



## Minutes of Annual General Meeting

### Totnes Renewable Energy Society Limited Company Number 30373R (The Society)

The Annual General Meeting of the Society was held at the Civic Hall, Market Square, High Street, Totnes, Devon at 7.00 p.m. on Friday 9<sup>th</sup> December 2011.

Present:

Ian Bright – Managing Director

Richard Hoyland – Operations Director

Alan Langmaid – Communications Director

Jane Brady – Marketing Director

Owen Hill – Legal Director (Chair)

Steve Casmore – Financial Director

Mandy Burton – Administration (minutes)

96 Members and 7 Non-members in attendance, and 18 proxy votes were received.

1. Chair: All welcomed and minutes from AGM 2010 and SGM 2011 were approved.
2. **Welcome and Introduction: Ian Bright.** All welcomed and high attendance appreciated. We require 50 votes for a quorum (10% of membership), which we have easily achieved. We have a strong team, and are moving forward at a fast pace. The Directors' Report is available on the web. Our focus is on the delivery of profitable renewable energy projects, maximizing benefits to the local economy. This is the fastest growing industry sector, and we are competing with other commercial organizations, however we are confident with team we have now we can achieve our aims.

#### **What We've Been Doing**

3. **The 2011 Share Issue: Mandy Burton.** To raise funds for the solar PV opportunity and to increase membership. Much effort went in to raise awareness and ensure all in the area had the chance to participate. Successful in raising £109,784 and taking membership to 502. One third of applicants were already members, who invested on average at five times the level of the initial share issue in 2010. We have a high proportion of members at the minimum level of £20.
4. **Totnes Community Wind Farm: Ian Bright.** This is considered an exemplary project. Approx £100k to prepare & submit planning application. 2 x 2.3 MW turbines, total output 4.6 MW. The site had been identified by many developers, we negotiated and got agreement from the land owner. Infinergy won two awards this year, due to their models of community involvement, a major factor in gaining local approval. We maintain contact with residents, have run site visits, explaining why there, and the local implications. Since November, bat and bird surveys have been completed, as have noise and landscape studies, ready to submit the planning application early next year. This is our crux point for the project. We are confident that the local authority's requirements are met, but for local a councillor to vote for, need to know the views of their constituents who are in support of the project. High level support to be met by local support. Contact Jane to get involved.
5. **Solar: Owen Hill.** Addressing the challenge of the FIT review. Poor news regarding the Feed In Tariff (FIT) review that has halved the rate, with serious implications for the industry. Exemption for community owned schemes announced yesterday. Schemes are now still viable but nowhere near as profitable as they were. We will defer until later information re schemes that we may still be involved with. We are lobbying for fixed timetable and working to make good investments with members' money. Hatchlands - proposal at SGM was for £100k completed scheme. Since then the developer had windfall, and found they could do 50kw at a higher price tag which took beyond our reach. With the amount of money in bank, plus debt funding gives us £160k, developers want £190k, which is where the matter rests, and we will keep you posted. Sharpham similar to us. Proposal in hand, won't qualify for FIT as won't be finished this month.
6. **Other Developments: Ian Bright.** Biomass is most abundant resource in area. AD negotiations with South Hams, and Devon waste manager are very positive, waste is suitable, scheme is consistent with council waste review, wanting to diversify and have smaller schemes to develop alternative ways of disposal. Negotiations with Dartington continue, our proposal is with them and we should know in first few months next year if viable, then up to us to develop, bringing benefits for energy production and local employment. Hydro: We have been approached by the organization behind the proposal for a hydro scheme at the weir in Totnes and asked if we want to invest as loan. We'd prefer to be involved with an equity stake. If it goes ahead, will be realized next year. Same timeframe for woodfuel heating. In discussion with Dartington. Wherever there's a mill, there's potential for small scale hydro, also tidal. These would be low impact, not as productive as wind, but still opportunities exist.

**Q1** If the South Hams planning committee turn down the wind farm application, will we leave it there?

**A1** We aim for it to go through, but if not, can only decide whether to appeal at that time.

**Q2** How do you come to the conclusion that more are in favour of the windfarm than against?

**A2** Typically 70 – 80 % in favour through national polls. Those against speak loudest, those in favour must take the chance to speak now.

