



Minutes of Special General Meeting
Totnes Renewable Energy Society Limited
Company Number 30373R (The Society)

The Special General Meeting of the Society was held at the Civic Hall, High St, Totnes, Devon at 7.00 p.m. on Tuesday 5th July 2011.

Present:

Ian Bright – Managing Director
Richard Hoyland – Operations Director
Alan Langmaid – Communications Director
Jane Brady – Marketing Director
Owen Hill – Legal Director
Steve Casemore – Financial Director
Mandy Burton - Administration

- 1) The Directors Report – Ian Bright presented the interim directors report (addendum) which will be available on the TRESOC website tomorrow. In addition the following comments were made.
Totnes Community Wind Farm – Media coverage has suggested a wind farm war, but we intend a well informed, good natured debate. The SHOCT meeting is on 15th July for those who wish to attend to hear opposition's concerns.
Anaerobic Digestion – prepossessing at an industrial site before arrival at the Dartington digester site will be more cost effective than trying to meet stringent noise and odour requirements of Dartington Estate.
Solar – Adam Gaisford is here representing South Western Solar Projects and available for questions. The current Feed In Tariff scheme presents the best commercial opportunity for sub-50kW installations. This will be reviewed in April when it is expected the FIT will be revised downwards, so we want to act quickly to take advantage of the current rate.
Baltic Wharf – Opportunities for solar PV and woodfuel district heating exist.
Community owned RE is proving of great interest. Nick Kirsop-Taylor from Plymouth University has requested members fill out questionnaires to help with his MSc studies.
We are operating in a commercially competitive environment and to realise the potential value of these projects (Wind £4m, AD £3m, Solar £1m, Baltic Wharf £1m) we need to spend money on project development costs. We need to and are getting into a position to take advantage of these opportunities, and it is satisfying to see the level of interest from all those at this meeting.
Questions:
Q1 Will the possibility of an incinerator in the area affect our AD proposal?
A1 We are in active ongoing discussions with South Hams DC and Devon County Council and can clearly demonstrate the financial and environmental benefits of AD over combustion for wet organic materials in the waste stream.
Q2 What does a 50kW PV array look like?
A2 By comparison, the Civic Hall array is 14kW
Q3 What are the time lines for these projects?
A3 The AD project is hoped to be operational in 2 years. The Wind Farm application is planned to be in by end 2011, and resolved in 2 – 3 years. Baltic Wharf is unknown at this stage. Our first PV project should be operational by Sept this year.
Q3 The board are urged to press our technical partner to provide a statement re amplitude modulation heeding the lesson of 'Wind Farm Wars' documentary.
A3 We aim to get as much information out as soon as possible, but as a technical issue, we can't provide detailed information until the studies that are required by SHDC and ETSU guidelines have been done. It's in everyone's interested not to try to retain information as was seen in WFW.

Q4 Will PV arrays be available to private households?

A4 We are not able and do not wish to compete with the many companies offering this service as they have a competitive advantage. We are looking to secure major structural RE installations for the advantage of the community.

Q5 With the scale of projects, do we need to raise £4-5m from the community to retain local control?

A5. No we can borrow commercially providing the deal is structured properly.

Q6 Whilst supportive of these efforts to get more RE into the system, are we spreading ourselves too thinly, given all the different expertise and investment required, with a risk that we cannot push forwards.

A6 Ian has wide experience in Wind, AD, Woodfuel Heating and Solar projects from his time at Somerset County Council. We are very happy with the calibre of our technology partners who offer many years of experience and expertise in their respective fields. AD – Marches Biogas 12 projects - design, installation and commissioning. South West Solar Projects – 30 years experience of community owned RE. TRESOC is set up to put the benefits back into the local community.

2) Jane Brady presented visual images to add texture to the story of our efforts. A loose graphical demonstration of the types of RE projects we are working on will be improved for the next meeting. Part of our aim is to share our knowledge with other groups. We are making efforts to outreach and get our story out there. We have made an attempt at fundraising but this is not a core activity due to the unlikelihood of securing funding in the current economic climate. We are grateful for the members' support on a recent application. We find out on 12th July if we are through to the next round of the process. Work on the website continues and any suggestions or contributions from members are very welcome. Emails and updates are now done in house by Mandy Burton saving costs and enabling us to communicate more fully. Please let us know if there are any issues. SWISH is up and running and has a facebook page, T-shirts available at £10 limited offer. Jane is developing an integrated media and marketing plan and invited suggestions on what would be useful to our members – a seminar on where TRESOC fits into the bigger picture, plans to talk to Harberton residents about the turbines, Knit A Turbine craft challenge... All ideas welcome.

