

Heartland Community Wind

Heartland Community Wind Limited

The Pump House
Shrewsbury
SY1 2DP

6th April 2018

Dear Member,

Re: Heartland Community Wind AGM: 21st April 2018 – 1pm, Royal Scottish Geographical Society

You have hopefully received the date notification for this year's Annual General Meeting, the third for the Society. Please find attached to this letter the papers for that meeting.

Please aim to be at the venue by 12.30 to allow time for registration, a cup of tea etc. AGM business proper will start at 13.00 and will normally take around 60 to 90 mins. The rest of the Royal Scottish Geographical Society building is open to the public on the day with many other things to see so you might like to have a look round before or after the AGM – see <https://rsgs.org/exploring-geography/fair-maids-house/> for more details.

If you are unable to make it, we would be grateful if you would return your proxy voting form attached, by noon on Thursday 19th April so these can be included in the voting. You can return the form by post or by email - see details on the form.

We hope to see you at the AGM.

Yours sincerely,

Jon Halle

on Behalf of the Board

Encs:

AGM Notice

AGM Proxy Voting Form

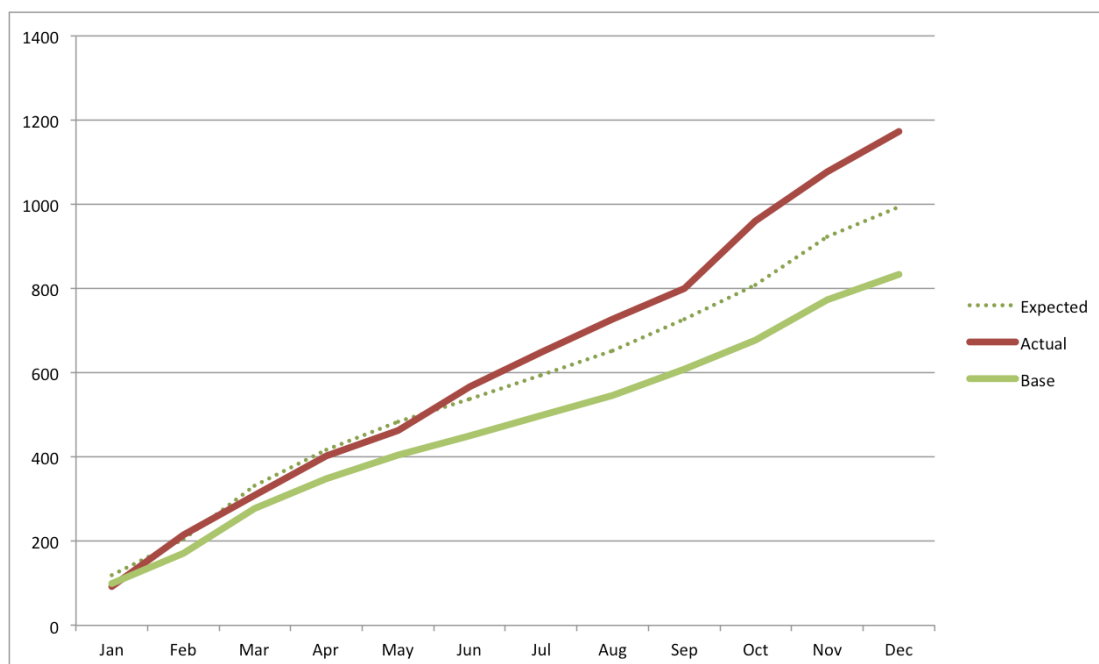
To follow:

Financial statements 2017

Directors' report for AGM 2018

We've had another eventful year – and also a windy one. The turbines have done very well in 2017 and we are very pleased to be able to announce our first member interest payment alongside our first community fund payment.