**Q3** How will the AD project work with Virador's contract for garden waste?

**A3** Currently waste processing costs £70 per tonne, smells, and yields no energy. We can offer £35 per tonne. Virador already send waste to AD plants, and its good business for them. Their contract out to tender 2014, but we want to reach agreement with them before then. SHDC would also reduce their transport cost. For this to work, we have had good co-operation with SH, and its up to us to come up with viable scheme.

**Q4** Were we happy with the Share Issue, what was our target?

**A4** We'd like to have a majority of the eligible population members. Our target was to raise enough to meet the Hatchlands requirement, which we did, but it was during the issue that the price was raised. We had no way to gauge what to expect, in 2010, 380 put money into wind with 50% chance of happening 4 years away. Will take time, but we are pleased with where we are.

**Q5** What is the projected efficiency of wind farm? John Muir trust who look into efficiency highlighted problem : Agencies estimate 30%, actual is only 20% for half the time, and 10% for third of the time. Kent offshore achieving much less than planned – we need to get this right, and not put ourselves in jeopardy.

**A5 (IB)** Developer is putting a lot of money into this, wouldn't do it if didn't pay.

**(Marlies Koutstaal, Infinergy)** We expect 28% of load factor. Not familiar with the John Muir Trust study; will look into and get back to questioner.

7. **Fundraising, Outreach, Member Relations: Jane Brady.** We have applied for the town council grant, DECC fund, and Energyshare which we didn't get through, although congratulations to the 3 transition groups who won the funding. Putting us into perspective in community renewables [please see AGM presentation slide], we are a practitioner with lots of active groups around us. Lobbying, we are members of Coops UK, there are active supporters, government processes shaping the industry. We will soon receive feedback from Co-operatives UK's report into community projects, looking at challenges, and processes. We will learn and share report findings. We regularly update the website, and have sent 10 member news emails this year. If they not getting through, please let us know. Supporting Wind in the South Hams (SWISH) exists for anyone to be a part of, we receive many phone calls and emails, and conversations in Richard Hoyland Options in the Rutherford. We've had some media coverage in Totnes Times and response to letters in paper. Thanks to core group of letter writers supporters. Education: we continue to talk to students, are preparing a short course for Schumacher College, have attended conferences, are members of the TTT business and livelihoods group, share knowledge with other community groups, and have completed a visit to Austria learning all about biomass boilers.
8. **Phd research results: Nick Kirsopp-Taylor.** Paper is awaiting sign off, and then look to be published. Key findings are that 89% of people of Totnes would prefer to source their energy from a local community organization over a large utility company. They would be prepared to pay an average of £11.65 per month extra which could open up opportunities for funding projects. There's a strong correlation between educational level and what they'd pay extra. A full copy of the paper will be online in the new year.

**Q6** Does the necessary infrastructure exist?

**A6** Most communities felt disempowered on delivery of projects. A key issue is of ownership, which made people more prepared to pay for it.
9. **Strengthening the TRESOC team: Richard Hoyland.** Many people develop their perception of TRESOC based on their contact with us, be it Richard in shop, Sarah on phone or Mandy on emails. At the last AGM we introduced to Steve Casemore and Owen Hill who have strengthened the team immeasurably. Jane Brady has taken us forward with our logo and high quality communications, Mandy has become a self-taught database designer, and Alix Riley has joined us developing bookkeeping system so we know where the money is. We are well place to operate effectively and with conscience, favouring local suppliers where we can.

### **Where we'd like to go**

10. **Next steps in project realization and vision: Ian Bright.** The two major factors we face of climate change and dwindling fossil fuel reserves, are joined by a flatlining of Western economies while others are rapidly growing, and able to compete for resources of all kinds – food, minerals and water. TRESOC has an important contribution to make. We are building projects. Looking at all we have involvement in, assuming we get agreements and finance we are looking at considerable financial returns of 7-8%, creating stable blue collar jobs in the local economy, improving efficiency in waste processing, lowering carbon footprints, saving money. If the wind farm gets approval, we then measure wind speed for 12 months, aiming for availability of 97%, to get bankable data to enable banks to loan, and once installed its money coming in year after year. Using local investment for renewable energy projects leads to a return for members, engagement with local businesses, stable employment, can tackle climate change and provides a new paradigm for stable economic future.

