PROJECT COLLETTE

Energy Ownership For All

Project Collette's Finance Guide

NOVEMBER 2025

GREEN FINANCE COMMUNITY HUB
making it happen

www.greenfinancecommunityhub.co.uk/project-collette

INTRODUCTION

Imagine a Fairer, Cleaner Future That YOU Helped to Create…

Imagine it's 2035: communities across the country are owning, shaping, and benefiting from the clean energy that powers their lives. And it all began with an alternative to Cumbria's coal mine – Project Collette. A bold vision for a 1.2 GW community-led offshore wind farm off Cumbria's coast.

It's a vision that turned local ambition intonational momentum.

You were part of it from the start, investing in a fairer, cleaner, and more hopeful future.

Together, we didn't just build a wind farm: we built a movement and redefined who owns the future.

What Role Do Communities Have in the UK's Clean Energy Future?

Project Collette (as in Collective), named for its collective ethos, addresses a simple but powerful question: how can communities take a meaningful stake in the clean energy transition? As the climate crisis accelerates, that spirit of shared investmentis returning with renewed urgency.

New financing tools such as Community Municipal Investments (CMIs) and upcoming FCA public-offer reforms are creating the conditions for community capital to flow at scale. National programmes like Great British (GB) Energy and the Local Power Plan are also opening new routes for shared, UK-based ownership and long-term public benefit.

Community Energy's Time Has Come

This is why community energy's time has truly come. We now have the technology, the financial tools, the political momentum, and the public support to make shared ownership of major renewable energy projects not just possible, but central to how the UK builds its clean energy future. And crucially, communities can actively benefit from the power, the savings, and the long-term value these projects create.

Who is This Guide For?

Community energy developers, investors, GB Energy, policymakers, and everyone working for a fairer, cleaner energy future.

What's In It?

It outlines our insights and experiences in making Project Collette a reality. It contains lots of information on our finance and governance model, fairness mechanisms, and a complete step-by-step guide to delivery and investor readiness.

Why Have We Written It?

We've shared our work to show you how communities can own, govern, and benefit from significant renewable energy projects, and to help unlock the next wave of investment in large-scale community renewables.

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A Cumbrian-Powered Energy Transition

Community energy has real potential to strengthen local economies, reduce bills, and give people a genuine stake in Britain's clean energy future. This is especially important for Cumbria, where communities should be active participants, not bystanders, in shaping the transition ahead.

Clear and practical guidance that uses real-world examples, like Project Collette, is essential. It assists local groups in navigating the complexities of project development, financing, and governance, allowing them to transform ambition into delivery.

When communities are empowered, clean energy becomes more than infrastructure; it drives local prosperity. As the government delivers GB Energy and the Local Power Plan, we will continue working to ensure that Cumbrian communities can play a meaningful role in shaping our shared energy future.

Ciara Shannon
Founding Director, Green Finance Community Hub CIC

From Common Ground to Common Good

As we develop Project Collette towards investment readiness, this toolkit offers practical guidance for investors and community energy developers planning to scale their ambitions. Our work this year has focused on our finance model, reimagining how best to include communities in financing large-scale assets and, crucially, how they benefit from them.

As COP30 unfolds this week, I'm drawn to Brazil's concept of mutirão: collective action for the common good. Cumbria may be far from Brazil, but this spirit runs deep in our DNA. We have more common land than anywhere else in England, and Beatrix Potter's pioneering conservation legacy for the common good, and we are home to the UK's first community energy project. At 1.2 GW, Collette will become both a local and national endeavour, generating not just electricity but also hope, opportunity, and ownership across the country.

This toolkit is for those ready to scale up and turn local action into national transformation.

EXECUTIVE SUMMARY

The UK is a global leader in offshore wind, and it is also a nation built on a deep tradition of community-led finance driving transformational change.

From the late Victorian era onwards, local authority bonds and cooperative ventures financed the railways that connected cities, the waterworks that safeguarded public health, and the housing that built thriving communities. Cooperative societies gave rise to the building society and friendly society movements, pioneering collective ownership models that enabled ordinary citizens to invest in and benefit from the infrastructure shaping their future.

Project Collette is more than a community-led offshore wind project; it is a replicable investment framework designed to embed community ownership and participation in renewable energy from the very start.

The Case for Investing in Larger-Scale Community Renewables

For more than 20 years, community-owned renewable energy projects have proven that local ownership creates financial stability, strengthens communities, and delivers lasting social and environmental benefits.

Project Collette builds on this legacy. Drawing on successful UK and European community initiatives, it shows that communities can scale up: developing, owning, and operating utility-scale renewable energy projects.

Yet the greatest barrier to scaling this success is access to early-stage, high-risk development funding – precisely the point when support is most needed to move from concept to construction. At the same time, there is a need for more mechanisms to connect available capital with the communities ready to lead these projects.

Overcoming these barriers requires innovative partnerships between communities, local authorities, public developers such as GB Energy, and private investors. These partnerships unlock larger pools of capital, including project finance, while ensuring community participation remains at the heart of governance rather than an afterthought.

By embedding community ownership and influence from the outset, rather than adding it later, the UK can build a more inclusive model for delivering the clean energy transition. A clear and predictable regulatory framework will further strengthen investor and institutional confidence, ensuring community-led initiatives can attract the long-term capital needed to thrive.

This guidance shows, through Project Collette, how large-scale renewable energy projects can be designed from the start to deliver local wealth, meaningful participation, and lasting public value.

Project Collette's Governance and Investment Framework

Project Collette aims to connect two currently separate approaches:

- large-scale institutional investment in renewables, and
- community-based ownership

To ensure both commercial viability and lasting community impact, Project Collette's investment framework is structured to balance investment management with strong local ownership.

- A community interest company (CIC) limited by shares acts as the main development vehicle, able to attract grants, loans, and equity investment.
- We will also consider becoming a company limited by shares (CLS), a common legal structure that allows ownership through shares. It would give Collette the credibility and flexibility of a commercial developer while preserving its community-led mission and ownership vision.
- A community benefit society (CBS) can hold a golden share in either a CIC or a CLS, giving the community certain veto rights on the sale of assets (unless the sale is in the interest of the community and helps deliver the objects of the CBS). In Project Collette, the CBS is the democratic community-ownership and investment vehicle that holds local equity, mobilises citizen capital, and ensures that long-term benefits flow directly to coastal communities.
- Mission-aligned partners, including GB Energy, local authorities, and social investors, share governance through joint-venture (JV) agreements, board representation, and transparent shareholder rules.

Our 2025 investment framework has evolved from the earlier 2024 version by introducing:

- new investment channels made possible under forthcoming FCA 'Public Offer Platform' rules, enabling broader retail participation
- evolved guiding principles, and a governance and risk framework that extends beyond who owns the project to how it operates
- dual accountability (statutory through the CIC or CLS, and democratic through the CBS) to ensure both regulatory oversight and community legitimacy
- a clear sequence from concept to operation, embedding participation and benefit-sharing at every stage

European Case Studies

Across Europe and the UK, pioneering community energy projects have shown that citizens can co-own and co-finance major infrastructure when the right governance, policy, and finance mechanisms are in place. Project Collette builds on these precedents.

Successful models share common enablers: early-stage financial support, stable regulation, and clear mechanisms for citizen participation. From 300 investors in Windpark Druiberg to 85,000 in Som Energia, the numbers prove that community investment can be scaled up when policy, trust, transparency, and local benefit are built into project design. Across the rest of Europe, community investment in renewable energy has reached scales far beyond the UK.

Middelgrunden Wind Cooperative (Denmark) raised €23 million from 8,650 citizens to own 50% of a 40 MW offshore wind farm, with the other half owned by Copenhagen's municipal utility. This partnership between citizens and a public utility shows the potential of shared ownership from the outset, a model GB Energy could replicate to build truly national clean energy assets.

Windpark Fryslân (Netherlands) is a 382 MW wind farm, the largest in the world in an inland water, powering around 500,000 homes. Alongside institutional investors, 2,609 citizens invested €27 million through a regulated crowdfunding bond, proving that large-scale projects can include public investors as genuine financial stakeholders. These examples show that public participation in major renewable projects is both viable and, in many cases, profitable when projects are well structured, de-risked, and backed by strong governance.

RESULTS FROM OUR COMMUNITY ENGAGEMENT (2024)

Survey of 578 Residents

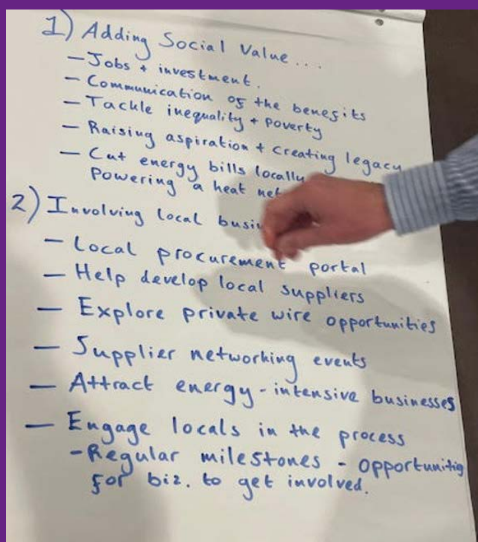
Key Finding	Percentage	Implication
Support Renewables	**84%** (48% very important)	**Strong public backing**
Support Collette	**64%** (34% strongly)	**High enthusiasm**
Willing to Invest	**32%** (38% no, 30% unsure)	**Opportunity to grow investment**

What Mattered Most to Residents?

Top priority: Job creation

Next priorities: Opportunities for re-skilling and training; discounted electricity for residents

Photo taken at the Britain Energy Coast Business Cluster (BECBC) event on Project Collette on August 7th 2024.



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__Disclaimer:__ This guide is for discussion and requires further development. Views are independent of funders and are not financial advice. Information is sourced from various outlets, with no obligation to update.

1 THE CONTEXT FOR COMMUNITY ENERGY

The UK currently has around 14.7 GW of offshore wind capacity in operation, with a strong development pipeline of approximately 96 GW across 123 projects at various stages, from planning and consent to construction. Under the government's Clean Power 2030 plan, the UK aims to scale up offshore wind capacity to between 43 GW and 50 GW by 2030, reinforcing its position as a global leader in offshore renewable energy.

As the UK moves towards its 2030 clean power goals, the government's priority is not just to expand renewable capacity but also to ensure that communities directly share in the ownership and rewards of the transition. National policy through the Local Power Plan and GB Energy supports this.

Project Collette reflects this vision, making communities partners, not passengers.

GB Energy and the Local Power Plan

The establishment of GB Energy provides an opportunity to reshape publicly owned and community-owned renewable energy, ensuring that it creates long-term local value in addition to offering clean power.

The government's proposal, earlier this year, to allocate £600 million for local authorities and £400 million in community energy loans under the Local Power Plan is progress. However, these funds alone will not be sufficient for communities to engage meaningfully in large-scale projects. With the support of GB Energy, there is a clear opportunity for communities to leverage this capital, which could lead to more large-scale community energy initiatives.

