



Westmill Solar Co-operative Limited Minutes of Annual General Meeting 2015

DRAFT Minutes of Westmill Solar Co-operative's third AGM held on Saturday 20th June at Westmill Solar Park, SN6 8TH. These minutes will be draft until they are approved at the next AGM.

Attendance

Present: Philip Wolfe (Chair), Bob Pedley (Director), Tom Parkinson (Director), Adam Twine (Director), Mark Luntley (Director) plus an additional 78 members.

Registered proxy votes: 20

Apologies: Nicola McConville (Director), Sarah Gray (Director), plus an additional 306 members.

The meeting comprised over 12 members and was therefore quorate.

Total number of members voting: 393 (27% of the membership).

Welcome from Philip Wolfe (Chairman)

Philip opened the meeting, thanked members for attending and explained the context of the AGM within the broader two days of events at Westmill.

Philip introduced the board members present, and highlighted the recent changes to individual roles at board level. Tom Parkinson was introduced as the newly appointed Vice Chairman. Bob Pedley has taken over from Mark Luntley as the lead on Westmill Solar Co-operative's finances. This year the resolutions would be taken as we move through the agenda.

The Cooperative rules state that one-third of the Board retire by rotation each year. Adam Twine and Sarah Gray are to retire and neither have offered themselves for re-election. This year three candidates have offered themselves for election: Martin Allman, Richard Benwell and Maurice Dixon (apologies). Martin and Richard introduced themselves. Philip reminded members they can vote for up to two candidates.

Votes were collected and counted.



Motion 1: Approval of minutes of the 2014 AGM

At the meeting – all in favour

No comments or objections.

Votes in advance – 243 in favour, 6 against, 41 abstaining

The minutes were therefore **approved**.

Directors' Reports

- **The Performance of the Solar Park – Tom Parkinson**

Performance of the park has been consistently above expectations. Even in months, which received less sun than expected, the solar park produced more electricity than projected in the initial budget. The expected performance ratio was projected at 80% potential, but in practice about 90% has been achieved.

A good working relationship with Abakus and OST continues. SSE wanted to close the park for ten days to carry out support work. This was negotiated down to three days. In real terms, this was a cost to the park of £50,000.

Solar Park Performance Questions

Alistair Kinross: commented that all solar panels are designed to last for 25 years and have at least 80% capacity, but at some point this capacity will start reducing, which could happen slowly or not. He suggested that panels may be refreshed at some point. Tom answered that the board have allowed for 0.5% per annum solar panel degradation costs already in the figures.

A member: asked if SSE can shut us down anytime. Tom answered that we have limited redress. They have been quite responsive to our negotiations, but they do have the remit to close the park if they feel it is required.

A member: asked if there is any battery technology we can use to store energy. Answer: the board have been looking at ways they can create energy storage capabilities but this is not a development that will be seen in the next year.



- **Financial Report – Bob Pedley**

2014 was a good year. The turnover was higher than expected with the Co-operative exceeding £2 million revenue. The running costs were in line with the budget. This year a 20% capital repayment was made to members resulting in a return of £1.62 million share capital.

The increase in revenue of 9.9% was seen this year due to good weather and plant performance but we cannot expect this to be repeated every year. Further, FIT is linked to the Retail Price Index (RPI) and Westmill received a larger subsidy this year due to this. Finally, a new Power Purchase Agreement with a better rate has been agreed with Good Energy.

Costs: this year costs were mostly from OST and Abakus, as well as Critchley's and Ethex. 2014 saw lower operating expenditure than 2013 because the latter was subject to a number of one-off costs.

Additional costs this year stem from:

- 1) The directors voted to give 1% to the community fund, managed by WESET, subject to approval of the subsequent resolution.
- 2) Director remuneration started after the last AGM, this will be paid following today's AGM.
- 3) A loan has been provided to Charlbury Solar to help secure a grid connection. As good accounting practice, this has been fully provided for in the costs.
- 4) Registry Trust had more work from us than in the previous year, due to the repayment of capital.
- 5) A new element of cost is the secondary market costs from Ethex.
- 6) Community Energy England (CEE) fees were added to professional body fees.
- 7) Application for EIS incurred fees of £3,000 – but it was unsuccessful.