- 11. Tactics: Jane Brady** To enhance member relations we'd like to create a forum for more involvement, and to have greater impact we will lobby and form alliances. We are members of Cooperatives UK, RegenSW, to aid finance, and spreading the word. We are a guest blogger for Clearly So and an example for TTT Reconomy. Our effort starts with our members, and we ask you to be as involved as you can be. Active support in campaigning, have a half yearly interactive participating meeting. Come to a letter writing workshop, put your name forward as one of our "elves" to call on for hands-on-deck help, we are looking for a volunteer grant coordinator, and to keep SWISH moving forward.
- 12. Raising Capital: Steve Casemore** So far we have raised capital of £170,000 giving democratic control and ownership. Whilst shares offer a relatively cheap form of finance there is a limit. We see from the statistics that many members are investing seed capital, and then putting in more when the opportunity arises. We have also explored raising funds through fixed interest bonds, similar to Ecotricity and others. When we have a signed-up scheme, we'll go this route as we know there's a source there, and can go outside our geographical boundary limit. However, we won't raise sufficient money for all schemes locally, and will need to go to commercial lender. A larger scheme is more likely to get a loan - 30% loan-to-value is typical on smaller projects, whereas it is often 70% to 80% on larger schemes.
- 13. Financial report: Steve Casemore** For the financial year 1<sup>st</sup> April 2010 to 31<sup>st</sup> March 2011, our income was around £60,000, with costs of £10,000 [Please refer to Directors Report and AGM Presentation for further details]. In the absence of any objections the Accounts for the year ending 31<sup>st</sup> March 2011 were accepted. With Owen Hill on the board we benefit from pro bono legal advice. In the nine months since 1<sup>st</sup> April 2011 we raised £110,000 from the second share issue, which cost £6,000. Last time we raised £50k with £6k spend so we could say we are getting more efficient, thanks to the professional marketing expertise provided by Jane Brady. At the end of December 2011 we expect to have £141,000, and hope to invest substantial amount in RE projects. For 2012 we have set an operating cost budget of £28k [Please refer to AGM presentation for further details]. The main items of expenditure are directors' fees, admin to keep the company going, fees (much less due to pro bono), capital raising and a full audit of accounts for approx £2K. We have voted to waive this audit requirement previously due to the low level of transactions and funds under management. However, a full audit is now proposed to give confidence to our members and to banks when we are seeking finance. In the absence of objections, we propose appointing Darnells. Once we are generating revenue, we hope to announce next year that we'll be paying interest on shares.
- 14. TRESOC Business: Owen Hill** Retirement and Election of Directors. Our standard arrangement is for the retirement and election of Directors at each AGM. Richard Hoyland and Alan Langmaid offer themselves for re-election, they wish to continue and the board wishes them to continue. Motion put to vote, and passed unanimously.
- Payment of Directors. As an explanation for those who were not at the SGM, the board proposed to members that Ian Bright who is working full time and without pay be paid to the end of this year. At the meeting, members approved £1k per month. Since then, with the difficulties of finding scheme to invest in, we have looked as a board with Ian at our finances for next year. The second resolution relates to Jane Brady, who has been invaluable going through process in developing the organization. Jane's time seems inexhaustible, and unlike others with jobs outside TRESOC she works fairly full time. So the resolutions proposed are for Ian to reduce his pay to £500 per month, and for Jane to be paid £250 per month. TRESOC benefits from reduced cost and two paid board members.
- The other resolution proposes that as founding directors were rewarded shares after the first share issue, an award of £2,000 is made to recognize Jane's work this year.
- As they are intrinsically linked, in the absence of objections we can put the resolutions to a single vote. Resolutions passed unanimously.
- Thank you to our members for this very satisfying result, and thanks to Jane and Ian.
- No interest will be distributed this year.
- 15.** There was no other business to discuss, so the meeting was opened for questions.
- Q7** Why don't we use vertical blade wind turbines?
- A7** Vertical axis rotors have an inherent limit as one part is always going into the wind. Although there are nice looking designs, they are less efficient, and require a greater swept area to get same energy, so you would need much bigger one. The wind industry survives on whether they make a return. Vertical turbines can be useful in a built environment when wind is turbulent but there are none known of that could deliver 2.3mW on the site.
- Q8** What bank do we use?
- A8** It depends on the purpose – we use the best for what circumstances. For a deposit account we use HSBC as we have a high volume of receipts so its helpful to have high street bank. We look at range of providers for commercial debt. We are talking to Co-op and Triodos re finance, and they may be useful as we mature.
- Q9** The £30k shortfall for Hatchlands has made the difference for having a deal or not. Are there strategies that can be developed to see if members could raise money in specific circumstances? If we could put in some extra we may be able to go ahead.
- A9** We emailed everyone re bonds when we saw there was a shortfall, and met some members re investment

**Q9 cont.** These were not accessible to most members, as at a high level.

**A9 cont.** Bonds have a high cost, so we can't do it for small sums of money. Through our working relationship, we got an offer from HSBC, although not on favorable terms.

