80,000 to fund a new Innovation & Development Manager role
- Helping secure wider coverage of the roll-out of fibre-optic broadband through North Uist.
- Assisting Urras nan Craobh Uibhist a-Tuath to improve its existing tourism facilities, facilitating a greater footfall to the attraction
- Advocacy for further investment in affordable housing in North Uist, leading to the potential establishment of new homes throughout the community
- The promotion of local tourism, including assisting the Comunn Eachdraidh Uibhist a Tuath in the creation of a digital App covering the world-renowned archaeological site at Udal
- The potential development of a local disused primary school into an environmental and teaching centre, and community bunkhouse.

2.3 Corporate Structure

Previously, NUDC established NUDC (Trading) Limited, a Company Limited by Guarantee, in order to carry out the community wind energy development (raising finance, entering into various legal contracts and then installing and operating the wind turbines).

To facilitate fund-raising for the project, a new Society has been registered with the Financial Conduct Authority (FCA) to meet the requirements for a share offer. This Society takes the form of a Community Benefit Society operating under rules developed by Co-operatives UK in line with FCA guidance. NUDC (Trading) Limited directors made the decision to close the Trading subsidiary, and convert it into the Community Benefit Society whilst keeping the same name for continuity with funders and the project's Feed-in Tariff with OfGem.

The Society has an inaugural board of directors, currently comprising three directors of NUDC (founder members) and one other co-opted prospective shareholder, who is a member of the local community and has financial skills to augment the founder member's expertise. The Rules allow for up to nine other shareholders to be elected to the board of directors to sit alongside the three NUDC trustees and this provision will come into effect from the first Annual General Meeting of the Society.

In line with finance security requirements, the Society's assets will ultimately rest in shareholder control, subject, of course, to debt funding security agreements for the relevant loan periods.

The Society Rules, effectively acting as a constitution for the organisation, sets out the focus of its activities as developing and operating the wind energy infrastructure at Clachan-na-Luib and returning profits to NUDC for community investment. In line with co-operative structures, investors will have equal voting powers irrespective of investment size i.e. one member, one vote. The Society will exist for the lifespan of the wind turbines developed, reflected in the 20 year term for the shareholding.

3.0 Markets

3.1 Debt Finance

Until recent years, the banking sector was the primary source of finance for community renewables projects, specifically those banks that were prepared to lend on limited recourse terms, accepting security over the developer's business and the project assets only. Debt-to-equity ratios were often 90%+, depending on wind resource, with pre-financial close development costs often being taken as equity. Triodos Bank are now the primary lender, however, options remain limited and banks that lend are often highly selective of projects. Beyond this, rules that seek to prevent a repeat of the financial crisis in 2007/08 by requiring banks to hold more capital have raised the cost of credit and led to an increase in lending margins across the board.

Since the changes to the UK Government's Feed-in-Tariff scheme, which have seen tariff rates decrease steadily in recent years, many community renewables developers have struggled to secure finance for their projects. However, peer funding initiatives - gathering funds accumulated from small investors for a reasonable return on their capital but with clear social benefits - has grown significantly as a source of finance in the UK and globally. These share offers and Crowdfunding opportunities have enabled many community renewable projects to progress in the tougher financial climate.

Recent research highlighted that at least 800 platforms are currently operating around the world with the most recent global survey suggesting that the industry raised \$2.7 billion in 2012, an 81% growth rate over the previous year. In the UK, NESTA* has estimated that £200 million was raised through crowdfunding in 2012 and predicts ongoing growth.

Market commentators suggest that Scotland is underutilising crowdfunding as a source of finance when considered as a proportion of the UK economy – pro-rata against the UK's total of £200 million, the portion expected would be c. £16 million raised. Research would suggest that the actual figure is probably less than £1 million for the same period and there are no examples of a successful equity based crowd fund on any of the major business platforms. Awareness of crowdfunding is comparatively high and the appetite for using crowdfunding seems to be present, but this is not converting into activity.

3.2 Community Share Finance

Focussing on the community sector of the market, it is noticeable that since 2010, 467 Community Share Offers have been identified by the Community Shares Unit across the UK. The Financial Services and Markets Act in 2000 opened up this opportunity by granting specific exemptions for withdrawable shares in Societies. Grant support in England and Wales has been less than in Scotland and the recession accelerated alternative peer funding mechanisms to prominence. In 2016/17 renewable energy projects accounted for 29% of share offers in the UK.

Recent examples of share offers to fund community developments include:

- Galson Trust/Urras Energy, Lewis. Raised **£705,800** between July – Oct 2016 for 3rd 900kW wind turbine
- Broom Power, Ullapool. Raised **£900,000** in 2016 for 100kw Hydro-electric scheme
- Glen Wyvis, Dingwall. Raised **£2,600,000** in 2016 for a new distillery.
- Applecross Hydro, Applecross. Raised **£803,000 in just 6 weeks in 2015** for 90kW Hydro-electric scheme.

Previous share offers have attracted around half of the investors from the immediate/local area, primarily wishing to support the project being developed, with the balance of investors coming from the wider UK and occasionally overseas. Non-local investors comprise individuals/organisations interested in supporting environmentally benign community projects or renewables projects in general, plus a small number seeking to gain financial return from existing investment portfolios. Many of the above projects actually raised more than their target, and some even had to turn potential investors away.

3.2 Local Market

As discussed above, the local market accounts for roughly half of the investors involved in these fund-raising initiatives, and community profiling is helpful to assist with marketing and promotion across the immediate community. Out of the total of 1,235 people in North Uist aged 16-74 a total of 867 (70%) are economically active. This will be our core market.

There is generally a high level of awareness of NUDC and its activities within the community. Many residents prefer communication via the community newspaper and printed material such as newsletters, however there is a strong link through NUDC's Facebook page has attracted 566 followers which can on occasion extend its reach to thousands of other Facebook subscribers.

