

Heartland Community Wind

Heartland Community Wind Limited

The Pump House
Shrewsbury
SY1 2DP

16th June 2021

Dear Member,

Re: Heartland Community Wind AGM: Tuesday 29th June 2021 7.30pm by Zoom

You have hopefully received the date notification for this year's Annual General Meeting, which will be held using the Zoom conferencing facility. Please find attached to this letter the papers for that meeting.

To take part in the AGM you will need to register in advance using this link:

<https://zoom.us/meeting/register/tJcoc-Corz4uH9wrsqkjF7MOoX38U7VGqZa8>

After registering, you will receive a confirmation email containing information about joining the meeting.

We regret that it is only possible to attend the meeting using the Zoom app and not using the in-browser or telephone-only options.

If you are unable to attend the Zoom meeting, please use the voting form and return by email to agms@shareenergy.coop or Heartland Community Wind c/o Shareenergy, The Pump House, Shrewsbury, SY1 2DP by **9am on Monday 28th June** to ensure your vote can be included.

We hope to see you (virtually) at the AGM.

Yours sincerely,



Jon Halle on Behalf of the Board

Encs:

2021 AGM Notice

2021 AGM Proxy Voting Form

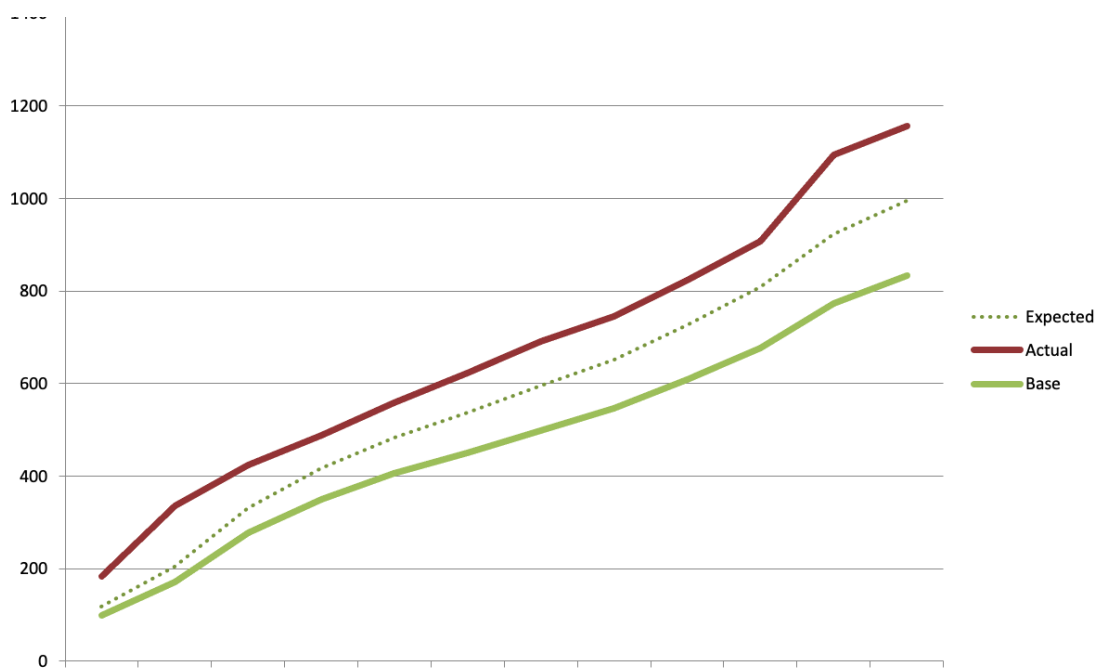
Financial statements 2020

Directors' Report for 2021 AGM

The Society had a good year overall in 2020. The Board is pleased to say that we will again be making a member interest payment alongside our usual community fund payment. There is no repayment of member capital scheduled for this year.

We have however had a serious breakdown of one of our turbines in early 2021. This does not affect performance for the year ending 2020 so is not reflected in this set of accounts. More discussion of this issue is given below under 'Operations'.

Production. In 2020 our turbines again produced more energy than initially projected.



The dotted green and solid green lines show the output as projected in the share offer document.