**A9 cont.** Might there be a creative way to do this as a community e.g. club together to buy bonds?

**A9 cont.** We'll consider and could email members to suggest this when the opportunity arises

**Q10** Are we bound to that scheme?

**A10** No, we are not tied to the scheme.

**Q10 cont.** It should be possible to get £3/kwp given all that's going on, £160k should be achievable.

**A10 cont.** We did benchmarking, to see what it should cost (what you'd pay if you ordered it) as a packaged investment, with a lease contract etc. The sellers say they would be able to get £190k. If that's the case, it won't be from us, as we feel it is overpriced.

**Q11** Why don't we print own money like banks do! Findhorn did this to get their wind farm.

**A11** Can see the logic, but current systems only allows us to ask you to give us money and we bank the cheque.

**Q12** Projecting into future, when will we generate power?

**A12 (IB)** We are working towards generating an income by end 2012. We don't yet know which schemes will come off, but as soon as we generate income, we would like to see interest passed on to members. There are no guarantees, but the whole board believes in what we are doing, want to make it work, and are capable to make it work. It's a prize worth going for.

(SC) When we generate income, we will distribute it to members via interest award, maintaining working capital for insurance, audit fees etc. In this year's prospectus, we said would look to award 3-5% when we have revenues we can distribute.

**Q13** It's a shame about the Totnes and district boundary – could we cast the net wider?

**A13** Expansion would require extra effort and we are conserving resources for projects now. When we are up and running, we could think about expanding our area. There's nothing in our rules about where we invest. It's a question of resources. This year need to prove we can do it, and make energy

**Q14** If people willing to pay more for community renewables, [as per Nick Kirsopp Taylor's report], could we have people put in small amount each month?

**A14** In Stockholm, taking an example of dual fuel vehicles, all surveys show people would pay more if it was carbon neutral, but the reality was that when it exceeded the price for petrol, they didn't pay. There is a lot of scope for raising money, let's get projects up and running first.

**Q15** Are the shares eligible for the enterprise investment scheme (EIS), if not can we restructure so they are?

**A15** Don't know, so will find out [Action: SC].

**Q16** Wind farm, do we currently have a sinking fund to reinvest in new turbines after the end of their useful working life.

**A16** There are a number of steps to go through before we can make this decision, firstly planning, and then an outline financial model. We could investigate setting aside funds each year to allow the community to purchase new turbines at the end of the useful life of the TCWF, Several members voiced support for this idea. This will be an objective assessment on the options available to us in due course. The TCWF will depreciate its assets over 25 years. There is a no right granted to TCWF to have turbine at the Luscombe Cross site at the expiry of the 25 year lease with the landowner

**Q17** An article was published in the Totnes News about the shoct meeting with 8 or so points that are incorrect. I would like to meet letter writers to discuss.

**Q18** What is the lifespan of turbines and does the tower outlive blades?

**A18** The tower and blades are designed for lifespan. The value of steel pays for decommissioning costs. We would like to pay for new turbines after this rather than reuse. Insurance is harder after 10 – 15 years. Putting something aside is a good idea

**Q19** Are we actively seeking PV Scheme?

**A19** Yes we are interested in any scheme where there is a profit to be made. The FIT review could have a special arrangement for community schemes which may well put us at an advantage.

**Q19 cont.** Is PV attractive at the current FIT rate?

**A19 cont.** Yes, prices have come down, so have achieved reduction in cost as people want to sell panels. The industry will continue, and if we are in a good position as a community organisation.

**Q20** If there is an interest payout at end 2012, for most people it will not be a large sum. Could there be an option to keep money in TRESOC?

**A20** The low entry level means this might have a high cost. Our rules say if interest is less than £5, it accrues. If people want to leave money in, we'd be very glad to do it and there is nothing to prohibit this. Several members voiced agreement and would welcome that option.

**16.** All invited to stay for our first ever Christmas party – music, wine, food to enjoy, and board and staff will be here for questions, and further discussions. At just before 9pm, all were thanked and the meeting closed.