Within the wider Outer Hebrides area, there are a total of 27,6864 residents of which 71% are in the economically active age group. This will be a further local market to cater for.

3.3 Electricity

In the UK as a whole, electricity currently represents circa 15% of all energy demanded by consumers, alongside nuclear, coal, gas and other forms of renewable energy. The proportion of wind energy within the UK energy mix is increasing, having grown to 11.5% of the UK's total electricity demand in 2016, and is more pronounced in Scotland where the proportion is now circa 34%.

The market is not a true free market as there are aggressive drivers in the form of European Union targets designed to reduce carbon dioxide emissions, largely delivered through an increase in the scale of electrification within member state energy markets, plus assertive drivers in the form of financial incentives, primarily through the Feed-In Tariff scheme which passes subsidy to generators and consumers who install renewable energy infrastructure. As the take-up and penetration of renewable energy production increases, the UK Government is actively reducing the incentives available and, therefore, Feed-In Tariffs are decreasing rapidly on an annual, or sometimes six monthly, basis.

3.3 Services

Wind turbines are relatively complex infrastructure and not high volume in comparison to other forms of conventional energy installations. Many of the service providers required are specialist in nature, limited in number and often located far from project sites. For remote projects in places like the Outer Hebrides, the choice of turbine is frequently limited to one or two manufacturers/models due to the strong winds and general severe nature of the climate, thus reducing purchasing power for the buyer. Consequently, buyers will have to significantly rely on the goodwill of the

supplier and be subject to frequently changing timescales. Reliability and track-record of suppliers are critical factors for buyers and particularly their financiers who normally go to significant lengths during due diligence to reduce risks.

Services around less precise element of wind energy projects, such as civil engineering and domestic electrical works, can be sourced from local suppliers and provide useful economic boosts for the area. Other professional services such as civil engineering design, health and safety, legal and accountancy are also within the capability of the local market, although specialist legal and electrical/mechanical professionals will require to be sourced from the wider marketplace.

4.0 Project

4.1 Location

The site is situated in moorland approximately 500m north west of the township of Clachan na Luib. The two turbine coordinates are: NF 81408 65157 and NF 81393 64642. The site is owned by the North Uist Estate and turbine plots will be leased to NUDC-T in a 25 year lease agreement, subject to any alterations required by Triodos Bank. A Resumption Order under the Crofters Acts is being secured from the Scottish Land Court for both turbine plots which grants exclusion from crofting tenure over the life of the turbines.

4.2 Project Economics

Long-term mean wind speed at 55m hub height at the wind farm site has been measured as 9.19metres/second (21 mph), which is significantly above the UK average. Due to the significant wind resource and ongoing decreases in the long-term Feed-In Tariffs, turbine down-rating to attract a higher tariff is not being considered. The capital cost of the second phase is estimated as £3.47m + VAT (equating to c.£1.7m/MW).

This project preaccredited for Feed-In Tariff support, under the 1.5MW-5.0MW banding. This will attract a tariff rate of 0.64p/kWh.

For financial modelling, the annual production from both turbines is estimated as 5,260MWhs reflecting a 33.4% annual load factor over one year (P90). Operating costs/overheads are based on the specific contract arrangements required for each project but are typically 15-20% of gross income (excludes finance costs, depreciation and taxation).

4.3 Project Infrastructure

The turbines to be installed are both Enercon 900kW E44 wind energy convertors. These have a hub height of 55m with a 77m tip height. This turbine is designed for IEC Class 1A wind conditions and Enercon is establishing a strong track-record with high wind projects in the Highlands and Islands. There are now a number of Enercon turbines operating successfully across the Outer Hebrides and has led to the company establishing a maintenance base with two operatives in the Isle of Lewis.

The project will involve construction of:

- Two 900kW rated, direct drive turbines with 77m tip height

- Two c.150m³ reinforced concrete, circular foundation (turbine supplier to construct in accordance with its standard specification)
- 330m of additional access road (in accordance with the turbine supplier's standard specification)
- Two c.1,000m² hardstanding and laydown areas for crane operation and component storage (in accordance with the turbine supplier's standard specification)
- 740m of electrical and fibre-optic cabling between the turbines
- Various professional services to assist in project design/delivery (engineering design, specialist turbine engineering, health and safety, archaeology, legal and accountancy)

4.4 Costs

The project costs are estimated as follows.

Table 1

Item	Amount	% of total cost
Preliminary Development Costs	£164,121.23	4.73%
Turbines including foundations	£1,826,000.00	52.62%
FIT meters and G59 Relays	£29,000.00	0.84%
Allowance for soil replacement	£15,000.00	0.43%
PC duties and site management - during Enercon works	£35,000.00	1.01%
Grid Connection	£276,495.42	7.97%
Construction Insurance	£25,250.00	0.73%
Civil Balance of Plant Works	£334,100.00	9.63%
Electrical Balance of Plant Works	£177,800.00	5.12%
Signing direct agreement with civil and electrical contractors	£5,000.00	0.14%
Project management	£70,000.00	2.02%
Other professional services (eg Archaeologist, civil design, GI etc)	£50,000.00	1.44%
Bank arrangement and commitment fee	£35,250.00	1.02%
Legal and DD fees	£80,000.00	2.31%
Euro Credit Charge	£18,200.00	0.52%
Financial Advisory	£20,000.00	0.58%
Radar mitigation	£169,500.00	4.88%
Decommissioning bond	£30,000.00	0.86%
Contingency @ 10% of construction phase total exc. turbines and grid	£109,410.00	3.15%
Total	£3,470,126.65	100.00%

As NUDC-T is VAT registered, costs above are exclusive of VAT.

At 52.62% of the project costs, turbine supply/installation is by far the major item, reflecting the significant investment in site infrastructure. A standard contract has been received from the turbine with a firm price, resulting in a high level of cost certainty for the project at this early stage. Consequently, with reduced risks of cost over-run, project contingencies can be reduced to a modest level.

