

Boyndie Wind Farm Co-operative Limited (Registration No 2655RS) Minutes of Annual General Meeting

Held at St. Brandon's Church Centre, Whitehills, Wednesday 27th May 2015

Present: Directors: Mr Mike Pitman (Chair); Mrs Barbara Holligan (Secretary); Mr Cameron Ewen; Mr Duncan Leece; Mr Robert Maddock; Mr Christopher McKay;

26 members, 1 guest.

Mr Euan Fraser, Asset Manager, Falck Renewables Wind

Apologies: Directors: Mr Ross Balharry
Observers; Heather Holligan, Skye McKay.
Mrs Annette Heslop, Company secretary, Energy 4 All.
Members: 7

1. Introductions and Welcome.

Members and guests were welcomed by the Chair, Mike Pitman, who introduced the wind farm co-op directors and Mr Euan Fraser from Falck Renewables Wind, who was to give a presentation to the meeting.

Apologies were noted, including Mrs Annette Heslop, Company Secretary from Energy 4 All, who was to have given a short presentation to the meeting.

2. Chair's Report.

The Chair presented his report for the year ending 31 December 2014.

He reminded everyone about the Coop principles and the set up.

He went over the production downtime in the year and the reasons therefore and the monthly production figures V Actual. The Turbine availability this year was just over the warranted 97%. The wind speed graph showed a similar shape to production which was expected. On very similar production figures to last year the income was down due to reductions in Electricity prices.

He reviewed the activities of the Board over the previous year, including overseeing the change of Rules needed in order to make repayments to members of 30% of their share capital, which had been agreed at the 2014 AGM by the members.

3. Annual Accounts

Robin Maddock reviewed the 2014 accounts and summarised the figures shown in the Profit & Loss Account and Balance Sheet.

The wind farm results for the year showed a decrease in profitability over the previous year; production was down by a small amount, as it had been a less windy year, however it still met the projected P90 figure, but returned a gross income of £139,886, down from £156,980 in 2013, largely due to the decrease in price received for electricity generated to £41.44 from £49.26 in 2013. Other costs had also risen, especially contracted maintenance costs, due to the wind farm now being out of the initial maintenance period with Enercon, when more favourable terms had been offered, as was industry standard practice.

Although the return on investment was down from 7.97% in 2013 (based on share value of £250) we achieved a return of 6.03% in 2014 (and this was based on a share value of £175 following repayment of 30% capital)). This was still better than could be achieved in many other investments including High Street banks.

The directors and Energy4All continued to monitor closely and to challenge the different elements of the returns where necessary, to protect Member's interests. Unfortunately the electricity prices were market driven, and the wind strength was equally out of Director's control.

He advised that the Directors would continue to monitor the Depreciation Fund, and from time to time recommend further repayments of capital to Members, when enough funds had accumulated. This way, Members got their capital investment back sooner than the 25 year term foreseen in the original projections, but still received an annual distribution of surplus funds as if they still had the original amount invested. Effectively they therefore received a higher return on their investment as they could reinvest the returned capital elsewhere if they so chose.

4. Formal Business

1. To approve the minutes of the Annual General Meeting held on 21st May 2014.

The approval of the minutes of the previous AGM was proposed and carried unanimously by those present. Postal Votes: For 36, Against 0, Abstain 8 and the Chair had 9 proxy votes in favour of the Motion. Motion carried by majority.

2. To receive and adopt the Report of the Directors and the Annual Accounts for the year ended 31st December 2014, together with the Reports of the Auditors thereon.

The Motion was carried unanimously by those present. Postal Votes: For: 41, Against 0, Abstain: 3 and the Chair had 9 proxy votes in favour of the Motion. Motion carried by majority.

3. To re-appoint the firm of Melville & Co, Chartered Accountants, as auditor until the conclusion of the next Annual General Meeting at a fee to be agreed by the Board.

The Motion was carried unanimously by those present. Postal Votes: For: 42, Against: 0, Abstain: 2 and the Chair had 9 proxy votes in favour of the Motion. Motion carried by majority.

4. To approve the distribution of surplus funds for the year 2014.

The Motion was carried unanimously by those present. Postal Votes: For: 41, Against 0, Abstain: 3 and the Chair had 9 proxy votes in favour of the Motion. Motion carried by majority.