3) Steve Casemore presented the resolution on the Annual Audit. The FSA requires an IPS to have a full audit unless their turnover is less than £5m, and members resolve to waive this requirement in favour of an accountant's report. The costs are around £2,500 vs. £900 to £1,200.

Q1 Has the board considered an internal audit from say 2 members to offer reassurance?

A1 The accounts consist of the Register of Members, a spreadsheet for income and one for expenditure totalling approx 25 – 30 items. The Accountants report will give qualified auditor assurance.

This resolution would be just for this financial year, and we would expect to recommend a full audit when we start to generate income. Given the costs and light expenditure (receipts of around £50,000, and spending of £10,000) it is hoped we can vote in favour.

Resolution passed with unanimous vote in favour.

4) Steve presented a representative opportunity for investment in community scale solar PV projects (addendum). There is an undeniable market for solar PV on existing agricultural buildings, and it is incumbent on us to make a return sooner than the other projects will, raising money from members and finance.

Q1 If we put all our capital into this scheme would we be running at a loss?

A1 We are not proposing to do this. We will raise additional funds, the source being dependant on what the group wish to do.

Q2 What bank rate would be getting?

A2 We can't get a confirmed rate until we have put a concrete proposal to the lender, but we are confident that 7% is representative.

Q3 What lenders are being considered

A3 Currently only high street banks but other funding is possible.

A member knows of a food co-op in Boston which is growing effectively from member loans, where members receive a better return than from elsewhere.

To give a rough idea, we currently have raised £60,000 from our members, so if everyone were to put in 3 times their original sum, we would raise £180,000 as in the example used for illustration. We are looking to offer another investment opportunity that members can take advantage of to gain an

immediate and healthy return.

Owen Hill explained the dilemma for discussion at the meeting around making this opportunity available only to existing members who joined early, or open it to others.

Steve commented on gearing. As debt is fixed over time and eroded by inflation, whereas the return through the FIT is index linked, having debt on a project is advantageous, and if we had £180,000 it would be best financially to spread it over say 3 projects and use debt for the rest.

Q4 What is the environmental payback time of PV vs. Wind in the UK, as the financial return is not the only reason to decide on projects?

A4 Carbon payback time is longer than for wind, but PV makes a positive contribution to the Renewable Energy mix as it offers more sites than wind, and the FIT is designed to offer an 8% return, scaled to different sized installations, making solar work commercially. We aim to get on-stream asap for environmental, social and economic benefits.

Q5 PV and Wind can be seen to complement each other, with generation peaking at opposing seasons throughout the year.

A5 Wind generates electricity for around 80% of the time, and solar 50%. The load factor for wind in the SW is 29-30% and 10% for PV

Q6 Is storage an issue for PV, and how long will the government support be maintained.

A6 Storage not an issue if grid connected. If you sign up now, FIT is guaranteed, adjusted for inflation, for 25 years. All energy requires government support (e.g. tax breaks for oil exploration), and energy costs are going up not down. World demand exceeds supply, so we need all the RE we can get.

Q7 Is there also an opportunity on industrial buildings and what's the guarantee agricultural buildings will still be there in 25 years?

A7 Surveys are done as part of due diligence for each project. Industrial buildings are also possibilities, and the South Hams DC portfolio may include such, but agricultural buildings offer the advantages of a reduced planning process and are not usually as visible.

Q8 Will TRESOC be looking at new technologies e.g. solar tiles.

A8 Yes, as they become viable. Currently they are only economic on a new development, not re-roofing. There is also netting to shade car parks that generates electricity.

Q9 Are we focussing on finding community buildings that can use the onsite generation?

A9 We are seeking to provide a return on investment on a commercial scale, but it is always better if the generation can be used on site.

Q10 What is the return for users in Totnes – can we use this electricity and get a better tariff?

A10 We have to sell to the national grid, as the cost of setting up a local grid is prohibitive. As the power line from the wind farm site runs to the town, most power will be generally be used by the town. The grid is a good system that spreads the load and builds flexibility. With the AD plant, the electricity and heat will be used locally, supporting a prominent local business that brings income to the town and replacing heating from oil and LPG.