Bank fees comprise various charges levied by Triodos Bank during the loan due diligence period plus capitalisation of debt reserves at the outset, equivalent to six months' of loan repayments. This could be met by cash/revenue generated as an alternative, however, it is anticipated that would place significant pressure on cash flow prior to revenue being generated by the second and third wind turbines.

4.5 Funding

The main funding for the project will be debt finance on a non-recourse basis where the lender will only take security over the society and its assets. In this case the lender will be Triodos Bank. This will take the form of a 17 year term loan of capital and interest repayments which have been sculpted to offer more flexibility of the repayments over the period.

This senior loan is modelled on a typical profile as discussed above with quarterly capital and interest repayments, with various loan tranches for the construction and operational phases. The interest rate is in line with the indicative offer received from Triodos Bank. A six month debt reserve requirement has been capitalised and added to the loan amount. Funds will be drawn down within a development facility which will have a VAT overdraft of £500,000 throughout the construction period after which the term loan facility will commence.

The balance of finance for the project costs is to be met through a community share offer as discussed above. This is targeted to raise £1,100,000 by June 2018 through the sale of shares in the Society to a range of individuals, businesses and organisations over a three month period. The process will closely follow share offers that have been successfully delivered in other rural communities across Scotland.

An application for secondary finance has also been made to Scottish Enterprise for assistance from the Renewable Energy Infrastructure Fund (REIF), and to Social Investment Scotland. If either of these are successful, this will reduce the amount that is required to be raised through the community share offer.

4.6 Share Offer Investment

The new Society has been established to raise funds and manage shareholders' interests over the long-term (project delivery and operation will be undertaken by its subsidiary). Governed by its Rules, the levels of annual interest are recommended by the Board of Directors and agreed with members at the Annual General Meeting. Interest is paid gross once income commences and any priority obligations have been met e.g. senior lender conditions and covenants.

The minimum investment to become a voting member of the Society will be £250 and the maximum amount is that allowable by law which is £100,000. Individuals over 16 years old, couples, charities, businesses and other organisations can invest. Shares have a fixed value of £1 and cannot be sold, traded or transferred between members and only the Society can buy them back. There is no prospect of their worth exceeding the nominal value.

Societies of this nature come within the requirements of the Co-operative and Community Benefit Societies Act 2014 and are registered with, but not authorised or regulated by, the FCA i.e. no any depositor protection or dispute resolution safeguards in place for investments. The offer of community shares, specifically in

the form of withdrawable, non-transferable shares, is not a regulated activity and falls outside the scope of the Financial Services and Markets Act 2000. Prospective investors, therefore, need to satisfy themselves of the risks involved in the share offer and also in the project which is the subject of the investment.

Based on analysis at Section 3.3, the anticipated share offer breakdown is provided at Table 2 below, showing the target segment population, anticipated penetration of that segment, resultant number of investors, the average amount per investor and the final totals. This is applied to the North Uist area, the wider Outer Hebrides and then rest of UK and people overseas. The balance of investment is attributed to the wider UK to arrive at the target sum.

Table 2

Market Segment	Target	Penetration	Number	Amount	Total
Isle of North Uist	867	30%	260	£500	£130,000
Rest of Outer Hebrides	19,656	3%	589	£750	£441,750
Total Outer Hebrides	20,523	3%	849	£673	£571,750
Rest of UK/overseas	N/A	N/A	211	£2,500	£528,250
Overall Total			1060	£1,037	£1,100,000

This implies that 12% of funds will be raised within the target local market from 25% of the total forecast investors, and, 52% of funds from the Outer Hebrides area as a whole from 80% of the investors, which is broadly in keeping with other share offer outcomes.

5.0 Delivery

5.1 Timescales

The share offer is to be launched from 14th April 2018 and be open for applications until 30th June 2018 (unless an extension is required). In parallel with this, the senior loan due diligence process with Triodos Bank which commenced in March will have financial close anticipated at the end of June 2018. The deposit payment for the turbine manufacture is to be made by the end of July 2018 with delivery and installation of the turbines to commence in early 2019.

Submission of detailed information to comply with planning conditions is planned in May 2018. Tendering for construction-related services is scheduled for April/May 2018, allowing time for the Bank's legal advisors to prepare and finalise the various contract documentation for financial close. Works on the site could then commence in Q3 2018 with a view to constructing the necessary infrastructure to support turbine installation in more favourable weather conditions.

With turbine construction to be completed in March/April 2019, the necessary testing and commissioning stages and full electricity production would be achieved by the end of June 2019. .

The full accreditation application for Feed-In Tariffs could be made in June 2019 and, allowing three months for queries to be raised and resolved, full income could be achieved by the end of 2019/early 2020.

5.2 Procurement

The components and services discussed at Section 4.3 will be organised into appropriate work packages for procurement. It is anticipated that separate contracts will be awarded for turbine supply/installation, civil engineering, electrical installations, archaeological monitoring, plus individual appointments for each professional service.

The following contractual arrangements will be addressed by Triodos Bank and joint legal advisors during due diligence.

- Use of a standard contract for turbine supply, delivery and installation, previously developed by the supplier in conjunction with the main lenders, where terms are not negotiable. This grants significant latitude to the supplier and some key obligations and risks are evident for the client:
 - Liability for adverse ground conditions arising during foundation construction (site investigation completed to confirm suitability)
 - Provision of acceptable access and hardstanding/storage areas (designed/built in accordance with turbine supplier's standard specification)
 - Liability for weather delays whilst on site (long range weather forecasting used in determining installation programme)
- Contracts for civil engineering and electrical installations will be in accordance with standard industry styles (design and build option). Banks normally require various provisions such as collateral warranties (extension of contractual liability to funders) and step-in rights (ability of lender to take over contract) to be included. Performance bonds and insurance arrangement will be in accordance with the Bank's requirements.

