



Meeting at Camallt at 8pm. Wednesday 20th January '10.

**Present:** David Howell, Jamie Pearson, Martin Turner, Bill Acton, David Smith, Gordon Cowtan, Pete Skabara, Kayt Howell (Admin)

Jamie Adam, CES (Community Energy Scotland). Development Officer for Stirling, Perth and Kinross,

**GC** introduced Jamie to the other Directors and outlined their previous meeting in summer when Andy Lyle's feasibility study was first reviewed.

**Jamie** responded by saying FDT's Pilot Study proposals were interesting, unusual and ground breaking and for those reasons would not be able to commit to anything this evening. He would take the answers to the questions he had, back to his line manager (Rab Lees?) for further discussion.

**Jamie's** first question was 'What is the core aim of FRESCo?'

**GC** stated the primary aim was to get as many micro-renewable heating systems into the homes in Fintry as possible, to reduce our carbon footprint.

The model which had been arrived at through Andy's feasibility study was formed through the need for it to be a financially viable scheme. Any profit created by the scheme would be recycled back into FDT to be reused in the roll-out scheme or other ongoing carbon reducing projects. **MT** mentioned the restrictive and somewhat disabling barriers that exist, which effects the evaluations, because FDT's scheme is 'Community based' and caught between private and commercial ventures. **GC** explained the current process of setting up a community interest company, FRESCo, as a wholly owned trading subsidiary of FDT.

**Jamie's** next question was 'Where does the ownership of the kit lie - at the start, middle and end?'

**GC** explained that for the Pilot Scheme the ownership would remain with FRESCo. The home owner/user would pay service charges, maintenance charges and repayment charges to FRESCo.

In the roll-out program this was currently less clear. It may well be with the householder/user. It was difficult to know which was the best way forward while FITS and RHIs remain unknown.

**Jamie** mentioned the 'Catch 22' aspect of this - if the kit remains with FRESCo and is funded, no profit can be made from the grant.

**Jamie** wished to know 'Where the benefit lay to the householder- if they had no ownership after 10 years, why not take out a loan and do it independently?'

**GC** explained the process which had been gone through with Andy to negotiate the reductions on capital costs to provide immediate benefit to a householder involved with the Pilot Study. It was true that the unknown RHIs still left questions but the likelihood of them being in place for the initial pilot was unlikely.

**Jamie** suggested a simpler scenario of - the householder negotiates loan from FRESCo or FDT ,with lower loan rates for needier homes, still utilising trade prices and group discounts with installers.

**MT** responded by outlining the much improved 'take up rate' when the majority of the work has been completed in advance and **GC** added that FDT were knocking on doors and taking this Pilot to the community which would increase the levels of involvement. **MT** mentioned it was important to consider the 'holistic' aspect of this - through FRESCo there will be locally trained installers who will achieve accredited qualifications, which will provide the Community with job opportunities, local infrastructure and support. Should the roll-out program go ahead, the numbers using micro-renewables in Fintry alone, would be the equivalent of a fifth of all in the country.

**BA** returned to the question of ownership of the kit and suggested if a leasing policy was used so that the ownership stayed with FRESCo, then after 10 years it could be sold to the user for a nominal amount.

Directors discussed the impact of FITs and RHIs and where the technology may be in ten years and agreed that selling on the kit after a ten year lease would be a suitable solution.

**Jamie** expressed his requirement to see evidence of the numbers interested from within the village in the scheme as it is presented. If the project does not receive funding then other models should be looked at i.e. Central bank loans.

**Jamie** then asked 'What happens if a householder wants to leave the scheme or sells on?'

**GC** explained that the latest draft of the contract had been revised to state that the responsibility of the lease on the kit is that of the outgoing tenant. Should the new tenant not be interested in continuing with the lease the original owner would be required to pay the outstanding amounts to FRESCo.

**Jamie** requested an up to date version of the contract to be forwarded to him.

**Jamie's** next question was 'What would be your tendering process for suppliers and installers of kit?'

**Jamie** outlined CES's standard procedures and limits - Open tendering over 40K and three competitive quotes for under 40K.