Operations. There were no significant outages in 2020. The service contract has now passed to Realise Energy Services who have taken over WTN UK. They are essentially the same team who installed the turbines in the first place and therefore know the site and turbines well.

In January 2021 we became aware of a serious fault with our Turbine 1. Storms made it hard to even get near the turbines initially, and even when technicians did manage to get to site they were unable to bring the heavy tooling required to make a complete assessment due to the deep snow. Unfortunately when a full report was possible it became clear that the rear bearing was seriously damaged and that this had had knock-on effects on the gearbox, meaning that it required full refurbishment or replacement. Unfortunately the turbines are only just out of their 5 year warranty period. However we do hold comprehensive insurance.

Working with Realise and our insurers we came up with a solution to minimise downtime: swapping the broken gearbox for a refurbished model. Initially we expected to be back up and running during May. Unfortunately, the refurbished gearbox is not yet available as of June 2021. The refurbishment of turbine gearboxes is specialist work and there are very few providers, so there is unfortunately very little we or Realise can do to speed up this work. Indications from our insurer are that they are happy to cover the costs of the repair and our loss of income over the period. In the interim, the costs of the repair are being covered from our own reserves.

Turbine 2 continues to operate without problems.

Landowners. The site on which the turbines are installed has been sold to a new owner. Our Lease agreement remains unchanged. The new owner is TOF Corporate Trustee Limited – a name which didn't tell us a great deal. When we made contact with their representative, we were surprised to learn that our new landowner was Oxford University. Their plans for the wider estate are not yet fully laid out but we expect them to pursue a policy of enhanced environmental stewardship. Grouse shooting on the estate has stopped and we believe this is a permanent move.

Income. In November we signed a new Power Purchase Agreement with SSE following a tender exercise. As market rates were low, we opted to take the FiT export tariff which is £55.70 per MWh. More recently wholesale prices have been very high and we were able to lock in a very good rate of £65.07 plus embedded benefits (likely to mean a price over £70/MWh in total) which will start in November 2021. This is the first time we have locked in a price so far in advance.

Community Fund. The Society agreed to provide travel scholarships over a three-year period to local students at Perth College UHI. 2020 was the third and last year of the scheme and we received a positive note from the college:

I would just like to thank the Heartland Community Wind Project for their generous support over the last three years. We are of course disappointed that the project is unable to continue to provide scholarships but understand the reasons.

The scholarships have been a fantastic support to many students over the years and have helped relieve the financial burden allowing them to focus on their studies. It has been particularly helpful over the last year during the COVID-19 pandemic as so many students have lost their casual work due to the lockdown and have found themselves struggling to pay for bills and feed their families. With most students having to work from home, on line, many have found their technology inadequate and therefore used the funding to upgrade equipment to allow them to complete their course.

Once again, thank you so much for your generous support. It was greatly appreciated.

Fiona Leslie, Development and Alumni Relations Manager, Perth College UHI

The intention is to open out our community fund to a wider range of local causes from this year onwards. However, until Turbine 1 is fully repaired and operational we have suspended all donations.

Member payments. The Board proposes a 4.3% share interest payment this year. This is the same as projected for year 5 of full operation in the share offer document. No routine member capital repayments are planned, in view of the need to retain cash for turbine repairs. The Board did consider suspending interest payments for the same reason but concluded it was not necessary as cash reserves are adequate.

Future finances. Given that we are set to lose at least 6 months of output from one turbine we expect that revenues will be down by a significant amount in 2021. We expect to be able to recoup the repair costs from our insurers along with the majority of our lost revenue. It is too early to predict the overall impact on our finances but at present we are optimistic that the medium- and long-term picture remains good for the Society and its members.

NOTICE OF ANNUAL GENERAL MEETING

TO BE HELD AT 7.30PM ON TUESDAY 29th JUNE 2021 USING ZOOM

NOTICE is given that the Annual General Meeting of Members will be held at 7.30pm on Tuesday 29th June 2021 via the Zoom conferencing facility, 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 2020.
4. To pay interest to shareholding members at the rate of 4.3% on share capital retained in respect of the financial year ending 31 December 2020.
5. To re-elect Jon Hallé as a Director of the Society.
6. Any Other Business

By order of the Board

Jon Halle

Secretary

NOMINATIONS TO THE BOARD

The Rules allow for a maximum number of seven Board members of which one third of those who are elected into post must retire each year in rotation and may seek re-election. Jon Hallé will retire and will seek re-election.