A Power Purchase Agreement for the sale of the electricity being generated will be set up with a licensed supplier. On expiry of the term agreed, tendering will be undertaken to secure further contract with the existing supplier and other suitable parties.

5.3 Legal

The registration of the Society has been completed with the FCA and the Rules are now in place.

NUDC has an established Memorandum and Articles and has been registered with Companies House since its incorporation in July 2010 with the existing board as directors.

The loan finance and security documents will be prepared by the Bank's solicitors in line with standard styles and also reviewed by NUDC-T's solicitor who has specific experience of this documentation related to other projects on the islands. Given the shared dependency on third party contracts, these agreements will be prepared and reviewed by the Bank's Solicitors on behalf of both lender and borrower.

A style of lease has been developed for the turbine sites which can be adapted to meet the Bank's requirements as necessary. Lenders typically require 'step-in' rights to be incorporated for exercising in the event of any development loan default. The leases will be between North Uist Estate as landlord and NUDC-T as tenant, incorporating a stepped rental agreement over the life of the wind turbines, with half of the annual rental being payable to Claddach Illeray Grazings Committee. A Resumption Order will be obtained for both turbine plots to create marketable leases.

A firm offer for connection to the grid has been accepted from Scottish Hydro-Electric Power Distribution (SHEPD) for the full 1.8MW connection to construct the necessary grid infrastructure to connect the wind farm. An operating agreement to govern the use of the grid connection (Embedded Generation Connection Agreement) will also be completed as part of the works with SHEPD.

5.4 Statutory

Planning permission for two turbines was approved in September 2017 and the permission was issued in June 2017 subject to a Section 75 Agreement for setting up a decommissioning bond for removal of the turbines and restoration of the site. The decommissioning fund is included within expenditure items and is subject to an inflationary uplift annually.

The pre-construction planning conditions are currently being addressed with a view to having these largely discharged during May 2018. These include peat management plans, pollutions prevention and control plans, traffic management plans and final scheme layout drawings amongst others. There is a planning condition related to the Ministry of Defence (MoD)'s objection of the impact of the turbines on their radar systems, which is still outstanding, however work is underway to satisfy the MoD's requirements with a view to having the condition discharged to the satisfaction of the lender by financial close.

A pre-construction invasive archaeological survey has been undertaken across the site as part of the discharging of planning conditions. This has identified no archaeological remains however a qualified archaeologist will be appointed to carry out a watching brief during full construction of the scheme.

The construction and installation works will be subject to the Construction (Design and Management) Regulation 2015. A Principal Designer has been appointed to protect the developer's interests and meet the statutory obligations where the remit will include preparation of a construction-phase Health and Safety Plan and compilation of a Health and Safety Manual post-completion. The appointment of a Principal Contractor will be staged between the Balance of Plant contractors in line with their presence on site and, latterly, the turbine supplier/installer. The Health and Safety Executive will be notified in the normal manner in advance of works commencing.

Various suppliers and installers will be providing safety instructions for their particular plant and equipment. On completion of the project, it is intended to develop a composite health and safety operating manual for the whole site as a single point of reference.

5.5 Management

NUDC-T carries a board of four directors, discussed below:

- **Catherine Macleod** joined the North Uist Development Company as a Director in 2012. She has lived in North Uist for 38 years and recently retired from an extensive teaching career which took her to every school in Uist including head-teacher posts in Berneray and Lochmaddy schools. After further study at Aberdeen University she was able to fulfil an ambition to work with pupils who found learning more challenging.
- **Andrew Ross** has been a resident of North Uist since 2002. He has an extensive career in journalism, PR and marketing, as well as community

development. He is associated with a number of Uist community organisations and was a founder director of North Uist Development Company in 2010.

- **Mustapha Hocine** first came to North Uist in 1988 and since 2000 has been an active crofter in the community. With an extensive career in the public sector, he is currently the Alcohol Drug Partnership Coordinator for the Outer Hebrides. Mustapha became Chair of North Uist Development Company in 2014 and is involved in a number of voluntary organisations.
- **Alastair Macleod** was born and raised in North Uist. He spent the first 12 years of his working life in the banking sector with the Bank of Scotland. After leaving banking, he set up Macleod Insurance and Financial Services, the leading insurance service in the Outer Hebrides. Alastair previously worked with North Uist Development Company as a Local Development Officer, mainly working on the redevelopment of Lochmaddy Hospital and the UistWind project. Since 2011, Alastair has been working for CnES as a Business Support Officer for Business Gateway, helping the development of a number of local businesses in the islands. A keen outdoorsman, from May to October, Alastair works as a gillie, giving him an opportunity to share his intimate knowledge of the Uist landscape with others.

NUDC-T will enter into a Service Level Agreement with NUDC to provide project management, executive and administrative support. Within NUDC, the key staff involved in this arrangement are Malcolm Turner and Andrew Ross, Local Development Officers.

This overall team brings a significant level of management experience and an invaluable track-record from other NUDC projects. Project management for the project is to be undertaken by Locogen, based in Edinburgh, with support from NUDC staff.

In terms of external advisors, legal services are provided through Anderson MacArthur & Co and accountancy expertise is being provided by Mann Judd Gordon, both based in Stornoway, Isle of Lewis. Specialist share offer support has been obtained from Co-operative & Mutual Solutions based in Lancashire. Commercial and finance legal services for the senior loan due diligence process will be obtained from an appointed solicitor under a joint appointment with Triodos Bank. Engineering design services are provided by Maclver Consultancy, Isle of Lewis. Construction health and safety services will be provided by a suitable professional. Additional specialist reporting for wind turbine engineering aspects would be obtained from Locogen, Project Management Services, in Edinburgh.