**MT** explained that the tendering process had already been gone through as part of the feasibility study in order to ascertain costs for projections. Andy Lyle and directors of FDT

had gone round the market with details and requirements of this specific project, including the specifications for training local installers and sifted through the best matches and figures. As such the tendering process had already been undertaken. **DH** asked Jamie if CES considered the environmental impact of using local suppliers and installers versus those more distant. Jamie replied that at the moment CES was governed by the financial aspect only. **GC** pointed out that the results of the tendering process were all within the business plan and that the Pilot scheme itself would be the ultimate test bed for installers.

**Jamie** requested to see the business plan evidence of tendering and stated it was difficult to evaluate and apply criteria to such a ground breaking and unconventional project.

**Jamie** asked 'Who would be responsible for each installation?'

**GC** explained that a local agent/installer would be responsible in most cases under the umbrella of the supplier. The training of local installation teams would be undertaken during the Pilot Study. The payment for training of installers by suppliers was to be negotiated between those parties as both would gain benefits. This would not be under FRESCo's remit. The overall management of the project would be by FRESCo in conjunction with the appointed Energy Officer.

**Jamie** asked if the Individual companies involved had been asked for specific prices of each piece of kit? **GC** reported that Andy had covered all this in the feasibility study.

**Jamie** asked to see the original quotes and how they match up against the installed prices.

**Jamie** asked 'With the RHI unlikely to be eligible for the dates of the project, will this effect the viability?'

Directors responded that this would adversely effect the Pilot Study but it is almost impossible at this stage to ascertain how it will effect the roll-out program.

**Jamie** then asked 'Would it be advantageous to postpone the project until everything had been finalised with the FITs and RHIs?'

**MT** referred to the element of responsibility to the planet to act to act without delay.

**GC** pointed out the downside of losing momentum in the projects affecting the community. It may then be postponed by two years.

**Jamie** then asked 'Would the full project be "bankable" if it were to rely on FITs and RHIs. Would the banks find this secure enough?'

Directors said this conversation was still to be had with the banks. Jamie suggested it would be important to do so.

Directors discussed the unsettling period if FITs come in and grants are no longer available.

**MT** added that this uncertainty was one of the reasons for moving forward with the project now. It may be very difficult to find funding in the future.

**Jamie** stated that the FITs/RHIs are not index linked and the level of FIT will decrease depending on technologies. He then asked 'Does this effect the viability of the scheme if prices for electricity or other fuels go up and RHIs go down?'

**GC** stated it wouldn't because the payments from the householders are based on the capital cost of kit which are fixed. Nothing in the model assumes that FIT and RHI are indexed linked. The assumption made is that they are fixed.

**Jamie** asked what the Co-efficiency of performance assumptions had been made for Air and Ground source heat pumps. His data- based on current hard data based on actual installations- had 2.5 - 3 times for Ground source and usually around 1.5 times for Air. Jamie was interested to know what the predicted savings were for both technologies. Directors stated this information was available in the business plan.

**GC** stated that the business of sizing the house correctly for the appropriate kit was of extreme importance and would be the responsibility of the Energy Officer and the supplier.

**Jamie** suggested proper heat/heat loss surveys would be essential.

**Jamie** asked about the legal contract with the householders. 'What would be the householders responsibilities for terminating early? How would the kit be valued re depreciation etc ?'

**MT** stated it would be an outstanding debt.

**Jamie** asked about the costs at the start of the project.' What repayments would be set at a flat rate?'

**GC** said that as FRESCo has to borrow at a flat rate this would be passed directly on to the people who sign up for the Pilot Scheme. **MT** added that FDT were keen to let those who are in the process and are keen to move now with a micro-renewable scheme can still benefit from the negotiated discounts.

**Jamie** asked 'Would FDT would be considering heat pumps along with underfloor heating as some pumps work well with this arrangement or oversized radiators?'

