

SASC Bridge Finance (SBF)

SBF, formerly Leapfrog Bridge Finance, was acquired by SASC in September 2020.

SBF offers flexible secured loans of between £1 million and £15 million. The fund supports organisations working in disadvantaged communities that want to be engaged in the low carbon energy sector, and renewables developers that wish to address their corporate social responsibilities.

NEW INVESTMENT IN 2020

- 1 Ferry Farm Community Solar Project CIC

CONTINUING INVESTMENTS

- 1 Drove Lane Solar Farm CIC
- 2 New Mains of Guynd Solar Park CIC



SASC Bridge Finance

Reach
UK-wide

Launch date
September 2020

Funding available
£1m - £15m

Term
Short-term bridge loans

INVESTOR
Big Society Capital

● SBF Alumni
(see p.53)

**SBF DIRECTLY
ADDRESSES 4 SDGS**

Many communities that wish to engage with the low carbon energy system through locally owned and governed renewable energy schemes, find funding the cost of entry to the energy market prohibitive.

SBF addresses the issue by providing 100% of the investment required to build or acquire projects.



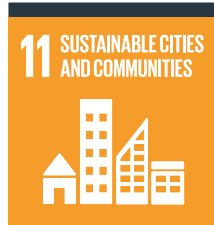
In 2018 the number of households in fuel poverty stood at 3.3 million¹. Renewable energy technologies are an affordable, clean technology.

SBF will provide loans to community focused projects targeting areas in the 40% most deprived on the Index of Multiple Deprivation (IMD).



Construction or acquisition of projects is expensive with capital costs often running into many millions of pounds. This is a big hurdle for most communities.

Our experience and approach to funding community-led schemes makes the process achievable. SBF will continue to support new community-focussed business models and partnerships in the public and private sector.



High fuel costs put pressure on communities.

The schemes financed by SBF will generate funding for projects that create social impact within local communities, tackling issues such as fuel poverty, economic redevelopment, and education.



There is an urgent need for climate action.

By enabling involvement of some of the UK's most deprived communities in the sector we aim to ensure that the just transition to a low carbon economy includes the most vulnerable sections of our community.



1. https://commonslibrary.parliament.uk/research-briefings/cbp-8730/?utm_source=twitter&utm_medium=social&utm_campaign=cl-business_wh-191120

*This includes facilities provided by the fund during the time it was managed by Leapfrog Bridge Finance. It also includes a bridge loan to Ferry Farm, repaid in December 2020.



NEW INVESTMENT

About our investment

Ferry Farm Community Solar Project CIC

Location: Selsey

Ferry Farm Community Solar is a Community Interest Company serving Selsey and Sidlesham in West Sussex. It was set up to manage the process of bringing the 5MW solar array into full community ownership. The society is governed by a board of volunteer directors and owned by its members (currently around 100), who invested in a community share offer when the society was first set up.

Date of investment:
March 2020
£5.85m bridge loan (repaid December 2020)
Completed prior to the purchase of Leapfrog Bridge Finance by SASC
£5.85m loan to acquire a 5MW solar farm being sold by an existing EIS investment scheme

- What** Affordable energy and support for community projects in a deprived area
- Who** Individuals and families faced with fuel poverty and hardship
- How Much** The site generates clean energy for c. 1,300 homes and is expected to generate c. £2m in support of local community projects over its lifetime
- Contribution** Without the loan, the seller was unlikely to agree the purchase by the community. The ownership and governance structure maximises surpluses for distribution as local grants
- Risk** Very little construction or revenue risk because source already in place, with full Feed in Tariff (FIT) accreditation



Drove Lane Solar Farm CIC

Drove Lane Solar Park CIC

Location: Salisbury

The borrower is a Community Interest Company operating as a community energy producer that owns a solar farm. The facility funded the acquisition of a 5MW fixed-tilt, ground-mounted PV plant located approximately 3.5 miles outside Salisbury. The project benefits a local deprived ward - The Friary - where high numbers of families live in poverty.

About our investment

Date of investment:
May 2017
Completed prior to the purchase of Leapfrog Bridge Finance by SASC
£5.9m loan to finance the construction of a 5MW solar farm by Pflazsolar GmbH
At the time of acquisition the outstanding principal was £2.2m

- What** Funding community projects in a deprived area
- Who** Families facing hardship and poor mental health in an area of deprivation
- How Much** Community benefit funds of £25,000 per year over 24 years, plus 65% of any surpluses. Power generated for 1,500 homes, saving almost 19,900 tonnes CO₂
- Contribution** Support for Stronger Families programme
- Risk** Very little construction or revenue risk as asset already in place, with full Feed in Tariff (FIT) accreditation



New Mains of Guynd Solar Park CIC

New Mains of Guynd Solar Park CIC

Location: Arbroath

The borrower is a Community Interest Company operating a community enterprise generating renewable electricity from a 5MW fixed-tilt, ground-mounted solar plant constructed near the town of Arbroath in Angus. Arbroath struggles with growing unemployment and increasing poverty.

