

Westmill Wind Farm Co-operative Ltd (Reg. No. 29816 R)
Minutes of Annual General Meeting & Presentation Notes
Held at: Cornerstone Arts Centre, 2 Station Road, Didcot, Oxon OX11 7NE
1pm Saturday 20th May 2017

Present: 34 members, 12 partners/guests, 6 Directors, and 2 Energy4All representatives – Sue Shields and Annette Heslop.

Apologies: 32 members

1. Introductions

The members were welcomed by the Chair, Eoin Lees. Eoin introduced directors and advisors to the members present.

John Twidell is resigning from the Board this year. John was thanked for his work over the past 9 years with the Board and was presented with a picture of Westmill Wind Farm.

Eoin outlined the agenda for the meeting would be as follows:

- Approval of the Minutes of 2016 AGM
- Report of Directors and accounts
- Turbine performance (Richard Lord)
- Appointment of auditors
- Distribution of profit
- Election of Directors
- Close formal business
- Discussion on WWF future income streams and returns to members
- Q&A

Further information relating to the AGM and year end accounts can also be found on the website www.westmill.coop

2. Motion 1 - To Approve the Minutes of the AGM held on the 21 May 2016

Proposed by Jean Nunn-Price & seconded by Isobel Burbidge. The minutes were approved unanimously by those present. Proxy postal votes totalled 135 for, 24 abstentions and the chair held 42 votes in favour of the motion.

3. Activity during the year

Eoin explained the following key points:

- Rising costs in turbine repairs resulting in costs of £82.6k this year.
- Falling wholesale electricity prices and renewable benefits.
- Continuing to pay off the Co-op Bank loan; balance now at £1.4 million.
- Continuing membership of Community Energy England.
- Excellent wind year exceeding budget by 14%.
- Key Drivers to Net Income:
 1. Wind strength and direction (*outside our control!*)
 2. Power purchase agreements for electricity generated (*addressed by competitive tendering*)
 3. Keeping the operating and overhead costs (30% of income) to a minimum consistent with continued high performance of turbines and financial prudence
- Generation from all 5 turbines sold to Co-op Energy.
- Wholesale electricity prices are back to 2009 pricing level.
- Healthy profit for the year.

4. Turbine Performance

Richard Lord provided an over view on the performance of the turbines.

Turbines are now in 10th year of operation however in future years more components are likely to fail.

Richard & Martin meet 4 times a year with the O&M contractor, Jacobs.

Jacobs keeping availabilities high. The minimum target is 95% however the site has achieved an average of 97%.

Recently, the wind has disappeared. Up to the end of April the turbines had produced 78% of average historic budget.

4. Motion 2 - To Receive and Adopt the Report of the Directors and Annual Accounts Year Ended 31 October 2016 together with the Report of the Auditors thereon

The Chair gave a presentation on the key figures in the Profit and Loss account and Balance Sheet proposing to distribute the profit as share interest.

- Income amounted to £1,076,241.
- Interest paid on bank loan £135,677 but reducing each year.
- Healthy profit of £258,279.
- Member return of 5.87%.

Proposed by Bob Pedley and seconded by Rod Blunden. The motion was approved by those present. Proxy postal votes totalled 152 for, 7 abstentions and the chair held 42 votes in favour of the motion.

5. Motion - 3 To re-appoint the firm of Lamont Pridmore Chartered Accountants as Auditor

Proposed by Adam Twine and seconded by Isobel Burbidge. The motion was approved by those present. Proxy postal votes totalled 150 for, 3 against, 6 abstentions and the chair held 42 votes in favour of the motion.

6. Motion 4 - To approve the payment of share interest for the year

Proposed by Philip Wolfe and seconded by Martin Hayward. The motion was approved by those present. Proxy postal votes totalled 150 for, 1 against, 8 abstentions and the chair held 42 votes in favour of the motion.

7. Motion 5 - Election of Directors. Result of Ballot:

Eoin announced 312 votes were received through the ballot and the result was Ruth Conchie and Mark Luntley were appointed. Eoin thanked the third candidate, Alex Fornal for applying.

Formal business closed.