We also look forward to the strategic plan for the Local Power Plan, which is expected to be released later this year.

Hefty Structural Financial Barriers When Competing With Large Corporations

So far, community energy projects have mainly been confined to smaller solar or wind projects. They continue to encounter challenges in raising the necessary development funds to compete effectively at scale.

Community projects also face significant structural barriers when competing with large corporations, such as access to finance and development expertise. Early-stage risk capital remains limited. Corporations and utilities can leverage significant balance sheets and resources to fund and cover early-stage development risks. This gives them an advantage in financing terms and access to capital.

All of this perpetuates an unequal system and constrains the full potential of community energy.

Yet many communities have direct experience of managing higher-risk projects. Instead of viewing communities as barriers to progress, working with them on a genuine risk-sharing basis can transform them into powerful enablers of change.

An Inclusive Investment Ecosystem

Collette's Community Integrated Investment Model (CIIM) creates an inclusive investment ecosystem that opens access to every stage of a project's life cycle, including the high-return, early phases that are typically restricted to institutional investors.

By combining the transparency of regulated crowdfunding with the inclusiveness of community investment, the CIIM enables investors with different levels of experience, motivation, and risk appetite to participate in a way that aligns with their financial goals and social values.

Collette's Strategic Fit With GB Energy's Priorities

We believe that Project Collette aligns directly with the Secretary of State's Statement of Strategic Priorities to GB Energy (September 2025) and the government's Local Power Plan.

Collette embodies the core GB Energy principles of:

1. public and community ownership of clean energy assets
2. support for early-stage, higher-risk projects to unlock deployment
3. partnership with the Crown Estate (TCE) to accelerate offshore leasing
4. investment in UK supply chains and good jobs

1. Community and Public Ownership

Collette will be governed by a CBS, ensuring revenues are reinvested in Cumbria and wider coastal communities. The CBS structure embeds accountability, fairness, and enduring local economic benefits.

2. Early-Stage, Higher-Risk Financing

Offshore projects face significant funding barriers at the pre-development stage. GB Energy's involvement as co-developer can help de-risk Project Collette by:

- providing credibility and financial backing, reassuring private investors and lending institutions
- blending public, community, and private capital to diversify risk across multiple stakeholders
- facilitating access to government-backed guarantees or other de-risking instruments, which lower the cost of capital
- offering operational and financial expertise to structure early-stage investments efficiently, making them more attractive to institutional partners
- creating a scalable, repeatable model for future community-led offshore projects

Government-backed guarantees and other de-risking tools are financial instruments that reduce risk for private investors in large infrastructure projects. While they do not replace private capital, they make investment safer and more attractive, lowering the cost of capital and helping projects reach financial close.

3. Collaboration With the Crown Estate (TCE)

Project Collette has already engaged in initial discussions with TCE and aims to deepen this collaboration as part of the Agreement for Lease process, drawing on TCE's extensive expertise in offshore wind development.

Ultimately, we hope to partner with TCE so that Project Collette can serve as a demonstrator project, showing how community-led offshore wind can be developed at scale.

By leveraging TCE's early-stage development support, spatial mapping, and permitting capabilities, Collette would also be able to reduce upfront risk, accelerate project timelines, and attract both community and private investment.

Such a partnership would align with the government's vision for clean, homegrown energy by 2030, ensuring that the financial and societal benefits of offshore wind are shared with local coastal communities, while supporting energy independence, job creation, and the deployment of innovative renewable technologies.

4. Supply Chains and Jobs

Significant investment in UK manufacturing is underway to strengthen the offshore wind supply chain, with new facilities such as Siemens Gamesa's expanded blade factory in Hull, SeAH Wind UK's monopile plant in Teesside, JDR's subsea cable facility in Blyth, and a new Chinese-owned offshore wind component factory in Scotland. While these developments enhance domestic industrial capacity, all these facilities are foreign-owned, meaning that a substantial portion of the long-term economic value continues to flow out of the UK and local economies.

Acting as a Marginal Purchaser

By contrast, because Collette is community-mandated and mission-driven, Collette can make purchasing and investment decisions based on *additional* forms of value beyond price alone. Project Collette's community-led mandate allows it to act as a 'marginal purchaser', making strategic purchasing and investment decisions that prioritise local economic participation, skills development, and innovation-led growth over purely lowest-cost procurement.

Our approach goes beyond standard supply chain requirements. Under the UK Contracts for Difference (CfD) framework, developers are required to submit Supply Chain Plans (SCPs) that outline how they will maximise local content and support UK jobs. While these SCPs set a baseline for economic benefit, they often concentrate on direct procurement without guaranteeing long-term local ownership or community influence. Collette gives the community a say and ensures that local supply chain participation creates lasting benefits.

This approach aligns directly with GB Energy's strategic priorities, ensuring that supply chain value is established within Cumbria and the surrounding region. By actively collaborating with local manufacturers, service providers, and training institutions, Collette will strengthen regional supply chain connections, support small and medium-sized enterprises (SMEs) and social enterprises, and help retain more economic value within the local community.

Collette's procurement strategy aims to reshape its role as a proactive market influencer, ensuring that value generated offshore is retained locally, thereby enhancing the social and economic return on every pound invested.

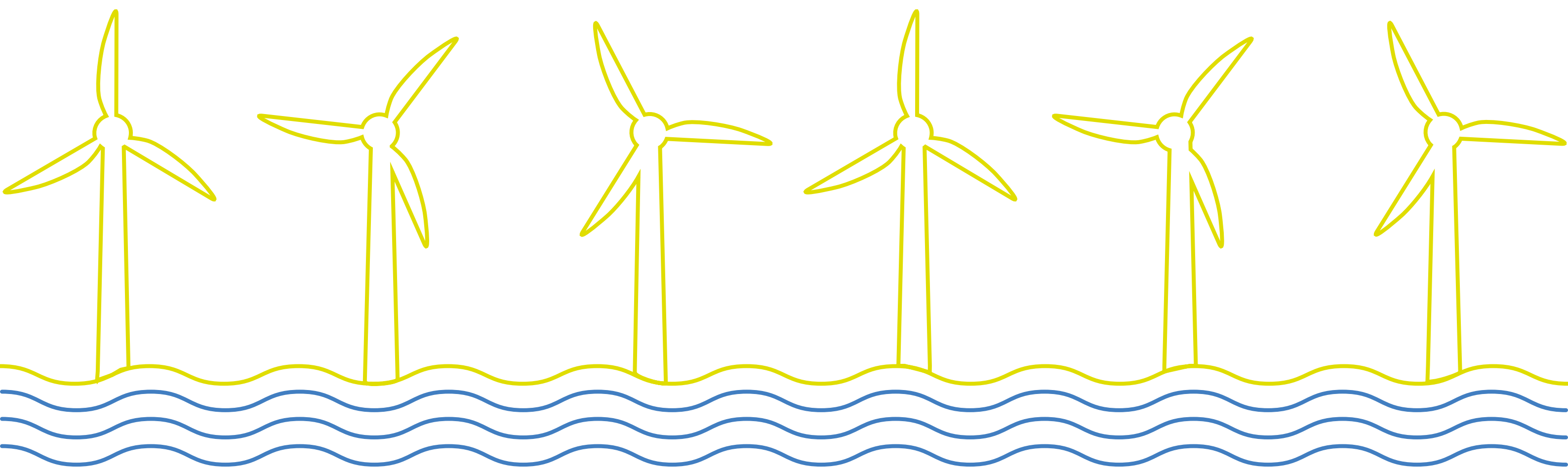
Jobs

Based on our estimates of job creation from our feasibility report and from sector benchmarks for offshore wind projects of ~1.2 GW, the below is a robust breakdown of Collette's likely job creation across the life cycle of the project. We will prioritise local recruitment, encourage more women to work in offshore wind, and provide training in line with the national skills agenda.

Table 1: Estimated Job Creation – Project Collette (1.2 GW)

Project Phase	Types of Job	Typical Job Intensity (per MW)*	Estimated Jobs for Collette	Nature of Employment
Construction (3–4 years)	Offshore foundation, turbine installation, cabling, port logistics, engineering, local services	~1.5–2.5 FTE per MW	2,000–3,000 jobs	Mostly temporary but high economic impact
Operations & Maintenance (O&M) (25–30 years)	Turbine techs, vessel crews, electricians, asset management, control room ops	~0.1–0.15 FTE per MW	150–200 permanent jobs	Long-term local employment
Manufacturing & Supply Chain	Blades, towers, cables, logistics, civils	Varies (regional capture)	Up to 1,000 indirect jobs	Depending on local content
Community & Economic Multiplier	Hospitality, construction, services, retail	–	500–1,000 induced jobs	Through spending & local reinvestment

*Benchmark references: Offshore Wind Industry Council (OWIC), RenewableUK, ORE Catapult, The Crown Estate (TCE)



Additional Benefits

Collette has the potential to generate benefits that extend far beyond the generation of clean energy. These benefits, in addition to the above, can be grouped into five broad categories, with the overarching benefit of local economic transformation, ensuring that the wealth, jobs, and opportunities generated by the project strengthen local communities and the wider region.

- **Assets:** Project Collette will create and safeguard long-term assets such as turbines, energy storage, and community wealth funds that could support local housing retrofits, youth training schemes, coastal protection projects, and community transport initiatives. These assets will be protected and, where appropriate, placed in community stewardship, ensuring they stay locally anchored. An asset lock will secure their value for community benefit, creating a legacy of shared ownership and local empowerment.
- **Service provision:** The project will expand the range and quality of services available to local people, improving well-being, by tackling issues such as fuel poverty, and enhancing community resilience through locally relevant initiatives. This role positions CBSs as more than stewards of funds, enabling them to develop services that reduce household costs, improve sustainability, and strengthen community resilience. The mix of services should evolve through participatory processes so that CBS activities reflect local priorities and remain responsive over time.
- **Investment returns:** Project Collette will generate fair and transparent financial returns for a wide range of participants. Residents and wider supporters alike will be able to share in the project's economic success, ensuring that value circulates within communities.
- **Profits:** Financial surpluses from the project will provide tangible community benefits, supporting future development, local initiatives, and regeneration.
- **Environmental benefits:** Project Collette will contribute to national and global climate goals by generating clean energy and enhancing local ecosystems. It will help safeguard natural assets while building a more sustainable local environment.

Top Tips for Communities

- Start with purpose, not structure. Define why the project matters locally before choosing the legal form.
- Secure seed funding early. It unlocks everything else. Bring in partners at the right time. GB Energy and local authorities can help de-risk early stages.
- Keep the community involved. Transparency builds trust and investor confidence.
- Think legacy from the start. Asset locks and wealth funds ensure benefits endure.