5.6 Benefits of the Scheme

Tackling Climate Change

The scheme will reduce emissions of carbon dioxide by approximately 2,230 tonnes each year, or a total of 89,200 tonnes over the first 40 years of generation. This is a substantial reduction in the carbon footprint in the Outer Hebrides and will help to tackle climate change. The Scottish Government's target for local electricity generation projects (< 5 MW) from renewable sources is 1 million kW by 2020. NUDC-T will produce 1.8MW towards this target.

Keeping the Profits within the Community

The community share offer will give local people, as well as others who share our desire to tackle climate change and provide community benefits, an opportunity to earn a good rate of return on their savings. To the extent that this income is spent locally, it will help to boost the local economy. The construction, operation and management of the project will create local employment.

Community Benefits

Disposable profits from the scheme will be donated to the North Uist Development Company. These profits will finance local social, community, economic and environmental benefit projects, such as providing grants to community organisations and social enterprises. We will consult with the community before deciding on the precise nature of these projects. The financial model suggests that these contributions to the trust could be as much as £2.33million during the 20 years when FiT payments are being received, and two subsequent years post-FiT. If the bank loans are repaid earlier, the community benefits contributions will increase. After the FiT payments come to an end, the income will probably reduce but the project will continue to generate income from the sale of electricity.

Educational Benefits

Local schools will be invited to visit the scheme while it is under construction and while it is in operation. They will be able to learn about the science of energy production, renewable energy and climate change and they will also learn about how the community comes together to develop projects such as this. This in turn will promote social cohesion.

Looking ahead to long-term results, the priority outcomes for the Outer Hebrides Community Planning Partnership's Local Outcome Improvement Plan likely to be attained within the North Uist area as a result of this investment:

- The Outer Hebrides retains and attracts people to ensure a sustainable population
- The Outer Hebrides has sustainable Economic Growth and all our people have access to appropriate employment opportunities
- The Outer Hebrides offers attractive opportunities that improve the quality of live, wellbeing and health for all our people

6.0 Financial Forecasts

6.1 Business Assumptions and Financial Projection

Following a detailed review of the financial models and advice from our technical and financial experts, the NUDC-T Board present this cautious but realistic financial projection. It is the Board's belief that these numbers err on the side of caution as, whilst they assume the ability to export all of the electricity generated, the generation numbers are based on the mid-point of the potential generation curves. Detailed profit and loss, balance sheets and cash flow forecasts have been prepared for NUDC-T for 2019 to 2042 and are available at the end of the business plan.

6.2 Income

The scheme will generate 6,370MWh of electricity per annum. Based on an export capacity of 1.8MW, the scheme will earn Feed in Tariff (FIT) contributions of 0.64p per kWh and payments from export to the grid of 5.03p per kWh. This results in income in year 1 (2019) of £189,732. This figure increases each year in the financial

model. A total of £10.8million is generated over 22 years, with £2.3m for community benefit.

A 22-year end date has been chosen for the project, as our planning permission currently runs until 31st December 2042, which is 25 years from when the planning permission was obtained. 22 years will allow enough time for the turbines to be decommissioned at the end of the project lifespan.

Many projects assume their lifespan to be 20 years, which is the current period that the Feed-in Tariff rate applies. In the case of this project however, the FiT is a marginal part of the revenue generation and the turbines can still generate substantial energy - and therefore income – for another 2 years; the lifetime of planning permission (taking into account the loss of 2 years from planning permission to energy generation)

NUDC-T may also decide to apply for a Section 42 for their planning permission. This would allow a change of wording in the current planning permission for the 25-year lifespan of the project to begin once the turbines have been commissioned rather than from when planning permission was granted. This would allow an extra 3 years of energy generation, and a further potential £1million to the community.

6.3 Expenditure

Capital Costs:

Item	Amount	% of total cost
Preliminary Development Costs	£164,121.23	4.73%
Turbines including foundations	£1,826,000.00	52.62%
FIT meters and G59 Relays	£29,000.00	0.84%
Allowance for soil replacement	£15,000.00	0.43%
PC duties and site management - during Enercon works	£35,000.00	1.01%
Grid Connection	£276,495.42	7.97%
Construction Insurance	£25,250.00	0.73%
Civil Balance of Plant Works	£334,100.00	9.63%
Electrical Balance of Plant Works	£177,800.00	5.12%
Signing direct agreement with civil and electrical contractors	£5,000.00	0.14%
Project management	£70,000.00	2.02%
Other professional services (eg Archaeologist, civil design, GI etc)	£50,000.00	1.44%
Bank arrangement and commitment fee	£35,250.00	1.02%
Legal and Due Diligence fees	£80,000.00	2.31%
Euro Credit Charge	£18,200.00	0.52%
Financial Advisory	£20,000.00	0.58%
Radar mitigation	£169,500.00	4.88%
Decommissioning bond	£30,000.00	0.86%
Contingency @ 10% of construction phase total exc. turbines and grid	£109,410.00	3.15%
Total	£3,470,126.65	100.00%

Capital cost for turbine and foundations are based on quote from Enercon for €2,045,000, and assuming a £=€ exchange rate of 1.12.

Capital cost for civil works are based on Locogen estimates based on similar scale projects completed to date. These figures will be updated once the procurement of the civil contractor is completed during April 2018.

Electrical balance of plant costs is based on Locogen estimates from budget costs received from 3 suppliers. These figures will be updated once the procurement of the electrical contractor is completed during April 2018.

Bank arrangement and commitment fee is based on agreed Triodos terms. Legal and due diligence fees are estimated on similar scale projects to date.

The grid connection cost is based on the accepted connection offer from SSE.

The radar mitigation cost based on cost from Thruput (Technology solution provider).