Share interest and capital repayments paid to members are reviewed. £484,000 is scheduled to be paid after the AGM subject to the shareholder resolution agreement.

The rate of return over the 25 year lifespan of the park is expected to be at least in line with the original forecast due to good design, performance and administration.



Financial Report Questions

A member: asked for the reasons given by HMRC for rejecting the EIS application.

Answer: It had always been expected that we would not be eligible because the share capital was used to buy a company, rather than assets, but the board felt it was worth applying.

Peter Chadwick: suggested putting another solar farm on the site with the money instead of making capital repayments. Answer: There are challenging factors involved such as government policy. Adam Twine, landowner, confirmed that he would not personally be interested in developing another solar park on the site and there are other locations. Bob stated that projects for surplus funds were sought but nothing was found that was viable in the short term. It was felt that capital repayments were the best solution as there was no justification for holding onto members' money if unable to use it usefully.

Joanne Maybury: asked if there would be a change in the way capital repayments are made and what are the new proposals. Answer: If share capital is repaid too quickly, it may upset the parameters in the WSC loan agreement with Lancashire pension fund. Westmill will focus on surplus being repaid to shareholders as share interest until the board are secure about the pattern of share capital required by Lancashire. Philip highlighted that Westmill has already repaid 20% of share capital, which is 10% over what shareholders might have expected by this stage, based on the 5% per year for ten years as per the share offer document. Also, it is relatively onerous to issue a capital repayment and members should therefore expect them to be less frequent than the annual interval modelled in the original share offer document.

Ian Gourlay: asked how close we are to making money solely from generation and how reliant we are on subsidies. The member also raised concern about vulnerability to future government policy. Answer: we are in theory vulnerable to policy change, but only as much as every other solar farm. The feed-in tariff can be removed for new plants but it would be harder to remove it where there are existing agreements in place. The Chair noted that about 80% of income is from the FIT, but that reflects the higher equipment costs at the time the solar park was built. If a similar park were built now, it would cost about $\frac{1}{4}$ of what it cost then and the FIT would be much lower. Chair suggested the FIT is viewed as a 25 year contract, because it would be difficult to legislate retrospectively. Successive ministers have not suggested the removal of the FIT.



Motion 2: Receipt of the audited accounts for the financial year ended December 2014

At the meeting – all in favour

Votes in advance – 242 in favour, 11 against, 28 abstaining

The accounts for 2014 were therefore **accepted** by the members.

Motion 3: Re-appointment of Critchleys as auditors

At the meeting - majority in favour, 0 against, 1 abstaining

Votes in advance – 242 in favour, 5 against, 33 abstaining

The motion was therefore **carried**.

- **Membership, external relations and share transfers – Adam Twine**

Engagement is valuable because we are a co-operative. A members' forum was organised in December to which 40 members came and there were 6 presentations. If people have an interest then this can be repeated in future years. Members can choose the extent to which they want to be engaged. Newsletters are opened by 70% of members and there are 3,000 total website hits a month. The WSC board hopes to bring the website up-to-date in the future as a showpiece of what community energy is about. Trading of shares on the Ethex platform provides an opportunity for membership to be more fluid. There are prospective sellers of 10,000 shares and prospective buyers of 56,000 shares this year. Tom has been instrumental in the Energy Local project and with Mark in assessing the potential establishment of a Westmill Fund.

Mark discussed the difficulties of investing in other projects individually or through a fund due to regulations and tax issues. If a viable plan emerges it will be brought forward for consideration.

Adam and other WSC members are working on energy storage opportunities on site and there are two research projects currently being conducted on site, one by the University of Lancaster on the effects of solar panels on greenhouse gas emissions and a follow up biodiversity study being organised by the Solar Marketing Association.