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.

MINUTES OF ANNUAL GENERAL MEETING

HELD AT 3.00 PM ON THURSDAY 23RD JULY 2020 VIA ZOOM

Members Attending: Sarah Cooke, David Newsome, Sheila Royle, Stephen-Mark Williams, Ian Smout, Viv Henderson, Gordon Buchanan, David Passingham, Sheila Royle, Jon Halle, Fern Hodges, Crispin Hayes, Jerry Evans, Elizabeth Leighton, Anna Buchanan, Mike Pedley, Helen Crackett, David Crippin and Stephen Pittam.

Attendance in person was 19. Postal or electronic votes were received from 29 Members. The quorum is 12 and the meeting was therefore quorate.

Apologies were received from 37 Members: Ann Ashley, Derek Ashley, Crispin Hayes, Alan Pittam, Robert Palgrave, Helen Porter, John Stott, Patrick Garthwaite, Roland Zinzius, Deborah Hamilton, Caroline McManus, Peter Fairweather Rule, Ronald Hummelink, Alan Dickson, Graeme Begg, Alexandra Steedman, Konstantinos Tranganidas, David Davies, Jan Maskell, Maurice Prendergast, Janet Roberts, Ian Caldwell, Brian Penny, Michael Isaacs, Jock Ramsay, Mick Patrick, David Ripley, Sarah Brown, Rachael Hamilton, Fiona Frank, Robert Hall, Martin Peakes, James Davies, Allan Thomson, Roger Pemberton, Martin Hayes-Allen, Patricia Crippin, Herbert Eppel and Robert McCarthy.

Proxy nominations: Two Members (Mick Patrick and David Ripley) nominated the Chair to vote on their behalf as their Proxy.

Motion	Proposer	Seconder	Motion passed? Y/N
1. To agree the minutes from the previous meeting.	Mike Pedley	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.	David Newsome	Elizabeth Leighton	Y
3. To receive and adopt the Report of the Directors and the Annual Accounts for the year ended 31st December 2019.	Jerry Evans	Jon Halle	Y
4. To pay interest to shareholding members at the rate of 3.5% on share capital retained in respect of the financial year ending 31 December 2019.	Sarah Cooke	Stephen Pittam	Y
5. To re-elect Elizabeth Leighton as a Director of the Society.	David Newsome	Jon Halle	Y
6. To elect Shamsheer Dharsani as a Director of the Society	Jon Halle	Jerry Evans	Y

Discussions during the meeting:

Community fund

The agreement with Perth College UHI was initially signed for 3 years. The Board will make proposals for the future of the community fund - members are invited to send in ideas and an online survey will be used to ask for member feedback. Points made during the meeting:

- Any expansion of the fund would need to take account of member interest payments
- Could there be environmental criteria around the community fund?

What about tech grants for college students working remotely?

The scholarships are to support study (not tied to travel) so they could already be used for this.

In which areas is the project diverging from the offer doc (& resulting in slightly reduced member payments)

Broadly speaking divergence is fairly low and both income and expenditure match projections fairly well. The additional capital cost of the project beyond that initially projected means that depreciation costs are somewhat higher.

IRR is 7% projected over 20 yrs - how does 3.5% annual interest relate to that?

IRR is a measure of the overall return over 20 years. We expect interest rate to rise over time: 3.5% interest rate this year reflects the fact that we are still in relatively early years of the project.

Will our installation be affected if Perth College becomes badly affected by its financial problems?

No - the project is not tied to the College in any way except that we provide a community fund to its students.

Who is the long-term creditor mentioned in the accounts?

The loan provided by the landowner which we are paying back over time (see notes 8 and 9 in accounts).

Who owns the project when all capital is paid back?

The members continue to own the project - the last capital repayment will leave each with a £1 share.

Can we arrange for future AGMs to be accessible via Zoom?

Yes, this has been our best turnout to date and now the technology is in wide use we will continue to use it to enable maximum member participation.

AOB:

A vote of thanks was passed thanking the members of the Board for all their hard work over the year.

By order of the Board,



Jon Hallé, Secretary, 23rd July 2020