Operating Costs

EPK agreement	£20,430.00
Insurance (Machinery breakdown, Loss of Profits and liability)	£12,000.00
Book keeping	£3,500.00
Lease Rent/Wayleave Payments	£14,465.00
SSE metering and import charges	£1,500.00
Asset Management Agreement	£9,500.00
Bank Management Fee	£2,500.00
Accountancy	£2,500.00
Communications	£0.00
Contingency (5%)	£3,319.75
Total	£69,714.75

An EPK maintenance agreement will be in place for the project with the turbine supplier and installer, Enercon. This contract will be in place for an initial 15 year period and includes 24hr remote monitoring, full scheduled and unscheduled maintenance and a 96% availability guarantee. Where this isn't achieved compensation is provided to account for any lost revenue, therefore giving piece of mind to the owners of future operational performance. This contract includes communication costs.

Other operational costs are based on Locogen estimates based on similar scale projects completed to date. These will be firmed up with actual quotations in the next couple of months.

NUDC-T will pay a base rent £6,000 topped up with variable rent of £2.75/MWh.

Operating costs have been linked to RPI annually in financial modelling.

Development Costs

NUDC-T has received a CARES loan of £150,000 to cover the development costs of the project. This is provided by the Scottish Government and administered by Local Energy Scotland. The CARES loan is given at 10% interest, which is payable once financial close has been reached. This will then be refinanced through the Triodos Senior Loan. The CARES loan has a write-off clause to NUDC-T, should the project not proceed.

Grant funding has also been received from the following sources:

- Community Renewable Energy Support Programme. £40,000 from the Scottish Government towards the cost of the grid connection deposit
- North Uist Councillor 'Ward Funding'. £24,000 towards the cost of feasibility and environmental studies.

6.4 Financing

Capital and working capital needs will be financed primarily through:

- A loan from Triodos bank of £2,520,000 over 17 years, interest rate at 4.5%
- A community share issue of £1,100,000

Should the community share issue not achieve its target above, we aim to secure the remaining balance of funding through a secondary financial lender. We are currently in discussion with two financial institutions, Social Investment Scotland and the Renewable Energy Infrastructure (REIF), both of which could fill this gap if need be. This would be repaid over 17 years, at an interest rate of 7.5%.

In order to ensure the project can go ahead, we have set a minimum target for the share offer of £350,000. Shares have been profiled to be repaid from year 7 (2026) until the end of the 22-year period

7.0 Communications

7.1 Internal

NUDC-T will continue with its programme of board meetings every two months which are to be serviced by NUDC staff. Directors will be kept informed of progress through monthly written activity and financial progress reports, augmented by an informal monthly planning meeting with a director sub-group.

The shared membership between the two organisations will provide a high level of information and awareness, added to the NUDC staff who are part of existing relationships, provides a strong basis for effective communication. Procedures are in place for NUDC and NUDC-T to manage professional and administrative functions.

NUDC-T will operate a distinctly branded website and Facebook pages to inform its electronic audience, however some domestic customers rely on printed material provided in community and local press. NUDC-T will issue regular member newsletters and email updates.

7.2 External

The principal media outlet for the local audience is the monthly community newspaper, *Am Paipear*. It has a high circulation within the community and reaches many other diaspora through electronic and postal subscription. Significant news items would also be included in the main area newspapers, the *Stornoway Gazette* and the *West Highland Free Press*, both of which also enjoy high circulation levels.

Key stakeholders will be communicated with on a regular basis during key stages of development and operation. These include funders (Triodos Bank, Scottish Investment Bank, Social Investment Scotland, Local Energy Scotland, NUDC), support agencies (Comhairle nan Eilean Siar, Highlands and Islands Enterprise, BIG Lottery, Local Energy Scotland and Community Energy Scotland), local beneficiary organisations (Grazings Committee) and key suppliers (local professional advisors, contractors). It is intended to encourage as many contacts as possible from these stakeholders to follow/like the Facebook page in order to streamline communications, recognising that this is a personal rather than a corporate link and that additional formal interaction to augment/reinforce is also required.

A marketing campaign will be developed for the construction/installation stages and for key production start-up milestones. A longer-term plan will also be rolled-out for the initial three year operating phase.

A separate Marketing Plan has been prepared for the share offer being undertaken by NUDC-T.

8.0 Risks and Constraints

8.1 Overview

The project risks are well understood by NUDC-T as a result of learning from challenges faced by other community wind turbine developments which are not up and running.

8.2 Risk Assessment

The risks facing the project and the measures taken to control or mitigate these risks are summarised below. The table may not include all the risks faced and they are not presented in any particular order.

Risks	Control/Mitigation Measures
<p><i>Management Capacity</i></p> <p>The project depends heavily on volunteers, who may not be able or willing to continue the run and manage it or secure sufficient successors.</p> <p>New directors elected to the Board</p>	<p>The project has been developed so far by NUDC. NUDC will be allocated 25% of the director positions on the board of NUDC-T, thus providing succession. NUDC employs two paid staff, who will provide continuing management services to NUDC-T under a Service Level Agreement.</p> <p>The members of NUDC are committed to seeing the project through to completion and several of them intend to play a continuing role in the management of NUDC-T</p> <p>The share offer will attract many more people in the local community to become involved in the project.</p> <p>The community of North Uist has a proud record of running a wide variety of successful voluntary groups</p>