Questions regards membership, external relations and share transfers

Nigel Jones: asked what is happening with presenting real time solar output on the Westmill website. Answer: Sarah Flood explained it is coming very soon and that members will then be able to see a lot of the same performance data as is available to the board and OST.

Colin Bell from WeSET thanked members and the board for the contribution to WeSET, and pledged to promote community energy.

Adam Twine reviewed Motion 5 and reminded members that it is up to them what we do with surplus funds. Westmill are already doing more than set out in the share offer document. He reminded members that being part of a cooperative is about social justice and is not simply driven for members own interests. Adam commented that the draft policy gives the board complete discretion but they want to reflect what members want, which is likely to be wide ranging and would welcome member thoughts on this. Adam pointed out for clarity that the first point in the draft policy refers to 1% of revenue, not of profit.

Questions regards motion 5

Kris Jones: asked if there is a tax advantage to members contributing to the fund. Answer: An immediate answer from the AGM is that there is no known advantage although could well be intricacies for individuals based on their own tax position.

Denise Oakley: asked about the difference between the Westmill fund and the community benefit account. Denise commented that part of what community schemes do is to give back to non-shareholders and that was the purpose of the community benefit account. Adam responded that the community benefit account is a revenue payment made from the revenue of the Co-operative. The Westmill Fund (if it were set up) would be a vehicle within which members could make capital investments into other projects, prospectively earning a financial return.

Liz Rothschild: asked if there could there be a non-director member who is part of developing engagement processes. Answer: this was noted as a question for the board going forwards and it was suggested that this may, for example, be a role for non-elected candidates.



Motion 5: Approval of policy for distributions to the community fund and members' interest

At the meeting – majority in favour, 0 against, 5 abstaining

Votes in advance – 223 in favour, 23 against, 34 abstaining

The motion was therefore **approved**.

- **AOB – Philip Wolfe (Chair)**

Chair thanks OST and Ethex, particularly Sarah Flood, and the Registry Trust.

Background is given to the resolution to convert B shares to A shares. Chair noted that there is not currently a material difference between A and B shares, because the withdrawability (which applies to A but not B shares) has not been used in practice.

Questions regards Motion 6

A member: asked if there is any difference in voting for B shareholders and A shareholders. Philip confirms there is no difference. The voting policy is one member, one vote.

A member: stated they do not see the obvious benefit of the conversion and would rather not spend money for something that seems unnecessary. Answer: Philip expressed that it feels better if everyone is on an equal footing if they have the same type of share. Sarah Flood added that we have already incurred some costs when we sought legal advice on the conversion. Sarah also explained that the secondary market is more complex because of the need to manage both A and B shares separately; it will make also future capital repayments simpler and cheaper because there will only be one type of share. Bob reiterated that he doesn't expect the conversion to be expensive and that the costs would be repaid over the 25 year period. Adam from the Registry Trust confirmed that certificates would need to be reissued but as there are only a small number of B shareholders, the costs should be minimal.

The Chair explained that A shareholders and B shareholders will cast their votes as separate groups as the motion must have approval from both to pass.

Motion 6: Approval to convert all B-shares to A-shares



A-shareholders vote:

At the meeting - majority in favour, 1 against, 3 abstentions

Votes in advance – 223 in favour, 19 against. 25 abstaining

B-shareholders vote:

At the meeting - 9 in favour, 0 against, 0 abstentions

Votes in advance – 9 in favour, 1 against, 1 abstaining

The motion was therefore **carried** having received at least a 75% majority of both classes of shares.

The results of Director elections were announced by the Chair. Martin Allman and Richard Benwell were elected. The Chair explained that it is not normal practice to publicly announce the voting count but members are welcome to ask for the figures if they wish.

The Directors standing down, Sarah Gray (apologies) and Adam Twine, were thanked. Philip Wolfe also presented a gift to Adam Twine, as a founder director, for all that he has done to get Westmill Solar Co-operative established.