Why Collette Matters Now

Since July 2024, more than £43 billion[1] in private clean energy investments has been announced across the UK, a powerful signal of momentum towards net zero. Yet without new models of ownership, much of this value risks bypassing the very communities that host this transformation. Project Collette seeks to change that. Designed to ensure that a meaningful share of this capital flows back to the people and places most affected by the energy transition, Collette offers a guide for shared ownership and lasting local benefit.

With GB Energy as a potential cornerstone investor, Collette's financial model offers a scalable way to channel national investment into community-led assets, empowering local communities to invest in and shape the future of renewable energy.

1 Source: www.gov.uk/government/news/clean-energy-projects-prioritised-for-grid-connections

Public Support is Growing

Polling by Common Wealth[2] found that 62% of people support community energy in their area, rising to even higher levels among younger people, compared to 40% for privately owned renewables. Collette's 2024 community engagement survey (please see p.8) showed 64% support, with 32% expressing willingness to invest, particularly among younger residents. This demonstrates a clear appetite for fairer, locally anchored energy ownership.

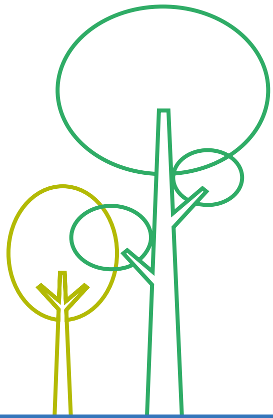
The UK's Community Energy Sector is Expanding; Structural Challenges Persist

There are currently over 600 UK projects (411 MW capacity) at various stages of development, according to the 2025 *Community Energy State of the Sector* report.[3] The sector continues to diversify, creating jobs, generating renewable electricity, reducing bills through energy advice and fuel poverty alleviation, and contributing to local economies.

A Pivotal Opportunity Presented by FCA Regulatory Reform

From January 2026, new FCA rules will allow companies to raise equity or bonds directly from the public without annual caps. This reform will unlock far greater access to early-stage capital and enable local investors to play an active role in shaping renewable energy projects from the ground up. Crucially, it coincides with a surge in private clean energy investment across the UK, creating a narrow but powerful window for communities to secure a stake in projects before corporate developers dominate the early development phase.

Public sector fundraising complements this approach. Local authorities have long invested in projects supporting the economic, environmental, and social well-being of residents, issuing loans or climate bonds secured on municipal tax-raising powers. Since 2019, 15 councils have issued CMIs, providing low-risk investment for citizens while offering authorities cheaper capital than traditional Public Works Loan Board options. These instruments enhance community engagement and amplify the local benefits of clean energy projects.



The UK is at a tipping point: unprecedented investment is flowing into renewables, regulatory reforms are opening new routes for retail participation, and public support for community energy is stronger than ever. Without action to increase retail participation, corporate developers are likely to capture the highest-value phases, leaving communities with limited influence and returns. Project Collette provides a structure to mobilise community capital, leverage institutional finance, and convert national investment into tangible local benefits.

This is why Collette matters now.

2 Source: www.gov.uk/government/news/clean-energy-projects-prioritised-for-grid-connections
3 Source: www.communityenergyengland.org/pages/state-of-the-sector

2 COLLETTE'S COMMUNITY INTEGRATED INVESTMENT MODEL (CIIM)

What is Collette's CIIM?

Collette's CIIM is a structured approach that can be adapted for all types of community-led, larger-scale renewables.

Key features of Collette's CIIM include:

- its dual legal structure
- an investment and community-ready framework

Dual legal structure:

- At the core of the CIIM sits the CBS, giving the community veto rights over mission-critical decisions and ensuring that profits and assets benefit the community while providing returns to investors. The CBS anchors community ownership, safeguards purpose, and ensures durable accountability against mission drift. Through its membership base, the CBS provides a democratic route for local people to influence decisions, determining how surpluses are used, whether for reinvestment, local grants, or geographic allocations. It can also strengthen local supply chains.
- A CIC or special purpose vehicle (SPV) serves as the delivery body, carrying out the key project development activities and acting as the main counterparty to the project contracts, maintaining commercial discipline and investor confidence. The CBS appoints board members to the CIC, ensuring alignment between community priorities and operational performance.
- Acknowledging the limitations of a CIC for larger-scale infrastructure, and the fact that CICs can't easily raise equity from mainstream or institutional investors due to certain constraints, we will also consider the CLS structure, which is a common legal structure that allows ownership through shares.
- Collette's CIIM integrates community involvement across the Pre-Development, Development, Construction, and Operation stages, embedding participation into governance, decision-making, and profit-sharing from the outset.

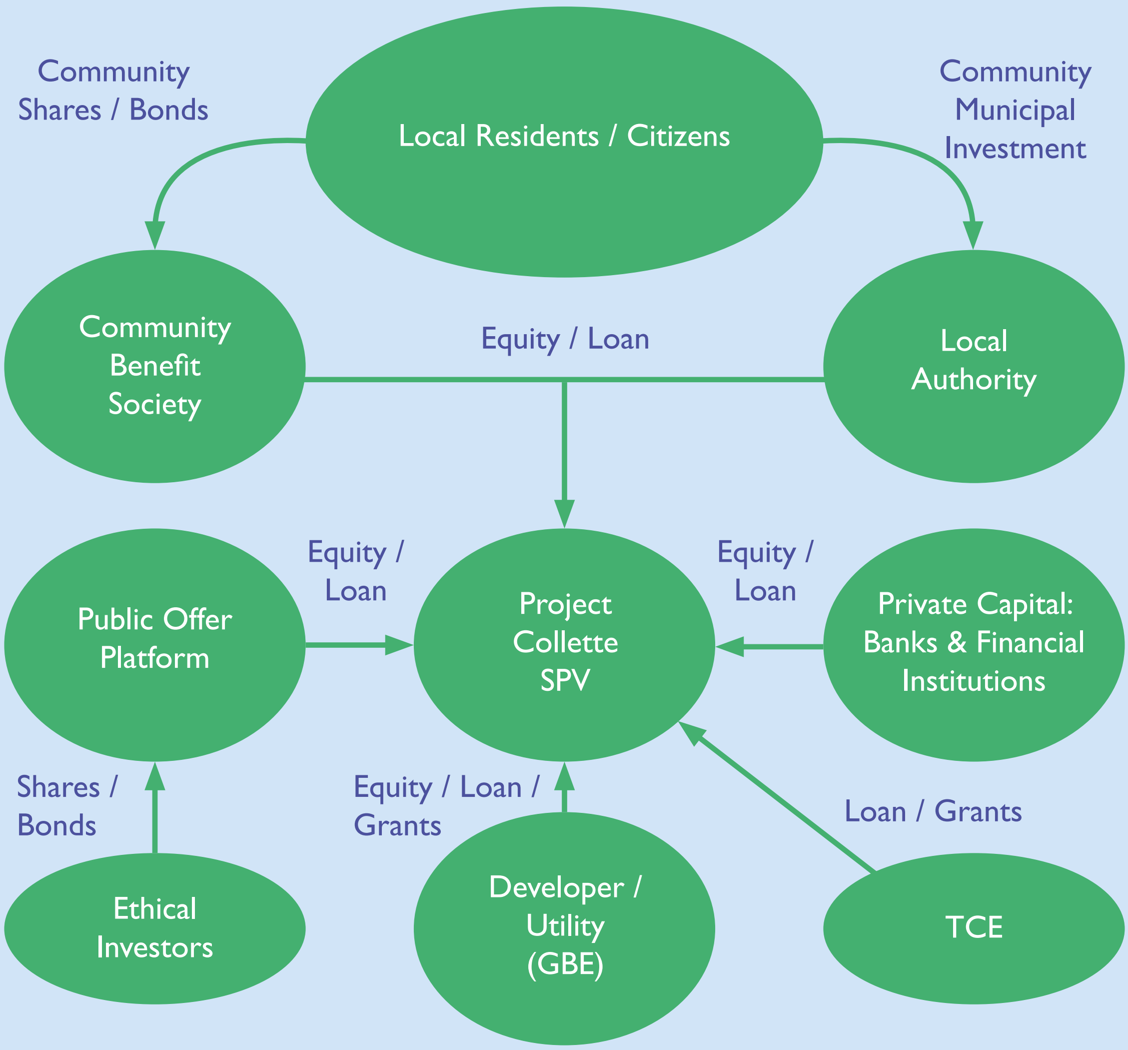
Investment and community-ready framework:

- The model aligns legal, financial, community and technical readiness with investor confidence. By demonstrating governance, financial discipline, credible partnerships, and community backing, Collette's CIIM enables local people to invest alongside institutional and public partners, ensuring that community benefit is structurally hardwired, not retrofitted.

Collette's CIIM Investment Ecosystem

In essence, Collette's CIIM model is a legally robust, financially credible, and democratically accountable framework that locks in community ownership and benefits the DNA of large renewable energy projects, while bridging early-stage financing gaps and ensuring long-term sustainability.

INVESTMENT ECOSYSTEM



Summarising the CBS Objectives

Collette's CIIM progresses through four stages – Pre-Development, Development, Construction, and Operation – with community participation primarily through the CBS, embedded at each stage through shareholder agreements, board representation, and profit-sharing arrangements.

Over time, the CBS and local authorities can expand their stake, ensuring that community control and benefits grow as the project matures.

Summarising the CBS Objectives

Stage 1 Pre-Development	Stage 2 Development & Panning	Stage 3 Construction & Installation	Stage 4 Operations
£5m DevEx	£105m-£135m DevEx	£3.3bn CapEx	£2.7bn OpEx (over 30 years)
Obtain agreement for lease	Secure FID	Project energisation	Long-term equity returns 1.2 GW green power production
Majority ownership of project	Meaningful minority ownership	Minority ownership	Equity participation options
PROJECT COLLETTE Community Benefit Society	PROJECT COLLETTE Community Benefit Society	PROJECT COLLETTE Community Benefit Society	PROJECT COLLETTE Community Benefit Society
Value accretion, risk reduction		Opportunity to sell stake in project to realise early - significant returns FID highest return on risk/ reward basis	Ongoing project ownership will generate long-term (porentially up to 60 years) income through equity distributions

Embedding Fairness and Participation

- While ownership and governance rights form the legal backbone of the CIIM, broader democratic innovations ensure fairness in process and outcome. Tools such as Community Covenants, participatory budgeting, and citizens' assemblies extend participation beyond formal ownership, giving diverse voices influence over how surpluses are invested and how trade-offs are managed.
- Together, this dual structure creates a legally robust and flexible framework that locks community ownership, transparency, and fairness into the heart of Project Collette.

Governance and Engagement Mechanisms

These challenges point to the need for complementary governance and engagement tools that extend participation beyond ownership. Together, these approaches ensure that Project Collette not only structurally embeds community ownership but also creates a living culture of engagement, inclusion, and trust.

Recognising these limitations does not undermine the value of the CIIM model; it remains a powerful baseline that locks in community ownership and accountability at the structural level. But ownership alone is not sufficient to deliver on the full range of Project Collette's guiding principles.