5. Election of Directors: Declaration of Result

The Chair noted the three candidates who had stood for election to the two vacant seats on the Board: Cameron Ewen, Leslie Hutchison Burns and himself, Mike Pitman. He then announced the results of the ballot for the appointment of two directors:

Cameron Ewen	36 votes
Mike Pitman	40 votes
Leslie Hutchison Burns	19 votes

Chair Mike Pitman expressed appreciation that the seats had been contested and advised that the Board would discuss with Leslie, who had put his apologies to the meeting, the possibility of acting as an observer to the Board meetings, so that he might be encouraged to stand for election on another occasion.

The Chair also spoke with appreciation of the two Young observers, Skye Mckay and Heather Holligan, who although absent tonight, as they both had school exams the next day, had regularly attended Board meetings and gained insight which hopefully would be useful in their future careers, and might encourage them one day to stand for election to the Board themselves. The Board had a small gift for each of them as a token of their appreciation of this effort.

The secretary requested that names be put forward of anyone else who might be interested in becoming an observer, especially females, in order to achieve obligations for equal representation of women on Boards by 2020.

There being no further business, the Annual General Meeting closed at 8 pm

Presentation: Falck Renewables Wind Ltd

Chair Mike Pitman introduced Euan Fraser, Asset Manager from Falck Renewables SpA.

Euan explained the new structure for Falck, since the sale of 49% of six UK projects, including Boyndie Wind Farm, to Copenhagen Infrastructure Partners (CIP). CIP manage large investment funds, including the Pension Denmark Fund, which was used to acquire the Boyndie shareholding.

Falck Renewables SpA is the parent company. Falck Renewables Wind Ltd is the majority shareholder, and Operator of the Wind Farm at Boyndie.

Euan reviewed the performance of Boyndie over the 7 years since first generation of electricity. He highlighted the lowered revenue in 2014, due partly to low wind resource, and went on to explain how the revenue for electricity generated was made up; -

- Power sold to electricity suppliers through Power Purchase agreements (PPAs),
- Renewable Obligation Certificates (ROCs) sold to energy suppliers to meet their renewable obligations,
- Climate Change Levy Exemption certificates (LECs), which is a tax exemption for renewable generation, and the
- ROC recycle value.

These elements are subject to daily fluctuation, and are 'traded' by the large energy suppliers; Falck is in contract with Scottish and Southern Energy (SSE) until 2017; they charge 7% and 5% respectively for taking electricity and ROCs. The £MWh price had fallen from £94 to £85 from 2013 to 2014, and so had contributed to the reduction in revenue received for the wind farm.

Euan showed a graph produced by Falck, indicating that revenue had over the 8 years to date, exceeded or equalled Falck's original projections.

In 2014, metered production was 17% short of the pre production 10 year average forecast. This was made up of 15% shortfall due to lower than forecast wind production, 1% shortfall was due to lack of grid availability, and 1% of the shortfall was due to turbine availability and performance issues, which were the only element in the control of Falck.

Euan went on to explain that the turbines had met the contracted availability, and went on to outline a few of the engineering problems they had faced, and the service they had received for them from Enercon, who are the manufacturers and currently under maintenance contract for the turbines. The maintenance contracts cover all the Falck Enercon wind farms, so we pay a contract price based on the risk/expected repair costs of all the wind farms, not just on what happens at Boyndie. As the turbines age, maintenance contract costs escalate; they are designed to give a low cost start up in the initial years of operation of a wind farm, partly as incentive to purchase (to help early cash flow) and partly because costs should be lower then. After year 6 the costs escalate. In response to a question, Euan said he would ascertain when the current fixed price +RPI contract expired, but thought it would be in another 3 years. There was no commitment from Enercon to continue the EPK (Enercon Partner Konzept) maintenance contract after year 15, so maintenance costs might go up again then.

In response to a question regarding the possible installation of solar panels between the turbines, Euan confirmed that this had been looked at in general, in the South of England and Italy, but not specifically in terms of Boyndie. There was an incentive where there was existing grid connection and capacity, but he predicted it might be 2021 before studies into the effect of flicker on the panels from turbine blades, confirmed whether there was sufficient cost benefit to warrant this investment.

Following a short discussion the chair thanked Euan for a very informative presentation, which had addressed questions previously submitted by members and directors.

He also thanked those members who had attended, Mrs Balharry for providing the teas, and Mr Milne for overseeing the technical side of the meeting, and Whitehills Community Association for once again making the hall available for our use.

He closed the meeting at 8.45 pm, looking forward to meeting everyone again next year.

Signed as a true record of the meeting

Mike Pitman

Mike Pitman, Chair, Boyndie Wind Farm Co-op.