Production. 2017 was an average wind year across the UK with wind speeds just 1.4% under the 10-year mean according to Govt. figures. That is good news for HCW as our turbines produced well above the energy projected:



The dotted green and solid green lines show the output as projected in the share offer document. Our red production line outperformed the expected output by some 18%.

Operations. The turbines have worked well throughout the period with no significant downtime.

Wholesale electricity prices have again been volatile. We have again opted for a 1-year power purchase at 5.23 p/kWh. That is significantly lower than the previous year but that was unusually high. Unfortunately, Ofgem have now made it clear that they intend to phase out Triad payments – payments made to generators who are producing energy during the 3 periods of highest demand in any one year. This will mean that the overall value of our electricity (leaving aside the FiT) will decline by some 5% over the next 3 years as this is phased in. This policy change has been very controversial and is the subject of a judicial review to take place in late April 2018 – we will keep members posted if a reprieve looks possible.

Additional costs. We had hoped that the additional costs caused by our speedy install (in turn caused by the cliff edges in Govt. policy) were at an end. Unfortunately, the Society has had to meet one additional significant expense. When the cable was laid over the neighbouring Bolfracks Estate, it emerged that the contractors cut a corner with respect to the planned cable route. The estate objected and refused to sign wayleaves unless we put this right. This has been a troublesome issue

because the lead contractor in this case went into receivership some time ago and there are contested versions of what happened at the time. We have been working to a resolution over time but Bolfracks estate went up for sale in 2017. The Board determined that we could not risk a new owner refusing to sign wayleaves – effectively leaving us with no route to the grid. Therefore HCW has had to accept costs of some £21,000 in rerouting the cable and some additional legal costs. These costs have been capitalised.

Financial Performance. In round figures the Society made an operating surplus of £64,000 this year (before community fund payment). Some £4,000 of this went to make up the losses brought forward. The remainder is available to pay community fund, loan interest payments and member interest payments.

Community Fund. The Board have suggested a £5,000 payment this year in line with our commitment to Perth College of the University of the Highlands and Islands (which was delayed by one year due to funds not being available last year). We will be meeting them later in the year to establish the bursary scheme.

Member interest payments. The Board has put forward a 2.5% interest payment to members this year. This is the maximum amount payable without causing a loss in the accounts.

The share offer document projected a 3.3% payment for year 2 of full operation so the payment is lower than projected in the year. As this follows a year in which we paid no interest this is somewhat disappointing. However we believe that the project is still on track to reach the projected IRR of 7% over the 20-year period. The projects cash position is very good and key risks have been reduced in the year.

Rule change. The Society is registered under Co-operatives UK's Community Finance Rules. Co-operatives UK has now produced an updated version of their Model Rules. These update a few provisions in the Rules. most importantly, the new Rules allow us to explicitly carry out Proxy voting so that members who cannot attend AGMs in person can vote on all matters. This is a particularly important issue for HCW as our membership is very dispersed geographically. While we have carried out proxy voting in the past and at this AGM we are advised that the legislative basis for this is unclear and the adoption of the new Rules would make it much clearer in future. We recommend that Members vote to update our Rules to the new Model.

HEARTLAND COMMUNITY WIND

NOTICE OF ANNUAL GENERAL MEETING

TO BE HELD ON 21 APRIL 2018

NOTICE is given that the Annual General Meeting of members will be held at 13.00 on 21 April 2018 in the Shackleton Room, Royal Scottish Geographical Society, Lord John Murray House, 15 – 19 North Port, Perth PH1 5LU, for the following purposes:

AGENDA

Welcome and introductions

Motions:

1. To agree the minutes from the previous meeting
2. In accordance with Section 84 of the Co-operative and Community Benefit Societies Act 2014, a resolution not to undertake a full professional audit of the Society for the year
3. To receive and adopt the Report of the Directors and the Annual Accounts for the year ended 31st December 2017
4. To update the Rules of the Society to the latest version of Co-operatives UK's Community Benefit Society Rules.
5. To pay a sum of £5,000 to Perth College of the University of the Highlands and Islands in line with the commitment made to create an annual scholarship fund of £5,000 for students travelling to Perth College UHI from the PH15 postcode (Aberfeldy and Kenmore).
6. To pay interest to shareholding members at the rate of 2.5% on share capital retained in respect of the financial year ending 31 December 2017.
7. To re-elect Jon Halle as a Director.
8. Any Other Business