<p>of NUDC-T might not have sufficient expertise to manage the project successfully.</p>	<p>over a long period. The financial model provides adequate funds to buy in expertise as required.</p>
<p><i>Financial Risks</i></p> <p>NUDC-T may not be able to raise sufficient capital to develop the scheme.</p> <p>The capital costs of the scheme may be considerably greater than estimated.</p> <p>As a new business, NUDC-T may experience cash flow problems.</p> <p>Members may withdraw their share capital.</p> <p>The price received for selling electricity may fall.</p>	<p>If the community share issue does not meet its target or if we are unable to secure loans for the rest of the capital required the project will not go ahead and any investments made will be returned.</p> <p>The estimates are conservative, and include a sizeable contingency of £287,210 (10%). Should this prove inadequate, further capital can be raised by selling more shares or taking additional loans.</p> <p>We are proposing to raise £1,000,000 in total, more than the capital costs which allows for working capital requirements. Further short term loans may be available from the Social Investment Scotland, Scottish Enterprise, community councils, the local authority, sector specialist lenders, the bank, individual shareholders.</p> <p>The experience of similar community schemes shows that most members are motivated by a desire to benefit the community and promote sustainable energy and they tend to be loyal and leave their money invested for long periods. Under the conditions of the share offer, members are required to maintain their shares for at least three years.</p> <p>The society will pay a sum equivalent to 4% of the value of the share capital into a share repayment reserve each year in order to meet withdrawals. The Directors have discretion to refuse or postpone a request for the withdrawal of share capital if this would threaten the company's financial stability. Once the society has built up a track record of successful trading it should be possible to secure further long-term loan finance to meet any withdrawals if necessary.</p> <p>According to the National Grid¹ this is considered highly unlikely over the next 20 years. Although prices may fall towards the end of the decade as lower cost gas generation reduces the cost of power, over 20 years NG are predicting that wholesale electricity prices could double according to their 'high case' scenario or increase by at least 35% according to their</p>

¹ National Grid, *Future Energy Scenarios*, July 2015, page 36

<p>The Directors may mismanage NUDC-T</p>	<p>'low case' scenario. Our model is based on an increase in price of just over 20% in this period.</p> <p>The members can hold the Directors to account at the AGM and elect new Directors if necessary. Similarly NUDC can replace its nominated Directors if necessary.</p>
<p><i>Regulatory Risks</i></p> <p>NUDC-T may fail to comply with regulatory requirements.</p>	<p>The Directors will establish systems to ensure that NUDC-T complies with all relevant regulatory requirements.</p>
<p><i>Project Development Risks</i></p> <p>The MoD may be unwilling to discharge their current planning condition</p> <p>NUDC-T may not achieve the FiT rate anticipated in the business plan.</p> <p>Archaeological or environmental factors may emerge during the construction of the scheme that cause difficulties.</p>	<p>NUDC-T is working with an expert military aviation consultant to ensure that the planning condition is discharged. If this is not successful, or if it causes too much of a delay, the project will not go ahead and any investments made will be returned.</p> <p>NUDC-T has applied for FiT pre-accreditation, which guarantees the rate received for 20 years. Once pre-accreditation is granted, the FiT rate will be known and the plan will be reviewed to ensure that the project is still viable. FiT rules require the scheme to be generating electricity within 18 months of pre-accreditation. Our timetable plans to complete the construction and commissioning within this time, allowing an adequate time to accommodate any delays.</p> <p>We have already conducted all the necessary surveys and the plans already take these into account; for example construction work will take place outside of the winter months</p>
<p><i>Operational Risks</i></p> <p>The amount of electricity depends on the wind speed in the island area. This may be lower than anticipated.</p>	<p>A Wind Yield Assessment carried out in 2016 showed a considerable potential wind speed of 9.19m/s. This is considerably higher than the national average. Other community wind turbine developments throughout the Outer Hebrides are all experiencing sufficient wind speeds.</p>

<p>Mechanical/electrical failures or damage to the equipment may cause interruptions to the generation of electricity and loss of income.</p> <p>Management and maintenance costs may increase faster than the rate of inflation anticipated.</p>	<p>An EPK maintenance agreement will be in place for the project with the turbine supplier and installer, Enercon. This contract will be in place for an initial 15 year period and includes 24hr remote monitoring, full scheduled and unscheduled maintenance and a 96% availability guarantee. Where this isn't achieved compensation is provided to account for any lost revenue, therefore giving piece of mind to the owners of future operational performance.</p> <p>Such costs are a relatively small percentage of the income and expenditure of the scheme. FiTs payments are linked to the rate of inflation and so if inflation is higher than anticipated the increase in income should easily exceed any increase in costs.</p>

NUDC-T believes that the financial model is sufficiently prudent and robust to accommodate these and other risks. These and any other risks that may arise will be monitored regularly and actions will be taken to mitigate them.

9.0 Conclusion

This proposal is unique in the community renewables sector as it involves a strong community developer, an experienced management team plus significant elements of infrastructure already in place and fully funded.

Project funding is to be provided by a well-known ethical bank, itself having an impressive and sound track-record in the community renewables field. Its robust due diligence and loan administration procedures add to the solidity of the proposition.

Risks are well researched, with hands-on experience brought to the fore by the management team. Latitude for delays in the development programme has been built in at the critical points with mitigation identified, specifically in achieving financial close and for the seasonal construction window which extends to the end of June 2019.

Impressive financial forecasts have been prepared, reflecting guaranteed, index-linked income for 22 years received monthly in arrears, with a significant portion already flowing, which also significantly eases typical construction cashflow challenges. Conservative estimates for income allow for significant over-performance in earnings.