To complement the CIIM structure, Project Collette will draw on a range of tried and tested additional governance and engagement mechanisms that extend voice and influence beyond ownership. These provide practical ways for residents, stakeholders, and institutions to shape decisions and hold the project to account.

Strategic Partnerships – Public and Private

Project Collette has been designed to develop in partnership with mission-aligned entities, whose objectives closely match the values of community participation and shared benefit. Structuring the SPV as a CIC provides a transparent, socially acceptable mechanism to return value to the national developer while directing remaining surpluses to the community through a CBS, or profits via direct investment in the CIC.

This aligns with GB Energy's goals of delivering local value, accountability, and broad participation in the energy transition, and offers an opportunity to co-design and test large-scale community partnership models.

Where private developers or co-developers are involved, the model can be adapted as a conventional CLS. Equitable distribution of returns can be secured contractually through payment waterfalls, profit-sharing arrangements, or governance safeguards such as golden shares or reserved matters. This ensures that meaningful community ownership and influence are maintained while projects remain attractive to commercial partners.

3 ENSURING FAIRNESS: COLLETTE'S COMMUNITY PRINCIPLES AND MECHANISMS

In 2024, we began to think about the community principles that guided the whole of Project Collette, and this year they have evolved into the following form.

Collette's Seven Community Principles

1. **Maximise local value:** Ensure benefits are rooted in Cumbrian coastal communities, spanning financial flows, assets, jobs, training, supply chains, regeneration, and environmental protection.
2. **Put the community at the heart of decision-making:** Community needs and priorities must guide profit distribution, procurement strategies, and achievement of social outcomes, with inclusive decision-making mechanisms.
3. **Create opportunities for people to have a meaningful stake:** Communities can engage via ownership, governance, investment, and benefit-sharing, designed for a wide range of risk appetites.
4. **Secure shared ownership through mission-aligned partnerships:** Align public, private, and community actors to deliver legitimacy, resources, and authority.
5. **Set out a model for transformative infrastructure:** Demonstrate replicable approaches for large-scale renewable energy projects to deliver genuine community wealth.
6. **Ensure democratic governance and accountability:** Establish transparent, inclusive, and accountable structures, with diverse voices represented and checks and balances embedded.
7. **Deliver benefits that endure:** Benefits should not diminish over time but grow, with strong stewardship ensuring intergenerational value.

Learning from others – the Energy4All report *Maximising Value for Local Communities from Potential Investment and Ownership of Offshore Wind Projects* in Scotland (New Economics Foundation, 2025)[4] offers lessons directly applicable to Project Collette. It emphasises that creating benefits is not enough; the right mechanisms are required to ensure they are fair and enduring, and reach those who need them.

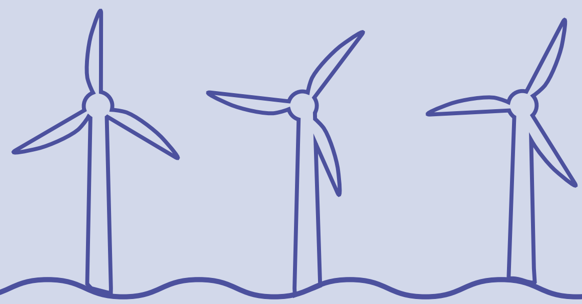
4 Source: www.energy4all.co.uk/nef-cbf-report

Considerations for Putting Principles Into Practice

- **Community-led decision-making:** Benefits are strongest when communities control how funds are used through participatory models such as action plans, advisory panels, and direct voting. Inclusion of marginalised groups is critical to prevent capture by narrow interests.
- **Governance and capacity:** Volunteer-led structures are fragile. Professional support, training, and flexible legal forms (e.g., CICs, trusts alongside CBSs) are essential to ensure resilience and broad participation.
- **Long-term capital projects:** Durable investments in renewables and infrastructure build sustained community wealth. Quick wins are insufficient; scalable projects amplify benefits over time.
- **Strategic planning and evaluation:** Community action plans align investments with local priorities, clarify trade-offs, and link decisions to broader development strategies. Robust evaluation, using both quantitative and qualitative measures, builds trust and ensures all voices are recognised.
- **Delivery realism:** Phased implementation, honest timelines, and managed expectations prevent optimism bias and strengthen community trust.

What Would Your Community Principles Be?

Principles are important because they guide how funds are raised, allocated, and managed. They also build trust with local investors and stakeholders, aligning financial decisions with social, environmental, and long-term community goals.



Who Benefits, Who Decides, and Who Can Invest?

To support the selected principles, complementary mechanisms rooted in community deliberation and participation can be employed to reinforce their legitimacy and practical application.

From the outset, Project Collette has focused on putting the right mechanisms in place to give the best chance of delivering on its principles to ensure local economic transformation.

At the core is the concept of fairness: who benefits, who decides, and who can invest to help deliver a just, people-powered energy transition to make Britain a clean energy superpower?

Collette's fairness has several dimensions:

- **Fairness of outcome:** This means ensuring that the value created by the project is shared equitably, leaving communities genuinely better off and supporting long-term, local economic growth and economic transformation.
- **Fairness of process:** This means that decisions about the way benefits are used are transparent, inclusive, and shaped by the people most affected.
- **Fairness of inclusion:** This means that all communities and groups, particularly those often excluded, are given respect, influence, and a say in infrastructure decisions.

For Project Collette, the foundations for delivering equitable, local economic transformation are built into Collette's CIIM. By embedding community ownership, accountability, and safeguards, the model translates principles into practice, ensuring that Project Collette is not just a wind farm but also a vehicle for equitable growth, empowerment, and regional prosperity.

Considerations for Selecting a Governance Structure

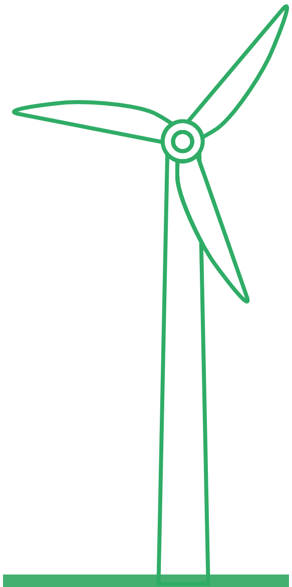
Table 2: Governance Structures for Community Benefit

AREA	CLS	CLS & Golden Share	CIC Ltd by Shares	CBS	JV (CBS + Golden Share CIC)
Maximise Local Value	▼	●	●	▲	▲
Community at Heart of Decisions	▼	●	●	▲	▲
Meaningful Stake For People	▼	●	●	▲	▲
Shared Ownership & Partnerships	▼	●	●	▲	▲
Transformative Infrastructure	▼	●	●	▲	▲

▼ Low ● Medium ▲ High

Table 3: Governance Structures for Leveraging Value for the Community

AREA	CLS	CLS & Golden Share	CIC Ltd by Shares	CBS	JV (CBS + Golden Share CIC)
Assets	▼	●	▲	▲	▲
Profits	▼	●	●	▲	▲
Community Investment Returns	▼	●	●	▲	▲
Jobs & Training	▼	●	●	▲	▲
Supply Chain Impact	▼	●	●	▲	▲
Service Provision	▼	●	●	▲	▲



Key Takeaways

CLS offers the least alignment with community benefit and local value.

Adding a golden share improves community safeguards but remains investor-led.

CBS and JV structures offer the strongest alignment, embedding community benefit structurally.

A JV between a CBS and a CIC (with golden share) combines community control with commercial flexibility, making it ideal for large-scale renewable projects like Collette.

CBS - Community Benefit Society
CIC - Community Interest Company
JV - Joint Venture

Golden Share - a golden share is a type of share of stock that lets its owner outvote all other shareholders in certain circumstances.
CLS - Company Limited by Shares

Resources to Empower Communities to Influence Decisions

To make community ownership meaningful, it is important to consider a range of resources that give members real influence over how projects are developed, governed, and managed. These can include participatory governance models, community share offers, transparent reporting frameworks, and frameworks for capacity building and decision-making. Below are some useful resources to help communities strengthen their role in shaping and benefiting from the clean energy transition.

Mechanisms to Complement CIIM's Model

There is a wide range of established community engagement techniques, from participatory planning and co-design to peer support and local research partnerships, that help embed inclusion and responsiveness in everyday practice. These methods strengthen the culture of participation, ensuring the project remains grounded in local knowledge and is accountable to its communities.

Together, these approaches create a comprehensive framework for participation and accountability, ensuring benefits are shaped by, and shared with, the communities that the projects serve.

Community Engagement Methods

- **Participatory planning and design:** Involve residents in shaping priorities through community action plans and neighbourhood strategies.
- **Co-production and peer support:** Work with people with lived experience to co-design and deliver local services, building trust and relevance.
- **Community-based participatory research:** Partner with communities to define questions, interpret evidence, and inform evaluation.
- **Asset-based community development:** Build on local strengths and networks rather than deficits.
- **Civil Society Covenants:** Formalise long-term collaboration between councils, funders, and the voluntary sector.

Operational and Assurance Mechanisms

Economic growth, fairness, and accountability must also be embedded in Collette's operations and delivery. Alongside Collette's CIIM and CBS structures, several tools can support this:

- **Codes of conduct:** Alignment with standards such as the Social Value Act and the Procurement Act (2023).
- **Procurement frameworks:** Prioritising local SMEs, cooperatives, and apprenticeships through community wealth-building principles.
- **Contractual mechanisms:** Using Community Benefit Agreements or Section 106 obligations to secure local outcomes.
- **Operational standards:** Adoption of Fair Tax Mark, B Corp, or ISO 14001 for ethical and environmental integrity.
- **Independent oversight:** Regular audits or ombudsman-style reviews to ensure transparency and trust.

Monitoring, Evaluation, and Transparency

A clear monitoring framework will track jobs, apprenticeships, SME participation, carbon savings, and social value.

- Metrics can include jobs, apprenticeships, SME participation, carbon savings, and social value indicators.
- Quantitative insights from surveys, interviews, and social return on investment (SROI) analysis will complement data.
- Transparency will be maintained through annual community benefit reports, a public dashboard, independent reviews, and community assemblies.

These elements ensure that community benefits are integrated into both what is delivered and how it is delivered. The Energy Learning Network guide *Making it Count*[5] sets out the basics for community energy impact frameworks.

5 Source: www.ashden.org/wp-content/uploads/2025/05/ELN-Social-Impact-Guide-2025.pdf

4 COLLETTE'S RISKS AND RISK REGISTER

Identifying and managing risks early is fundamental to the success of any project. For Project Collette, a clear understanding of potential risks not only underpins sound decision-making but also strengthens credibility with investors, regulators, and the local community.

Project Collette faces a complex and evolving landscape of risks spanning development and planning, finance and funding, construction and engineering, resourcing, legal and operational performance, market stability, community policy, and reputation. Shifts in government policy, regulation, or subsidy regimes could materially reshape financial models and impact investor confidence.

