

# Origin Energy CIC

## Norton Energy Community

### Scoping document for legal contract between the two parties

It is intended that Origin Energy CIC would design, build and operate two wind turbines for the parish of Norton. The intention includes the wish, on behalf of Origin, to return to the community the profits from the sale of the energy through the National Grid. It has become apparent that a formal contract between the two companies will be required for the following reasons:

- To ensure transparency with respect to revenues from the sale of the energy.
- To ensure transparency with respect to costs of energy production.
- To ensure that the due revenues are transferred to NEC in a timely manner,
- To ensure that all maintenance and insurance contracts are in place,
- That the method of calculation of NEC revenues is agreed and is linked to energy wholesale prices,
- Origin's length of responsibility to be 25 years or the life of the turbines which ever comes first;
- Origin's responsibility to decommission the turbines.
- NEC's responsibility to ensure sustainable investment in community projects in a democratic way;
- That both parties adhere to the initial mutual aim of promoting the welfare of the local community and the resources at its disposal.

Some issues to be dealt with in any contract:

- What happens in the event of either Origin or NEC going out of business?
- Itemising the costs which can be charged against the project by Origin
- Safe-guarding payments to landowners;
- Safe-guarding access to the turbines;
- Public Liability Insurances;
- What happens when the capital repayments are finished?
- Tax & VAT issues;
- How to define "profit";

- Mutual transparency;
- Fraud and misdemeanours by any party – safe-guarding one party from the omissions of the other;
- Damage limitation to Origin if NEC runs into problems and vice-versa;

Some of these issues are tied up with how the scheme would be financed. In addition, what needs to be explored is the best legal vehicle for Origin & NEC to deliver the overall social intentions of the project. Two options have been proposed:

That Origin take full responsibility for turbines, maintenance and de-commissioning and merely contract the profits to NEC, ie two separate entities

That a joint venture is made where both Origin and NEC sit on the board and divide profits as agreed.

The legal documents should reflect the following points:

- That the project is for community benefit
- That the NEC is ran along co-operative lines where participating households each have one vote. Households should not be asked for money other than the £1 membership fee.
- Where-ever possible skills should be sourced from the community and training given where feasible.
- Origin should be accountable for maximising profits for the community.

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