Attachments

- Annex 1 Cash-flow Forecast
- Annex 2 Profit & Loss Forecast
- Annex 3 Balance Sheet
- Annex 4 Glossary

Cashflow Forecast

Date	2018	2019	2020	2021	2022	2023	2028	2033	2041
Project Year	0	1	2	3	4	5	10	15	23
Currency	£	£	£	£	£	£	£	£	£
EBITDA		189,732	384,207	393,812	403,657	413,749	468,119	529,634	282,700
Operating Expenditure		(30,198)	(74,376)	(89,453)	(91,675)	(93,951)	(138,071)	(156,136)	(91,731)
Fixed Asset Expenditure	(2,796,746)	(619,461)	-	-	-	-	-	-	-
Net Pre-financing Cash-flow	(2,796,746)	(459,927)	309,831	304,359	311,983	319,797	330,048	373,497	190,969
Transfers (to)/ from DSRA		(106,385)	(179)	(69)	(75)	(82)	-	-	-
Financing Drawdown Senior Loan	1,760,745	759,255	-	-	-	-	-	-	-
Financing Drawdown Share Offer	1,076,962	-	-	-	-	-	-	-	-
Financing - Debt Service	(40,961)	(161,476)	(257,706)	(257,982)	(258,123)	(258,276)	(315,767)	(247,901)	(568,187)
Net Surplus/Deficit	-	31,466	51,945	46,308	53,785	61,439	14,281	125,597	(377,218)
Balance brought forward	-	-	31,242	82,024	128,332	182,116	292,839	(0)	510,445
Community Benefit Payments	-	(224)	(1,164)	-	-	(8,701)	(60,202)	(125,597)	(133,228)
Balance carried forward	-	31,242	82,024	128,332	182,116	234,855	246,917	(0)	(0)

Profit & Loss Forecast

Date	2019	2020	2021	2022	2023	2028	2033	2041
Project Year	1	2	3	4	5	10	15	23
Currency	£	£	£	£	£	£	£	£
Operating Income	189,732	384,207	393,812	403,657	413,749	468,119	529,634	282,700
Operating Costs	(30,198)	(74,376)	(89,453)	(91,675)	(93,951)	(138,071)	(156,136)	(91,731)
EBITDA	159,534	309,831	304,359	311,983	319,797	330,048	373,497	190,969
Depreciation	(81,090)	(162,180)	(162,180)	(162,180)	(162,180)	(162,180)	(162,180)	(46,601)
EBIT	78,444	147,651	142,179	149,803	157,617	167,868	211,317	144,369
Interest	(78,220)	(153,601)	(149,349)	(144,664)	(139,771)	(107,665)	(57,793)	(11,141)
Profit/ (Loss) for the period	224	(5,950)	(7,170)	5,139	17,847	60,202	153,524	133,228
Balance Brought Forward	-	-	(7,114)	(14,284)	(9,145)	(0)	41,069	-
Community Benefit Payments	(224)	(1,164)	-	-	(8,701)	(60,202)	(125,597)	(133,228)
Balance Carried Forward	-	(7,114)	(14,284)	(9,145)	(0)	(0)	68,996	0

Balance Sheet

Date	2018	2019	2020	2021	2022	2023	2028	2033	2040
Project Year	0	1	2	3	4	5	10	15	22
Currency	£	£	£	£	£	£	£	£	£
Fixed Assets	2,859,246	3,452,381	3,290,201	3,128,021	2,965,841	2,803,661	1,992,761	1,181,861	46,601
Free Cash/ (Overdraft)	0	31,242	82,024	128,332	182,116	234,855	246,917	(0)	510,445
Debt Service Reserve Account	-	106,385	106,565	106,634	106,709	106,791	106,859	106,859	-
Senior Debt	(1,760,745)	(2,469,538)	(2,365,432)	(2,256,799)	(2,143,340)	(2,024,835)	(1,347,070)	(499,946)	-
Net Assets	1,098,501	1,120,471	1,113,358	1,106,187	1,111,326	1,120,471	999,467	788,773	557,046
Share Capital	1,098,501	1,120,471	1,120,471	1,120,471	1,120,471	1,120,471	999,467	719,777	557,046
Profit and Loss Reserve	-	-	(7,114)	(14,284)	(9,145)	(0)	(0)	68,996	-
Shareholders Funds	1,098,501	1,120,471	1,113,358	1,106,187	1,111,326	1,120,471	999,467	788,773	557,046

Glossary

Reference	Description
CARES	Scottish Government programme of grants and loans to encourage local and community ownership of renewable energy across Scotland.
Connect and Manage Degression	Installation thresholds (based on MWs installed) have been included within the generation tariff that reduce the tariff bi-annually or annually once these thresholds have been exceeded
Export tariff	An element of the Feed-In Tariff support mechanism paid for exporting electricity to the grid, tariff is index-linked
Feed-in tariff	UK Government financial incentive to encourage uptake of renewable electricity-generating technologies, with payments via licensed electricity suppliers to generators based on both generation and export of electricity, all administered by Ofgem as energy regulator
Generation tariff	An element of the Feed-In Tariff support mechanism for electricity generated, guaranteed for the period of the tariff (up to 20 years) and index-linked
Grid	Interconnected network for delivering electricity from suppliers to consumers. It consists of generating stations that produce electrical power, high-voltage transmission lines that carry power from distant sources to demand centres, and lower voltage distribution lines that connect individual customers.
KiloWatt	equal to one thousand watts, typically used to express the output power of engines and the power of electric motors, tools, machines, etc. (the 'Watt' is defined as joule per second, an internationally recognised measurement of power)
MegaWatt	equal to one million watts, used for larger scale equipment that produces or sustains the conversion of energy
PPA	Power purchase agreement is a contract between two parties, one who generates electricity for the purpose and one who is looking to purchase electricity, defining all of the commercial terms for the sale of electricity between the parties
REIF	Renewable Energy Investment Fund is a source of loan assistance for community renewables projects, it is delivered by the Scottish Investment Bank on behalf of the Scottish Government and its enterprise agencies.
SHEPD	Scottish Hydro Electric Power Distribution plc is the owner and operator of the electricity distribution network in the North of Scotland (also referred to as the Distribution Network Operator or 'DNO').
SSE	SSE plc owns and operates regional electricity and gas networks in Great Britain (formerly Scottish & Southern Energy plc).
Triodos Bank	Ethical bank only lending to customers promoting environmentally friendly and socially useful causes, virtually unscathed by the 2007/08 financial crash
NUDC-T	North Uist Development Company (Trading)., a new Community Benefit Society set up to raise share funds to finance the North Uist wind turbine development
NUDC	North Uist Development Company, a charity and community company in North Uist