At the sector level, the UK offshore wind industry is under significant pressure. Global inflation, rising material and capital costs, and supply chain constraints are pushing budgets upwards, causing some developers to pause or scale back their projects. At the same time, workforce and skills shortages are emerging as critical bottlenecks, intensifying competition for both talent and manufacturing capacity.

Additionally, auction and leasing frameworks, particularly TCE's seabed tendering process, have faced NGO criticism for inflating option fees, potentially increasing costs to consumers and limiting flexibility for community-led models.

Technical risks also remain significant. Delays in turbine delivery, grid connection, or infrastructure readiness could disrupt construction schedules and increase overall project costs. Limited local capacity in governance and operations may further strain oversight and stakeholder coordination, particularly during critical delivery phases. From a financial perspective, Project Collette must manage exposure to cost overruns, inflationary pressures, and early-stage capital constraints, while also preparing for wholesale power price volatility and policy shifts that could materially affect projected revenues and investor confidence.

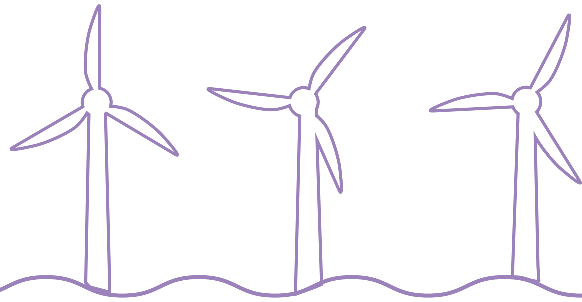
Equally important are community-facing and reputational risks. Long development timelines can lead to stakeholder fatigue if tangible progress is slow, weakening local engagement and investor confidence. Overstating social or financial benefits, or failing to communicate trade-offs transparently, could erode trust and damage the project's legitimacy. Miscommunication or perceived opacity could have lasting reputational consequences extending beyond Collette itself.

Mitigation Strategies Must Be Embedded From the Outset

Phased delivery allows benefits to materialise incrementally, reducing risk while maintaining community engagement and realistic expectations. Secretariat support and professional project management can relieve pressure on volunteers and community directors, ensuring operational continuity and effective governance. Furthermore, clear escalation and dispute resolution procedures are essential in managing disagreements efficiently and transparently.

Ultimately, clear and honest communication is crucial. Providing regular updates on achievable outcomes, expected timelines, and potential risks fosters trust and reinforces accountability.

By embedding these safeguards within a robust risk management framework, projects can navigate uncertainty with confidence, protect trust, maintain investor confidence, and ensure the project's long-term credibility and success.



Expected Challenges for Community Benefit Societies (CBS) and Large-Scale Projects

- **Balancing mission and commerciality:** CBSs must continually navigate the tension between their community mission and the need for financial sustainability and operational effectiveness, ensuring that community benefit remains the primary purpose.
- **Regulatory complexity:** CBSs are registered under the Co-operative and Community Benefit Societies Act 2014 and regulated by the FCA rather than Companies House, which can confuse mainstream investors.
- **Challenging compliance:** Keeping the FCA satisfied can be challenging, as CBSs must meet ongoing reporting, governance, and financial compliance requirements. This can be time-consuming, resource-intensive, and complex, particularly for larger projects. Legal advice for larger projects is often required, adding to cost and complexity.
- **Early-stage capital-raising:** CBSs typically issue withdrawable community shares, which limit liquidity and speculative returns. Early-stage development often depends on grant funding or public finance support.
- **Governance and organisational capacity:** Boards must balance democratic control with the need for financial expertise and regulatory compliance. Recruiting suitably skilled members for large projects is challenging, especially when navigating complex finance and investor expectations.
- **Investor understanding and appetite:** Institutional investors often lack familiarity with CBS structures, reducing co-investment potential. Complex finance models for large projects can further deter participation.
- **Administrative burden:** Ongoing FCA reporting and compliance requirements are time-consuming and resource-intensive.
- **Exit and long-term investment considerations:** CBSs must carefully set expectations regarding investment exit strategies, long-term returns, and the balance between community benefit and financial performance.

Table 4: Collette's Sample Risk Register

Category	Key Risks	Impact	Likelihood	Mitigation Strategies
Development & Planning	Delays in lease or planning consent	Timeline delays, higher costs	Medium	Phased development; expert consultants
Financial & Funding	Difficulty raising early-stage finance	Project stall, missed returns	High	Use Public Offer Platforms (2026); phased fundraising; combine community & institutional capital
Construction & Engineering	Technical/ construction delays	Cost overruns, delayed generation	Medium	Robust contractor selection; contingency scheduling; risk-sharing contract
Resourcing & Capacity	Limited local expertise	Governance gaps, operational inefficiency	Medium	Secretariat support; professional project management; training & capacity building
Legal & Regulatory	Policy/subsidy changes	Impact on profitability	Medium	Policy monitoring; public & regulatory affairs engagement; scenario planning
Operational Performance	Lower than expected availability	Reduced revenue	Low–Medium	Robust procurement process for operations & maintenance agreements
Market & Revenue	Wholesale price volatility	Lower returns	Medium	CfD as primary revenue
Community & Social	Community fatigue/ disengagement	Lower participation, reputational risk	Medium–High	Phased delivery; clear communication; stakeholder updates
Community & Social (2)	Over-promising benefits	Loss of trust	Medium	Transparent benefit modelling; co-design with communities
Reputation	Negative media or opposition	Investor confidence hit, delays	Low–Medium	Proactive PR; stakeholder engagement; address concerns early
Environmental & Policy	Environmental concerns/litigation	Delays, additional costs	Medium	Early EIA & pre-consultation; engagement with environmental stakeholders; mitigation plans

5 INTEGRATED POLICY RECOMMENDATIONS FOR COMMUNITY-LED RENEWABLE ENERGY

To realise the full potential of community-led, large-scale renewable energy projects and support local authorities in achieving net zero, the following recommendations are grouped into the categories of finance, governance, and infrastructure. These align with the *Unlocking Climate Capital* framework (2025, Innovate UK), leverage GB Energy and the National Wealth Fund (NWF), and address barriers like Capital Departmental Expenditure Limits (CDEL). The recommendations integrate community ownership, regulatory alignment, and scalable infrastructure to mobilise £500 billion in local net zero investment by 2050.

Finance Recommendations for Community Energy Developers, Investors, and Funders

1. **Enable access to early-stage finance:**
    - Create a Community Pre-Development Fund via GB Energy and NWF, offering recoverable grants and low-interest loans for feasibility studies, legal work, and grid assessments.
    - Example: GB Energy's Community Fund (£5 million/region) supports early-stage community solar projects, de-risking private investment.
    - Action: Capitalise the fund with £100 million by 2026, prioritising projects with 20%+ community ownership.
2. **Restore and align fiscal incentives:**
    - Reinstate the Enterprise Investment Scheme (EIS), Venture Capital Trust (VCT), and Community Investment Tax Relief (CITR) for community energy, attracting patient capital.
    - Example: CITR could incentivise £1 billion in community green bonds by 2030, as seen in CMIs.
    - Action: Evaluate and extend tax reliefs by 2027, aligning with net zero goals.
3. **Enable blended finance models:**
    - Combine public (GB Energy/NWF), private, and community capital through partial guarantees, match funding, or CITR extensions.
    - Example: NWF's £7.3 billion for net zero by 2030 de-risks projects, attracting pension funds (£1 trillion UK assets).
    - Action: Develop blended finance templates, targeting 50 projects by 2028.
4. **Develop a national citizen investment platform:**
    - Launch a GB Energy Public Offer Platform for citizens to invest in regulated shares/bonds for community energy projects.
    - Example: Similar platforms in Scotland raised £10 million for wind projects in 2024.
    - Action: Pilot the platform by 2026, aiming for £500 million in citizen investments by 2030.

Finance Actions for Policymakers

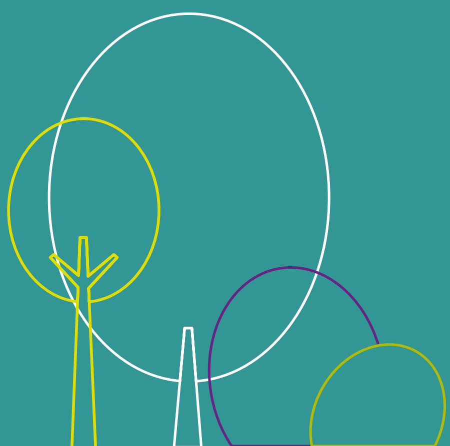
- Capitalise a £100 million Community Pre-Development Fund by 2026.
- Extend EIS/VCT/CITR for community energy by 2027.
- Develop blended finance templates for 50 projects by 2028.
- Pilot GB Energy Public Offer Platform, targeting £500 million by 2030.

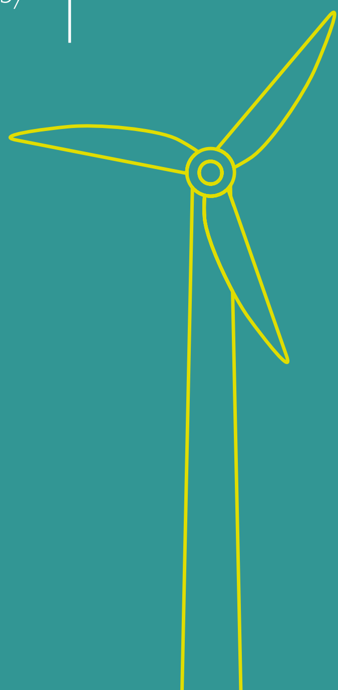
Governance Recommendations for Community Energy Developers, Investors, and Funders

1. **Embed community ownership early:**
   - Design projects with community participation in planning, licensing, and monitoring, ensuring fair representation and shared value.
   - Example: CBSs in Greater Manchester Combined Authority (GMCA) projects ensure local buy-in.
   - Action: Mandate community ownership guidelines in local authority project appraisals by 2026.
2. **Strengthen governance, transparency, and accountability:**
   - Support CBSs, Community Covenants, advisory panels, and independent oversight for community-led projects.
   - Example: Bristol City Leap's advisory panel enhances transparency in JVs.
   - Action: Fund CBS setup (£10 million via GB Energy) and establish oversight standards by 2027.
3. **Embed legal and participation rights:**
   - Amend legislation (e.g., the English Devolution and Community Empowerment Bill) to mandate community consent and statutory rights like Right of First Refusal.
   - Action: Pass amendments by 2027, embedding climate and nature duties for local authorities.
4. **Establish a community energy taskforce:**
   - Form a cross-departmental taskforce (Department for Energy Security and Net Zero (DESNZ), HM Treasury (HMT), Ministry of Housing, Communities and Local Government (MHCLG), Department for Environment, Food and Rural Affairs (Defra)) to coordinate policy, funding, and regulatory support.
   - Action: Launch taskforce by 2026, with annual reports on community energy progress.