**MT** said in his experience it was not a prerequisite to have over sized radiators. **GC** confirmed there would be no underfloor heating option.

**Jamie** stated that CES would need to look at this but was pleased with the selection of different technologies being considered. **GC** also confirmed that there were no roof top turbines only Farm scale being offered.

**Jamie** mentioned that solar PV had been funded in other locations but the grid connected pay backs can be frightening and although things were now a little better, CES would be cautious about funding. There are more cost and carbon effective ways to spend their grants. **DH** asked which they felt were most cost effective. **Jamie** replied that insulation and biomass each had their merits and wood pellet boilers were a good choice.

**MT** stated that PV would be considered a complimentary system for those without wet system. Jamie added that it would need to be carefully calculated to match the needs of the

householder and not for summer profit making. As such would need to be considered as a case by case basis.

**Jamie** asked about the direct community contact so far . **GC** explained the recent survey sent out to all which outlined the various projects FDT were hoping to pursue and the excellent support and feed back results from that. FRESCo/FDT has two presentations this coming week to discuss the Pilot Study and ascertain levels of interest. The entire village has been leaflet dropped with the details.

(**note:** The first meeting was held in the Hall on Sat 23rd Jan, prior to the completion of these minutes. The response was excellent with an estimated 120 plus villagers there to listen to the proposal.)

**Jamie** 'What are the financial inputs from FDT at the Pilot stage?'

**GC** explained the use of grants being necessary because the roll-out program will require the funding. Meanwhile the current funds are being used for the environmental improvements of the public buildings in the village, draught proofing all homes and transport options.

**Jamie** stated that on paper FDT appeared quite wealthy. **GC** said that it would be an unfair distribution of the existing funds for just the benefit of twenty households. **MT** added that to fund this through purely income from the turbine would be prohibitively slow.

**Jamie** asked to see the investment/ business plan -showing income and projections of spend for the the next few years.

**DH** and **BA** emphasised the need to look at the Pilot scheme funding creatively as it was unique and required to be assessed in that capacity. The directors discussed the impact of this study for other communities who wish to achieve the same, and that the results would important to those others than just Fintry.

**Jamie** commented that although he did not need convinced of the merits of the project -there were some constraints.

**Jamie's** final question was concerning extended warranties on kit for householders if FRESCo own and maintain it? Directors were unsure about this but knew that the warranties were likely to be manufacturers warranties as opposed to installers. Would need to check this out.

**Jamie** said he now had a much better understanding of the project with a few matters to be clarified and some further information to be provided. He would discuss this with his manager and get back to FDT. Directors asked if it could be given some urgency as other grant information would be coming in by March. Jamie explained that it will take some consideration due to it's unusual nature.

**Jamie** requires from FDT :

Final draft of 'bombproof contract',

Final business plan,

Proof of numbers keen to be involved in Pilot,

FDT's business plan as a whole-illustrating income and projected spend over next five years.

Details of all projects,(Insulation,Hall, Sports Centre,School, FEET, Allotments,)

Details of affiliations, (Daye Tucker, Carbon Neutral Stirling, Anne Winther, FRESH)

Details of tendering process undertaken.

Copy of minutes.

Jamie left meeting.

## **FEET**

**MT** had urgent request for further information which need to be submitted for FEET application to CCF. It was concluded that the best option was to ring for advice from Rebecca Vivers of CCF and find out if submission should be pulled and resubmitted when the rest of the information would be available (last deadline is 2nd February).

## **Saturday Presentation.**

**PS** will supply projector.

Cicely will be there to be 'Keeper of the Keys'

9.45 kick off.

**DS** to ask Tracy if we can set up boxes in Sport Centre.

Kayt to bring application forms and boxes on Saturday.

## **Resignation of John Duckworth**

We have received the official resignation of John as a Director of FDT due to sudden ill health.

Kayt to organise gift and card for John to deliver on Saturday.

**Next Meeting. Presentation no.2. Wednesday 27th 8pm in Hall.**