8. Discussion on WWF future income streams and returns to members

Implications on returns to members if business as usual (BAU) continues

Key variables were identified through a sensitivity analysis of income streams and returns:

- ROC income ends March 2027 therefore 11 months less ROC income than expected.
- For four years (FY 2026-30) no profit is made

Unable to repay WWF members' initial capital; £828k shortfall

Solutions under our control:

- Depreciate wind turbines sooner while we still have ROC income. Reduce from 23.2 years to 19 years starting in Nov 2018.
- Lower our costs e.g. move to CPI rather than RPI on contracts, lower metering charges seek review on business rates etc.
- Pay off bank loan as soon as possible.

Impact on return to members

If the above solutions are carried out the result would be:

- **No** years of financial loss and **full return** of capital to members from now
- Combined return to Members is greater than BAU
- Capital returned is not subject to tax

Member Questions/Comments

Q: Has deposit interest been reviewed? Could you achieve better rates of return?

A: Currently hold money with Co-op Bank and Handelsbanken. Looked at number of banks and looked at who is ethical and who is secure. Would keep under review. Very difficult to open a new bank account due to 'know your client' system.

Q: Given that there is no tax on capital returned if there is any prospect of not receiving full capital would you consider reducing to zero share interest?

A: It is possible and we will look at on regular basis.

Q: Could you explain why this reducing depreciation has come up?

A: Lower interest earlier on.

Q: Thanks to Richard for initiatives on technical side for building up spares etc. and thanks to putting projections together. Nice to know some initiatives are being looked at but I do not think they are achievable. I would like to propose the offer of selling shares at £1 per share is withdrawn. It is not fair if all capital cannot be repaid at the end of the term.

A: Selling shares is at discretion of the board or on death or bankruptcy. We will discuss at next Board meeting.

Q: How do business rates compare to other co-ops and why is wind output 15% less?

A: Originally based the modelling on 12 GWh output per year based on previous years and forecasting forward. This has not been achieved as the wind has been lower and this is similar to other Energy4All wind co-op's experience. Current average is 10.29 GWh/year.

Solar business rates have increased. In the past business rates for wind turbines were formula related to MW installed but Westmill is in least windy area. A new rating system began in Apr 2017 however we are looking at appealing with a specialist company.

Q: Can Shares be sold?

A: Yes to other members. Buyers list is usually higher than selling list.

Q: With regards to returning equity, it costs money to raise capital, if there is ever going to be a question of repowering the site should there be a fighting fund or a share offer?

A: Too early to make a decision, maybe look at in a few years. Mike Banch commented that some wind farms have extended blades at a cost to increase output. Westmill are monitoring this but it would require further investment.

Q: Would this cause problems with planning?

A: Yes would need to seek planning consent.

Q: I understand John Twidell is retiring. I would be interested to hear his experience.

A: (John) I have been in renewable energy and universities a long time. I thought I would get involved in the business side. I have enjoyed taking students to the wind farm. People who invest should be really pleased that we have had 10,000 inspired visitors. To be part of that has been good.

Eoin commented that we still want to increase diversity of the board and looking for someone with communications experience. Please get in touch.

Q: Should we consider lending to other co-ops temporarily and delay capital repayment?

A: We need to look at this once the loan is paid off as not in that position presently.

Q: Westmill is required to keep a deposit with the bank as a debt service reserve. Can other assets be acceptable?

A: No. It is common practice for banks to hold cash in a debt service reserve. It may be better to stay with Co-op Bank and current loan.

9. Mike Pickering talked about Mid Counties Co-op and what parts of their outreach programme Westmill could replicate.

Mike explained we need to look at co-op values and principles. The AGM today is an example but need to track this and engage members. How do we support the community and how are we tracking this? Also engaging young people with visits to the site. Also Member and economic participation e.g. look at Co-op Energy user chooser and relevance to WWF. We are sending a survey to members asking 'who do you use for your energy supplier?'

Eoin thanked members for attending the meeting.

Signed as a true record of the meeting.

A handwritten signature in cursive script that reads "Eoin Lees".

Eoin Lees, Chairman