Governance Actions for Policymakers

- Mandate community ownership guidelines by 2026.
- Fund CBS setup (£10 million) and oversight standards by 2027.
- Pass legislative amendments for community rights by 2027.
- Launch Community Energy Taskforce by 2026.





Infrastructure Recommendations for Community Energy Developers, Investors, and Funders

1. **Simplify grid access for community projects:**
   - The Office of Gas and Electricity Markets (Ofgem) and National Grid to reserve capacity for projects with 20%+ community ownership, offering priority access or reduced fees.
   - Example: Scotland's community wind projects benefit from streamlined grid access.
   - Action: Implement grid priority policy by 2026, targeting 100 community projects.
2. **Embed community ownership in offshore leasing:**
   - Require 10–20% equity for community/municipal partners in TCE leasing rounds, with GB Energy as anchor investor.
   - Example: Offshore wind projects in Wales allocate community equity, boosting local returns.
   - Action: Enforce equity requirements in 2026 leasing rounds, supported by £50 million of GB Energy investment.
3. **Integrate community energy into local power planning:**
   - Include community-led generation in Local Area Energy Plans (LAEPs) and GB Energy's Local Power Plan, aligning with 21 heat network zones.
   - Example: LAEPs in Powys prioritise community energy for local security.
   - Action: Fund LAEP integration for all local authorities (£60 million via Innovate UK) by 2026.
4. **Measure and report community impact:**
   - Establish national metrics for social, environmental, and economic impacts of community energy, with annual public reporting.
   - Action: Develop metrics by 2026, integrated into Net Zero Hubs' reporting.

Infrastructure Actions for Policymakers

- Implement grid priority for 100 community projects by 2026.
- Enforce 10–20% community equity in 2026 leasing rounds (£50 million via GB Energy).
- Fund LAEP integration (£60 million) by 2026.
- Develop community impact metrics by 2026.

Summary of Key Actions for Policymakers

- **Finance:** Fund £100 million Community Pre-Development Fund, extend tax reliefs, develop blended finance templates, pilot GB Energy Public Offer Platform.
- **Governance:** Mandate community ownership, fund CBSs, pass legislative amendments, launch Community Energy Taskforce.
- **Infrastructure:** Prioritise grid access, enforce community equity in leasing, integrate community energy into LAEPs, and develop impact metrics.
- **Impact:** Unlocks £10 billion annual local net zero investment, aligns with the Unlocking Climate Capital framework, and supports GB Energy/NWF to de-risk projects, fostering community-led decarbonisation.

6 HOW TO DELIVER A COMMUNITY ENERGY PROJECT

This chapter answers the key question 'How do we do this?' While Project Collette doesn't have all the answers, we hope some of our thinking will be useful in getting other projects off the ground.

With the right structure, financing, and partnerships, communities can own significant stakes in large-scale renewable energy projects. This roadmap outlines eight key steps to transition from vision to delivery, using the Project Collette model as a template.

STEP 1: Define Your Vision and Purpose

- Clarify your community's goals: clean energy, local wealth, lower bills, jobs, or all of these.
- Identify your target technology and scale (e.g., solar farm, shared ownership in a wind farm, offshore JV).
- Map your stakeholders early: residents, councils, anchor employers, investors, developers.

STEP 2: Choose Your Legal and Governance Structure

- Select a CBS, CIC, or hybrid JV that aligns with your goals.
- Decide how community voice will be embedded: membership rules, board seats, golden shares.
- Establish transparent rules for **profit reinvestment** and asset locks.

STEP 3: Secure Early-Stage Funding

- Early finance is the hardest to raise – explore:
  - o CMIs
  - o local authority or devolved grants
  - o development loans or blended finance with public partners (e.g, GB Energy)
- Budget for feasibility, legal, grid, and planning work.

STEP 4: Build a Credible Business Case

- Commission feasibility and resource assessments.
- Develop financial models: capital expenditure (CapEx), operating expenses (OpEx), revenues, internal rate and return (IRR).
- Prepare a risk register and delivery timeline.

STEP 5: Form Strategic Partnerships

- Partner with local authorities, public energy bodies (e.g., GB Energy), private developers, or infrastructure funds.
- Negotiate JV or ownership terms that protect community benefit.
- Secure grid connection and planning support.

STEP 6: Mobilise Community Investment

- Launch regulated community share offers or bonds.
- Leverage upcoming FCA reforms to raise larger sums from retail investors.
- Offer different entry points to suit diverse risk appetites.

STEP 7: Deliver the Project

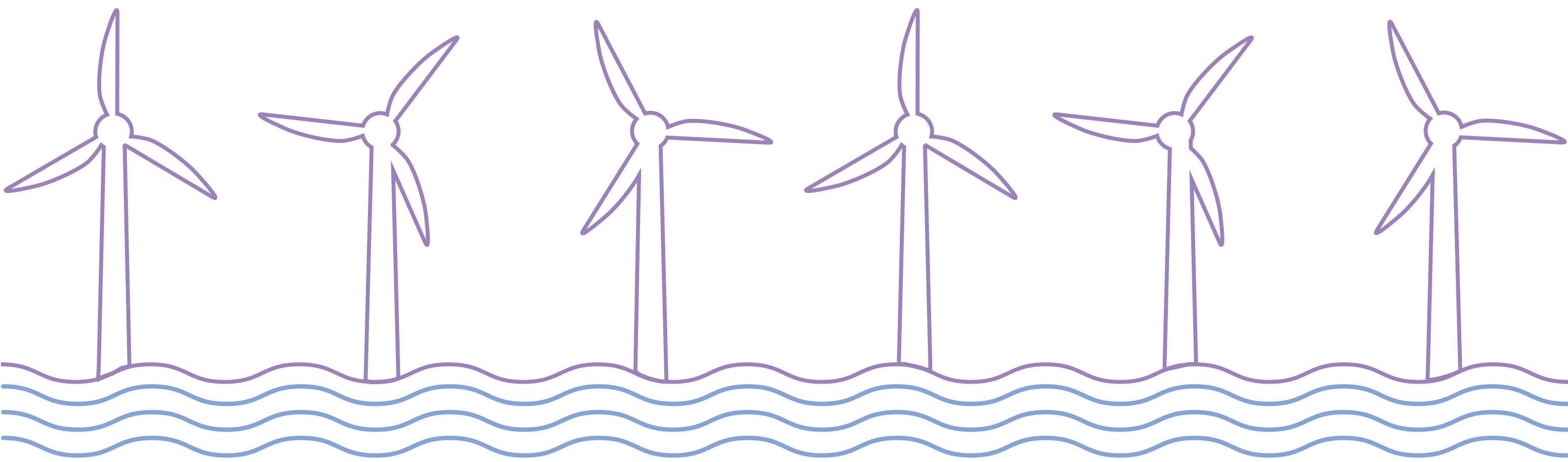
- Commission design, procurement, and construction with local supply chains wherever possible.
- Keep the community informed through assemblies, dashboards, and regular updates.

STEP 8: Reinvest and Grow

- Direct profits into community wealth funds, social infrastructure, or new projects.
- Embed long-term asset stewardship through CBS governance.
- Share lessons to support other communities to replicate your model.

Table 5: A Rough Timeline to Turning Vision Into Delivery

Phase	Timeline Indicative	Step	Key Actions
Set Up	Months 0–6	1. Define Vision & Purpose	• Identify community goals and desired benefits • Choose technology and scale (solar, onshore/offshore wind, storage) • Map key stakeholders
	Months 3–9	2. Choose Legal & Governance Structure	• Register a CBS or CIC (or hybrid JV) • Decide governance model (board, membership, golden share) • Establish asset lock and profit reinvestment principles
Development	Months 6–12	3. Secure Early-Stage Funding	• Apply for grants (e.g., Community Energy Fund) • Explore CMIs or recoverable loans • Budget for feasibility, legal, and grid work
	Months 9–18	4. Build a Credible Business Case	• Commission feasibility/resource studies • Develop financial model and risk register • Define delivery timeline
	Months 12–24	5. Form Strategic Partnerships	• Engage local authority and GB Energy • Negotiate JV or shared ownership terms • Secure grid connection & early permitting
Financing & Delivery	Months 18–30	6. Mobilise Community Investment	• Launch community share/bond offers • Leverage FCA reforms for retail capital • Blend with public and private investment
	Months 24–48	7. Deliver the Project	• Procure contractors and suppliers • Prioritise local supply chains • Maintain open communications with the community
Legacy & Scale	Months 48+	8. Reinvest & Grow	• Establish community benefit fund • Steward assets through CBS governance • Share lessons with other communities



7 GOVERNANCE, LEGAL STRUCTURE, AND INVESTOR READINESS

For a community energy project to move beyond a promising concept to become a bankable, investable asset, investors need confidence – confidence in the governance, in the financial model, and in the team delivering it.

Large-scale renewable infrastructure differs significantly from small grant-funded projects. It involves multiple stakeholders, long development timelines, and complex financing arrangements. Investors will only commit if they can see that the project is well structured, professionally managed, and built to last.

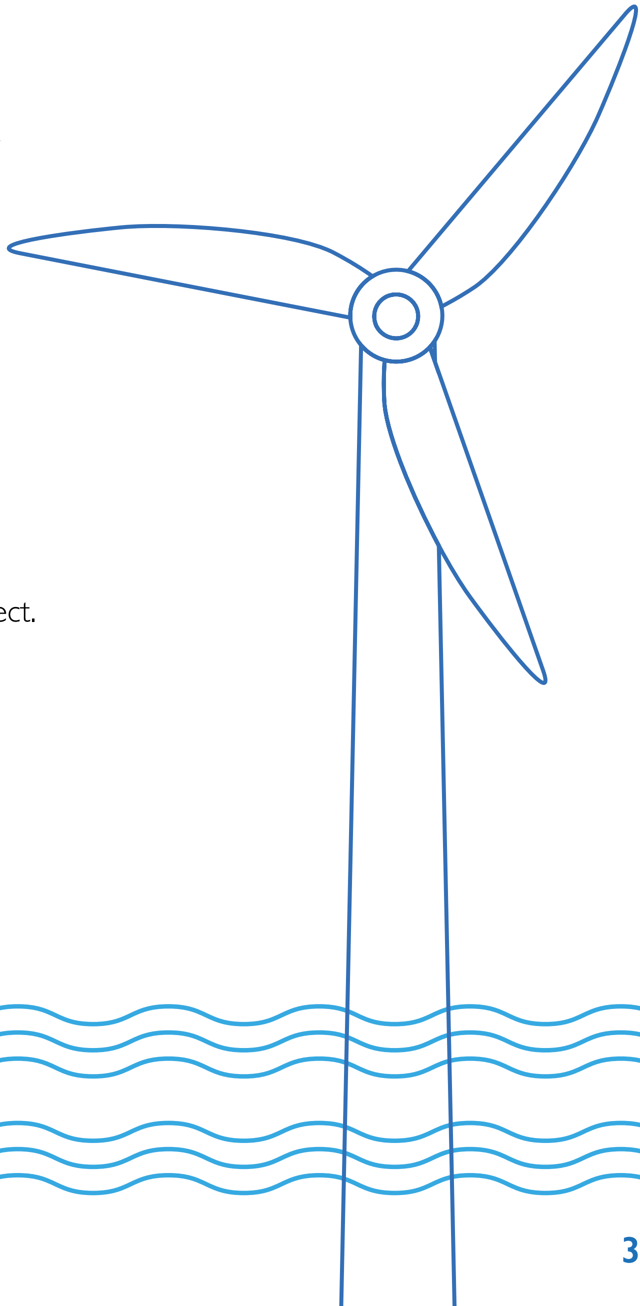
Investor readiness is not just about having a good project on paper. It's about demonstrating that the project is underpinned by clear legal structures, sound governance, a bankable financial model, credible partners, and genuine community backing. These elements build trust, and trust is what unlocks capital.