The civic hall has earned £2400 since November from electricity generated from their solar panels, and has seen their electricity bills tumble.

Owen reiterated that there is a real opportunity now which we would need to move quickly to take advantage of to raise funds, and as more arise in the future, we would go back to members to ask their appetite for investment. The money currently on deposit is for working capital.

Q11 Is this money now to be run down?

A11 No this is for seed capital to get us off the ground.

Further developments are that we have signed an exclusivity agreement with Sharpham estate, and registered an interest with the Duchy of Cornwall over tidal opportunities. When we have a full proposal we will come back to members.

Q12 We need to be aware of the free press's desire to create a battleground, but temper the potential financial return against the ethos of community involvement and benefits in our PR.

A12 Our primary aim is the profitable development of community RE, but the money received will allow us to develop longer term proposals, and working with equity partners reduces our share of development costs, and creates a rate of return more attractive and perhaps secure than banks.

Q13 Will those who have already invested what they are prepared to put in get no return from this scheme, whereas further investors will be looking at a 7% return, which would be unfair.

A13 We could propose to put in say half of the existing capital to this scheme, which is in the region of £120,000. We are grateful for the existing member's investment, without which we wouldn't be here.

However in the prospectus we called for funds with an expected return of 2-3 years, so there is no change to these terms. If we put all the capital into solar, we couldn't participate in other projects, but we want to take the chance to offer an opportunity to make a return sooner.

Q14 We shouldn't create two classes of investors, and can only offer a rate commensurate with IPS status.

A14 Point understood with reference to all members.

Q15 Will it take the form of a share issue

A15 Not necessarily, it could be a bond or a loan.

Q16 What if more funds were put in, but the same return offered to all investors including the original?

A16 Agree but we would need to ring fence the working capital, and we would need to agree how much.

Q17 How will the working capital be replenished if Ian Bright is paid

A17 By generating income from getting projects up and running. Projects earn fees for TRESOC. TRESOC will earn money from generating electricity and members can choose how much to disperse.

Q18 Where will the core capital come from for £8million of projects?

A18 We could raise capital from the market, but we want members to benefit from the opportunity, and we will gain credibility competing with others who are not offering community benefit.

Q19 If we do the easy projects now, will it make the wind project more difficult – will we milk dry too early?

A19 If we offer bonds now on a project that is good for the environment, energy security and offers a return of twice that offered by the banks, we think we shouldn't have a problem.

A question was put to the quorate:-

Should we keep this opportunity to existing members only? 3 votes

Are you content that we put this proposal to new and existing members? Overwhelming majority

- 5) The meeting was asked to consider the motion to pay Ian Bright £1000 per month, having demonstrated the amount of work undertaken in the last 6 months. Ian is retired and working on TRESOC projects full time, while other directors' time is in the region of one day per week.

Q1 How many hours do you average per week?

A1 It has varied in the region of 30 – 35 hours over the last year. Currently all the projects need work so it's non-stop. Hard to say, but seems run to 120 hours in some weeks. Whilst external consultancy could pay £500 per day, there is no time to devote to this while the demands on TRESOC to take advantage of the opportunities are started and developing.

Q2 When would other directors ask for payment?

A2 This motion is for Ian only, and will be subject to review at future AGMs. There is no commitment or precedent beyond the next AGM. It would only happen with members' approval. If we could not call on Ian to progress the projects, we would have to go to external experts at great expense.

Q3 What efforts have been made to find others within the society with expertise that Ian could delegate to?

A3 No-one has the experience that Ian has. We haven't rejected any offers of help, and look for proactive support from our members.

Q4 Could we put the vote to the full membership as some could not attend.

A4 Whilst that sentiment is understood, there has been notice, the opportunity to vote by proxy and we would not wish to prolong the process.

The resolution was put to the vote and passed by overwhelming majority, and gratitude expressed to Ian, who its felt TRESOC is very fortunate to have.

- 6) There will be a Share Issue planned for later this year.

- 7) Any Other Business – None

Comment: Are we spreading ourselves too thin? TRESOC acting as facilitators, selecting expert technology provider partners for each project. We shall continue to search for ideas from the community, push for positive coverage in the press e.g. Devon Life, and going out spreading the word that this works.

The meeting was closed at 9.30, with thanks offered to all those in attendance.