By order of the Board

Jon Halle

Company Secretary

HEARTLAND COMMUNITY WIND

NOMINATIONS TO THE BOARD

The Rules allow for a maximum number of seven Board members of which one third must retire each year in rotation and may seek re-election. Jon Hallé will retire and will seek re-election. No new members stood for election to the Board on this occasion.

Biographical Notes for Retiring Director Standing for Re-election:

Jon Hallé



Jon Hallé was a founding director of Heartland Wind Co-operative. He has been working in community energy since 2003 with Goldenfuels, Energy4All and with Sharenergy Co-operative, which he co-founded in 2011. Previously Jon worked as an internet company CTO and for campaign group The Land Is Ours. Jon has been closely involved in several successful community wind projects in Scotland and Wales as well as renewable energy societies using other technologies across the UK. Jon was named as a Community Energy Champion in 2015 by Community Energy England.

HEARTLAND COMMUNITY WIND

MINUTES OF ANNUAL GENERAL MEETING

HELD AT THE SHACKLETON ROOM, ROYAL SCOTTISH GEOGRAPHICAL SOCIETY, LORD JOHN MURRAY HOUSE, 15 – 19 NORTH PORT, PERTH PH1 5LU AT 2.30 PM ON SATURDAY 8TH JULY 2017

Members Attending: Elizabeth Leighton, Jerry Evans, Jon Halle, Andy Maybury, Kathleen Byron, Andrew MacRae, Brenda Davidson, David Cribben, Martin Parkes, Alan Thompson

Attendance in person was 11. Postal or electronic Proxy votes were received from 23 Members. The quorum is 12 and the meeting was therefore quorate.

Apologies were received from: Andreas Heinemeyer, Norman Pasley, Shamsheer Dharsani, Morag Butt, Herbert Eppel, Ann Ashley, Michael Brown, Robert Palgrave, Ceri L MacDonald, Mick Patrick, Richard Wildash, Helen Porter, David Ripley, Ian Caldwell, John Stott, Brian Penny, Michael Isaacs, Steve Levers, Crispin Wingfield-Hayes, Patricia Crippin, Alan Pittam, Martin Hayes-Allen, Barbara Stewart, James Stewart, Janet Roberts, Penelope Stott and Graeme Begg.

Motion	Proposer	Seconder	Motion Carried? (Y/N)
1. To agree the minutes from the previous meeting	Allan Thompson	Jerry Evans	Y
2. In accordance with Section 84 of the Co-operative and Community Benefit Societies Act 2014, a resolution not to undertake a full professional audit of the Society for the year	Elizabeth Leighton	Andy Maybury	Y
3. To receive and adopt the Report of the Directors and the Annual Accounts for the year ended 31st December 2016	Jon Halle	Martin Parkes	Y
4. To re-elect Jerry Evans as a Director	Alan Thompson	Elizabeth Leighton	Y

AOB:

- Elizabeth Leighton and Andy Maybury to look at Local supply options.
- Alan Thompson may be interested in future director role - to be invited to attend Board meeting during year
- Circulate agreement with Perth College
- Circulate online access codes to turbines to all members

HEARTLAND COMMUNITY WIND

- Change wording on page 7 of accounts before filing ('Feed-in tariff' and 'electricity sales' headings transposed)
- Thank to Jerry Evans and Jon Halle for loans made to Society in year
- Members voted thanks to Board for work done in year

There was no other business brought forward by members.

By order of the Board,



Jon Halle

Company Secretary, 8th July 2017