1. Putting Principles Into Practice

We demonstrate below a practical roadmap for transforming a community-led renewable energy project into an investor-ready proposition. It integrates five essential components:

- governance and legal structure
- financial readiness
- technical delivery
- community participation
- investor engagement

The approach is presented as an eight-step implementation framework, giving communities, local authorities, and partners a structured pathway from early-stage concept to investable project. The model aligns with Project Collette's CIIM (see Chapter 2) and its core community principles (see Chapter 3).



2. Implementation Checklist: Eight Steps to Investor Readiness

The following checklist outlines the practical actions and considerations required to achieve the five essential components (governance and legal structure, financial readiness, technical delivery, community participation, and investor engagement).

STEP 1: Define Your Vision and Purpose

- Articulate the project's mission, problem being addressed, or opportunity created (e.g., an offshore wind project that is community-led to retain local value).
- Define the target community, intended impacts, and success metrics (e.g., jobs, carbon savings, community wealth).
- Ensure the vision aligns with fairness principles (Chapter 3).

STEP 2: Choose Your Legal and Governance Structure

- Select the legal structure (CBS, CIC, CLS, or hybrid JV) that best aligns with your mission.
- Register with the relevant regulator (FCA for CBSs, Companies House for CICs/CLSs).
- Form a representative and skilled board balancing community voice and technical expertise.
- Embed transparency and democratic governance processes.

STEP 3: Ensure Financial Readiness

- Prepare a robust business plan with CapEx/OpEx breakdown, revenue modelling, risk mitigation, and cash flow forecasts.
- Develop a blended funding strategy (community capital, public funds, private investment).
- Secure anchor contracts such as Power Purchase Agreements (PPAs) to stabilise revenues.

STEP 4: Achieve Investment Readiness

- Present a professional investment case supported by governance, credible partners, and financial discipline.
- Map investors (institutional, community, public) and align instruments to their needs.
- Tailor offers (e.g., bonds, community shares, equity) accordingly.

STEP 5: Confirm Technical Project Readiness

- Complete feasibility and resource studies (e.g., wind resource, site suitability).
- Advance grid connection and environmental/planning approvals.
- Define delivery milestones and timeline.

STEP 6: Engage Community and Build Social Acceptance

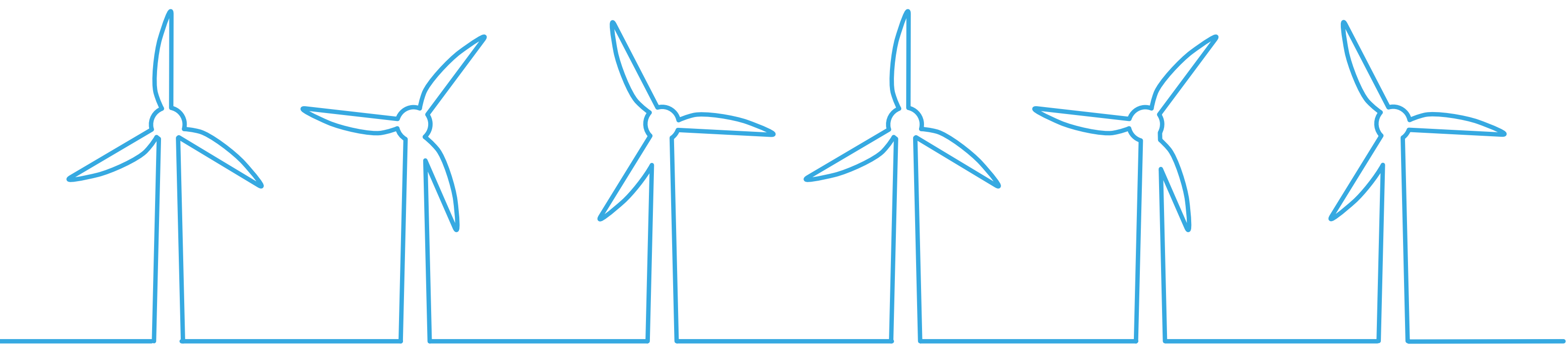
- Run structured community engagement to build support and legitimacy.
- Grow membership base to strengthen governance and investor confidence.
- Use democratic tools such as assemblies, participatory budgeting, or citizen panels.

STEP 7: Implement Risk Management and Assurance

- Maintain a comprehensive risk register throughout development.
- Secure insurance for construction, operations, and environmental liability.
- Bring in legal, technical, and financial advisors to reduce perceived risk.

STEP 8: Build Investor Confidence and Continuous Learning

- Demonstrate delivery capability through early pilots or credible partnerships.
- Clarify investor returns and exit strategies.
- Develop professional communications: pitch decks, investment packs, governance dashboards.
- Invest in board development and knowledge sharing to strengthen capacity.



3. The Importance of Understanding Your Governance Model

Strong governance is the foundation of any successful community energy project.

It builds trust with investors, protects community benefit, and provides the clarity and legal safeguards needed to deliver at scale.

For large-scale renewable projects, governance must do two things at once:

- protect mission and community purpose, so that value remains locally anchored
- enable commercial delivery, giving confidence to investors and partners

The most effective way to achieve this is through a minimum viable dual-entity structure, simple enough to implement, but robust enough to scale.

Core Structure: Dual-Entity Model

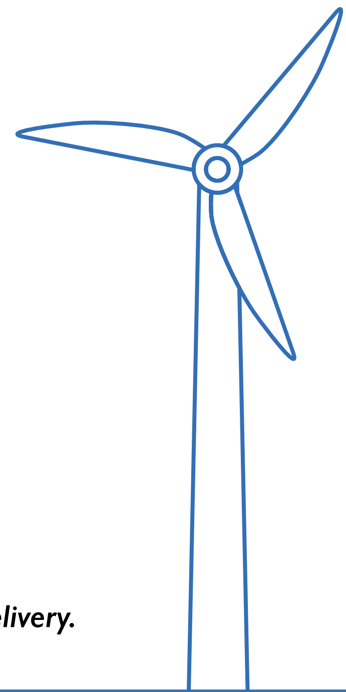
1. CBS – Mission Guardian

- Holds a golden share or a minority equity stake (typically 10–20%).
- Embeds legal asset locks and community benefit objectives.
- Oversees community governance, engagement, and how surpluses are spent.
- Ensures the project always serves its community purpose.

2. CIC or CLS (delivery vehicle) – Project Engine

- Owns and operates the asset.
- Raises capital from multiple sources: public, private, and community.
- Provides flexibility for commercial operation and institutional investment.
- Keeps the project investable, bankable, and scalable.

Together, the CBS acts as the conscience of the project, while the CIC/CLS drives delivery.



Board Composition

- 1–2 community representatives (elected by CBS members)
- 1 GB Energy or local authority representative
- 1–2 technical or financial experts
- 1–2 investor representatives

This balanced structure brings community voice to the table while maintaining professional delivery capacity.

Decision-Making and Safeguards

- Golden share gives CBS veto power over:
  - sale or transfer of the asset
  - changes to community purpose
  - profit distribution rules
- Reserved matters require supermajority approval.
- Regular community assemblies ensure accountability and transparency.

Profit Distribution

1. Operating costs and agreed investor returns are paid first.
2. Remaining surplus is allocated to a CBS-managed community wealth fund.
3. Optional community investor dividends (e.g., 4–6%) may be paid.
4. Community benefit is structurally prioritised, not dependent on goodwill.

Case Study: Westmill Wind Co-operative

A living example of community ownership, good governance, and investor confidence

Westmill Wind Co-operative, located on farmland near Watchfield in Oxfordshire, was the first 100% community-owned onshore wind farm in the South of England. Operational since 2008, the 6.5 MW project comprises five 1.3 MW turbines that generate enough clean electricity to power approximately 3,500 homes. Its legal structure as an industrial and provident society (now equivalent to a CBS) enabled over 2,300 local and national members to purchase community shares, creating a genuinely democratic ownership model. Each member has one vote, regardless of investment size, and key decisions are made collectively at the annual general meeting.

This simple but robust governance structure provides investors with confidence while ensuring the community retains full control of the asset. An initial £4.6 million was raised through a community share offer, supplemented by bank finance. Annual returns to members typically range from 5–6%, and surplus funds are reinvested in local initiatives through the Westmill Sustainable Energy Trust (WeSET), amplifying the project's community impact.

8 CONCLUSION: A SHARED ENERGY FUTURE

Project Collette aims to prove that the UK's clean energy transition can be both ambitious and inclusive. By embedding community ownership, democratic governance, and fairness into a utility-scale offshore wind project, it offers a new model for local economic transformation, not just energy generation.

The challenge is now about unlocking scale and overcoming structural barriers: issues with early-stage capital, the need for regulatory alignment, and the gap between institutional finance and community participation. Collette's CIIM tackles these directly, blending community, public, and private capital to de-risk investment and lock in local benefit.

With GB Energy and the Local Power Plan providing national support, Collette aims to show how major renewable assets can be developed with, by, and for communities, creating good jobs, retaining wealth, and building energy security from the ground up.

A Shared National Opportunity

Lessons from Energy4All and others highlight the importance of strong governance, participation, and patient capital. Scaled and replicated, Collette's approach could redefine public ownership for the 21st century, ensuring the journey to net zero is both rapid and fair.