About our investment

Date of investment:
May 2017
Completed prior to the purchase of Leapfrog Bridge Finance by SASC
£5.8m loan to finance the construction of a 5MW solar farm
At the time of acquisition the outstanding principal was £2.1m

- What** Funding community projects in a deprived area improving local opportunities and provide curriculum material on renewable energy
- Who** Elderly, disadvantaged and isolated families; children and young people in schools
- How Much** The loan will support £25,000 of community benefit over 24 years, plus 65% of future surpluses; carbon saving of 19,500 tonnes of CO₂
- Contribution** Support for Foundation Scotland programme
- Risk** Very little construction or revenue risk as source already in place, with full Feed in Tariff (FIT) accreditation



SBF ALUMNI		Beneficiary group supported	Geography	Loan value
Plymouth Energy Community		Individuals and families in area of economic deprivation	Plymouth	£3,962,000
Verdant Community Energy CIC		Local community in an area of economic deprivation	Weston Super Mare	£13,077,085
Gridserve WBC York Ltd		Disabled people and people living with long term health conditions in Warrington. Individuals with learning difficulties plus local schools, colleges and social enterprises in York	York	£11,000,000
Gridserve WBC Hull Ltd		Disabled people and people living with long term health conditions in Warrington. Local schools and colleges, social enterprises and wildlife organisations, young students & disadvantaged people in Hull	Hull	£6,500,000
Ferry Farm Community Solar CIC		Local community in an area of deprivation	Selsey	£5,850,000

Why we need community energy

As 2020 draws to a close, governments across the globe are focusing in on their strategies for building a green economy to tackle the twin emergencies of the COVID-19 pandemic and climate change. The UK Government is no exception.

The Government's promise to 'build back better' is now underpinned by the Ten Point Plan,¹ the Spending Review² and the Energy White Paper,³ and will be supported by a UK National Infrastructure Bank.⁴ It's a welcome recognition for the entire clean energy sector that there are only 'wins' in accelerating the deployment of renewable electricity generation, which is increasingly cheaper than new electricity capacity based on fossil fuels.

We are now in the 'decisive decade' for actions needed to put us on the pathway to achieve net zero by 2050. Given the scale of the climate challenge and speed needed to reboot the economy, the emphasis so far has been on offshore wind, big infrastructure and private sector

delivery and technical innovation through hydrogen production, and carbon capture and storage. But let's take a moment also to consider community renewables and the important role the community sector is playing to benefit hard-hit communities and achieve the Government's legally-binding targets.⁵

In recent years, it has been the community energy sector that has led much of the innovation and new business models for decentralised local energy solutions, including mini-grids and micro-grids. For example, it is the community sector leading the charge in a collaboration with Network Rail (the UK's largest energy consumer) on decarbonising our electric railways by making it possible to directly connect solar

generated power to the rail network.⁶ It is also the community sector leading partnerships and collaborative initiatives at the local level to alleviate fuel poverty, increase energy efficiency, improve biodiversity, and raise environmental awareness.

Throughout my career advising on investment into clean energy projects, I have been struck by the commitment and innovation of community-led renewable projects. Often these projects are developed and led by the unsung heroes of our society, who recognise the impact potential of community renewable projects and work hard to implement and manage these initiatives. For this reason, I was delighted to join the SASC Renewables Investment Committee (IC) in 2020.

1. <https://www.gov.uk/government/publications/the-ten-point-plan-for-a-green-industrial-revolution>
2. <https://www.gov.uk/government/publications/spending-review-2020-documents>
3. <https://www.gov.uk/government/publications/energy-white-paper-powering-our-net-zero-future>
4. Announced by the chancellor Rishi Sunak in the Spending Review
5. See WPI Economics Report (2020). The community sector has delivered over 250MW of renewable energy generation capacity. <http://wpieconomics.com/site/wp-content/uploads/2020/01/Future-of-Community-Energy-20200129-Web-Spreads.pdf>
6. <https://uk.reuters.com/article/idUKLBN2193CK>

The community energy sector is a small but crucial part of the larger renewable sector and can help address wider issues such as fuel poverty and supporting left-behind communities



Since 2014, SASC has been empowering community groups to develop innovative energy projects through their Community Investment Fund and Third Sector Investment Fund. In 2020, they built out their community renewables portfolio with the acquisition of Leapfrog Bridge Finance, now called SASC Bridge Finance. The combined entity has funded more than 20% of the UK community renewables market and has an opportunity to play a significant role supporting the growth of this sector in the coming years.

In the lead up to the COP26 conference in Glasgow in 2021, there is an opportunity to send a clear signal to government that community-led projects can play a vital role as part of the multiple solutions needed to tackle climate change and ultimately help create a more inclusive and resilient economy.

The sector needs an enabling framework and viable financing solutions so it can forge ahead. Without this support, the community sector is less likely to achieve its distributive growth potential. This is where SASC can play an important role, enabling investment in smaller projects which can be replicated and scaled up. The right type of funding could help to remove some of the barriers to entry in the development phase of new projects and address the significant issue of power price risk in a post government subsidy environment.

Using an impact lens can lead to alternative financing mechanisms. There are similarities here with how SASC went about solving the investment gap for charities operating in the supported housing market through its successful SASH fund. The community energy sector is a small but crucial part of the

larger renewable sector and can help address wider societal issues supporting left-behind communities.

I am looking forward to joining the SASC governance structure and together with my fellow Renewables IC members, I hope we can help drive forward SASC's work in this important sector at a decisive moment in our planet's history.

Louisa Cilenti
SASC Renewables
Investment Committee
member and Partner,
Lux Nova Partners