JOIN THE MOVEMENT

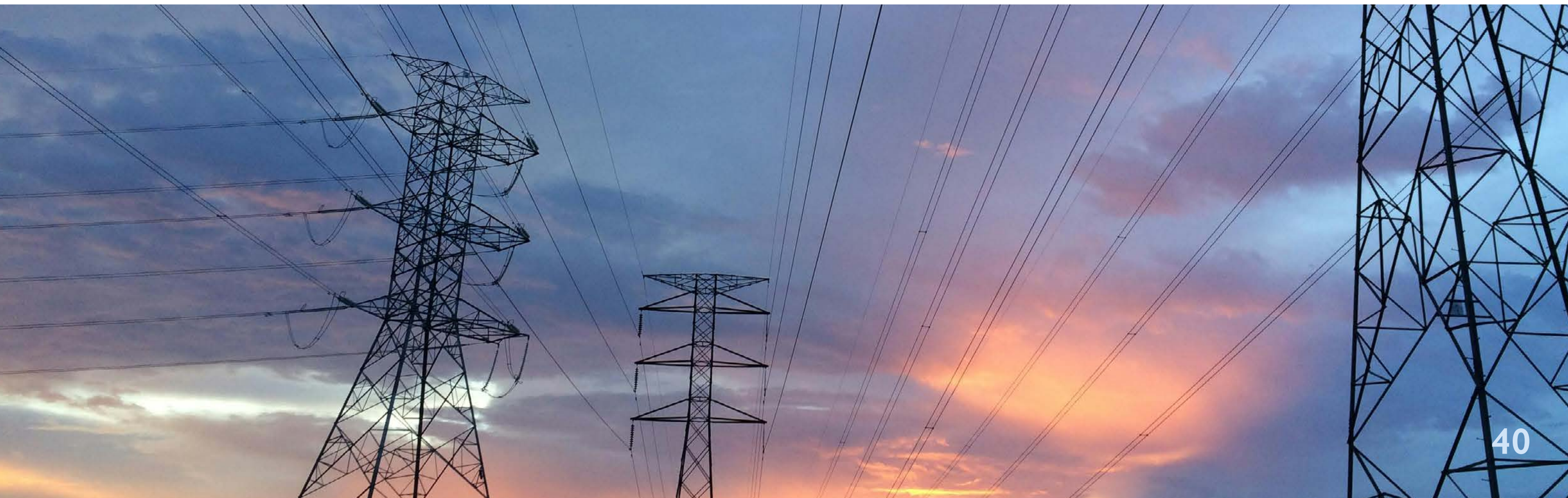
Collette is more than just a project; it's a movement driven by a shared purpose and collective power.

Imagine it's 2035. Across the country, communities are owning, shaping, and benefiting from the utility-scale renewable energy that powers their lives.

You were part of it from the beginning, inspired by Collette's collective mission. You invested in a fairer, cleaner, and more hopeful future.

Together, we didn't just build a wind farm: we transformed who owns the future.

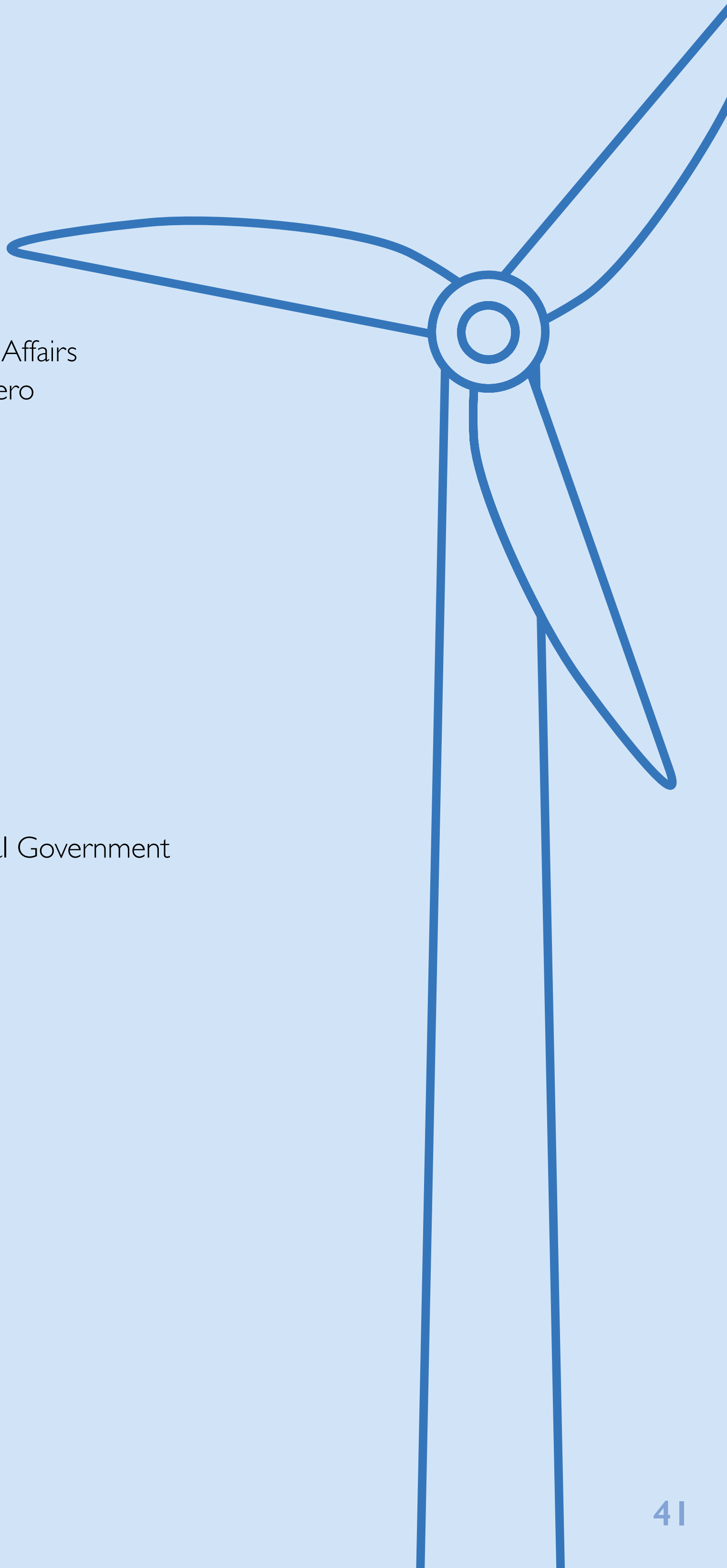
Join us: collette@greenfinancecommunityhub.co.uk



8 APPENDICES

Abbreviations

- CapEx – capital expenditure
- CBS – community benefit society
- CDEL – Capital Departmental Expenditure Limits
- CfD – Contracts for Difference
- CIC – community interest company
- CIIM – Community Integrated Investment Model
- CITR – Community Investment Tax Relief
- CLS – company limited by shares
- CMI – Community Municipal Investment
- Defra – Department for Environment, Food and Rural Affairs
- DESNZ – Department for Energy Security and Net Zero
- DevEx – development expenditure
- EIS – Enterprise Investment Scheme
- FCA – Financial Conduct Authority
- GB Energy – Great British Energy
- GHG – greenhouse gas
- GMCA – Greater Manchester Combined Authority
- HMT – HM Treasury
- IRR – internal rate and return
- JV – joint venture
- LAEP – Local Area Energy Plan
- LCOE – Levelised Cost of Energy
- MHCLG – Ministry of Housing, Communities and Local Government
- NWF – National Wealth Fund
- Ofgem – Office of Gas and Electricity Markets
- OpEx – operating expenses
- O&M – operations and maintenance
- OW – offshore wind
- OWIC – Offshore Wind Industry Council
- PPA – Power Purchase Agreement
- SCP – Supply Chain Plan
- SME – small or medium-sized enterprise
- SROI – social return on investment
- SPV – special purpose vehicle
- TCE – The Crown Estate
- VCT – Venture Capital Trust
- WeSET – Westmill Sustainable Energy Trust



Glossary of Terms

- **Capital expenditure (CapEx)** – the upfront costs for equipment, installation, and infrastructure.
- **Community energy** – according to Community Energy England, includes projects that are 'wholly owned and/or controlled by communities or through a partnership with commercial or public sector partners'.
- **Community finance** – raising funds from a group of people to support a project or initiative. This can be done through donations, loans, investments, or pre-sales.
- **Community Municipal Investment (CMI)** – a regulated investment model that allows local authorities to finance capital projects and investments directly from residents and citizens.
- **Community shares** – a form of withdrawable equity raised by cooperatives and CBSs, which are exempt from regulation. Equity investors are capped at £100,000 and qualify for membership of the society, which gives voting rights in relation to the governance of the society (one member, one vote).
- **Contracts for Difference (CfD)** – the government's primary mechanism for supporting new low-carbon power infrastructure.
- **Debt** – includes long-term bank loans, bond issues, or leasing energy equipment. In the UK, the bulk of project finance is sourced as debt capital, either in the form of loans or bonds. Debt can be secured or subordinated, with the cost of capital reflecting the relative risk of each element of the capital stack.
- **Dividends** – a share of profits paid to shareholders in proportion to how much they've invested. Community energy projects structured as CBSs or cooperatives, instead of paying 'dividends', typically pay interest on share capital, which is treated as an operating cost, rather than a share of profits.
- **Guarantees** – government-backed guarantees and other de-risking tools are financial instruments that reduce risk for private investors in large infrastructure projects. While they do not replace private capital, they make investment safer and more attractive, lowering the cost of capital and helping projects reach financial close.
- **Investment ready** – when a project is at the stage where it can secure either enough equity to build the project or, more likely, a combination of equity plus debt.
- **Joint ventures (JVs)** – these are about partnerships and come in many forms. In this case, Collette's JV allows communities to co-invest in renewable projects alongside experienced developers, sharing both risks and returns, while maintaining a stake in decision-making.
- **LCOE – Levelised Cost of Electricity** – a measure of the average present cost of electricity generation for a generator over its lifetime.
- **Local energy** – energy produced, owned, or managed close to where it's used, keeping the economic, social, and environmental benefits within the local area.
- **Net zero** – a balance between the amount of greenhouse gas (GHG) that's produced and the amount that's removed from the atmosphere.
- **Operating expenses (OpEx)** – in this case, operational and maintenance costs over the wind farm's 30-year lifespan.
- **Partnership agreements** – these specify capital contributions, revenue-sharing formulas, decision-making protocols, dispute resolution mechanisms, and exit strategies, ensuring clarity and accountability for all parties involved.
- **Project finance** – in this case, the funding of long-term infrastructure projects and public services using a non-recourse or limited-recourse financial structure. The debt and equity used to finance the project are paid back from the cash flow generated by the project.
- **Revenue-sharing agreements** – these enable communities to receive a percentage of project income, ensuring a steady financial benefit without requiring full operational responsibility.
- **Shared ownership** – in this case, any structure that involves a community group as a financial partner over the lifetime of a renewable energy project.
- **Transition finance** – broadly defined as financing corporate decarbonisation, with a particular emphasis on hard-to-abate sectors.
- **Venture Capital Trusts** – a type of investment fund that provides finance for community energy projects. They offer investors tax relief to encourage indirect investment into smaller, higher-risk companies, including community energy ventures.

GREEN FINANCE COMMUNITY HUB
Making it Happen

www.greenfinancecommunityhub.co.uk/project-collette