

Kilbraur Wind Energy Co-operative Ltd (Reg. No. 2701RS)
Minutes of Annual General Meeting
Held at: Royal Marine Hotel, Golf Road, Brora, Sutherland KW9 6QS
Wednesday 23 June 2010 at 6.30 p.m.

Present: 16 Members; 2 Partners/Guests; 6 Directors; 1 Falck Renewables plc Representative.

Postal Voting: Postal Voting Forms were received from 164 Members, including 12 appointing the Chairman to vote on their behalf.

Apologies: Apologies were received from Director Graham Strachan and one Member.

1. Introduction

The members were welcomed by the Chairman, Garry Coutts, to the second AGM of the Kilbraur Wind Energy Co-operative (KWEC). Garry informed Members that there would be a change to the order of agenda items, and introduced guest speaker Euan Fraser of Falck Renewables plc.

2. Presentation by Euan Fraser (Falck Renewables plc)

Euan gave a presentation covering the operation and performance of the Kilbraur Wind Farm. He outlined the scope of Falck's current activities in the UK and Europe, and covered in some detail the operational and production issues that had affected the wind farm between January 2009 and May 2010. He informed the meeting that monthly and cumulative production had been below target during the period mainly due to low wind speeds. He highlighted the fact that wind speeds have been lower in 2010 (31 per cent below budget) than they were in 2009 (19 per cent below budget). There had been considerable downtime due to major defects with two turbines, but these issues had been addressed and there had been a general improvement in turbine availability. Overall, turbine availability in 2009 had been 10 per cent below the contracted value and Nordex, the turbine manufacturer, had agreed to make a payment in respect of low turbine availability. National Grid downtime had been only 23 hours in 2009, and where possible this time had been utilised for essential maintenance. Euan also reported on a number of other technical issues that had affected production, and the detailed monitoring systems that are in place. He informed the meeting that there are now five full-time equivalent employees of Falck and Nordex undertaking a range of activities relating to the Kilbraur site. Finally, Euan stated that the output from the eight additional turbines planned for the site would be accommodated within the existing surplus National Grid capacity.

Members attending the meeting asked the following questions of Euan, and received the following answers:-

Q: What arrangements are in place to reimburse the Co-op for loss of income attributable to reduced turbine availability?

A: KWEC would receive a compensation payment in accordance with the Royalty Instrument as a result of reduced turbine availability.

Q: Are there any plans to change the payments received from the government for the production of renewable energy?

A: There are no known plans to change the current arrangements, which typically amount to a total of approximately £93 per megawatt hour.

Q: How does the first year performance of Kilbraur compare with other wind farms?

A: First year performance of other wind farms has been fairly similar, although the scale of teething problems at Kilbraur has been disappointing. It is expected that the operation of the wind farm extension will be smoother.

3. Chairman's Presentation

Garry Coutts summarised the activities of the Co-op's Board of Directors over the past year. He stated that the Board's primary objective has been to ensure that Members receive the best possible return on their investments, and to that end the Board will be maintaining close contact with Falck. He pointed out that fluctuations in energy prices were also a major factor affecting the Co-op's financial performance, but he felt that the Co-op remained a good investment in the current financial climate particularly as it offered a 6.5 per cent guaranteed minimum share interest payment. The compensation payment due as a result of reduced turbine availability will be reported separately.

Garry reported that the proposal to introduce postal ballots had received overwhelming support from Members, and that postal voting had been implemented in time for the AGM. The Board had introduced a policy designed to control and limit its expenditure, and future expenditure will be reported to Members. Outreach work had been undertaken with the three local primary schools which would provide an asset for each school. This was funded by Energy4All at no cost to the Co-op. Garry thanked John Whitfield in particular for his input to this project.

Garry informed the meeting that Paul Phare was standing down as a Director at the AGM, and vacating the office of Secretary to the Board. Paul is an employee of Energy4All, and had undertaken the duties of Board Secretary as part of his Energy4All employment. It was likely that the ending of this arrangement would have the effect of increasing the workload of the other Directors and, if appropriate, the Board would report back to Members in the future on this matter. Garry thanked Paul for his contribution to the Board during the past two years.

Garry notified the meeting that Falck had confirmed that it would not be prepared to fund the disproportionate cost associated with a full share offer in respect of the wind farm extension, and that the offer of shares in the extension would be available to existing Co-op Members. The offer would be on the same terms and conditions as the original offer, and Members will be notified of the arrangements in the future.

Garry reminded the meeting that he was standing down as Chairman and as a Director, and thanked the Board for its support.

Garry asked Members attending the meeting if they had any questions on his presentation or the Co-op's accounts. There were no questions.

4. Motion 1: To approve the minutes of the Annual General Meeting held on 24 June 2009.

The motion was proposed by Mr John Whitfield and seconded by Mr Graham Phillips, and was carried unanimously at the meeting. Postal votes cast were 150 For; 0 Against; 14 Abstentions.

5. Motion 2: To receive and adopt the Report of the Directors and the Annual Accounts for the period ended 31 December 2009 together with the Report of the Auditors thereon.

The motion was proposed by Mrs Anne Robinson and seconded by Mr John Alexander Maciver, and was carried unanimously at the meeting. Postal votes cast were 159 For; 0 Against; 5 Abstentions.

6. Motion 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 Chairman, Garry Coutts, reminded the meeting that, in response to a Member's question at the 2009 AGM, the Board had undertaken to consider appointing a more local firm of auditors. The Board had investigated this possibility and had concluded that, as the annual audit is funded by Energy4All at no cost to the Co-op and Melville & Co is appropriately qualified and has considerable experience in auditing the accounts of co-operatives, it was neither practical or financially viable to appoint a local firm.

The motion was proposed by Mrs Anne Robinson and seconded by Mr James Hooper, and was carried unanimously at the meeting. Postal votes cast were 153 For; 5 Against; 6 Abstentions.

7. Motion 4: To approve the distribution of the surplus funds for the year (the operating profit together with any other income) by way of Share Interest.

The motion was proposed by Dr Alastair Gilchrist and seconded by Mr James Hooper, and was carried unanimously at the meeting. Postal votes cast were 160 For; 0 Against; 4 Abstentions.

8. Motion 5: To confirm the appointment of Graham Phillips as a Director of the Co-op.

The motion was proposed by Mr John Alexander Maciver and seconded by Mrs Kay Johnson, and was carried unanimously at the meeting. Postal votes cast were 160 For; 1 Against; 3 Abstentions.

9. Motion 6: To confirm the appointment of George Potts as a Director of the Co-op.

The Chairman informed the meeting that Mr Potts had apologised for being absent.

The motion was proposed by Mr Gordon Johnson and seconded by Mrs Catherine Tait, and was carried unanimously at the meeting. Postal votes cast were 140 For; 13 Against; 11 Abstentions.

10. Motion 7: To authorise the Board, at its discretion, to make a proposal to any future General Meeting of the Co-operative that (within the provisions of Rule 11) any vacancies on the Board should not be filled at that General Meeting, if the Board considers that it already has sufficient Directors to discharge its responsibilities effectively.

The Chairman explained to the meeting that the reason for submitting this Motion was to assist the Board to control its future costs.

The motion was proposed by Mr James Hooper and seconded by Mrs Anne Robinson, and was carried unanimously at the meeting. Postal votes cast were 134 For; 9 Against; 21 Abstentions.

11. Any Other Business

The Chairman informed the meeting that the Board of Directors would be meeting immediately after the close of the AGM with the main purpose of appointing a new Chairman and Secretary.

The meeting closed at 7.20 p.m.

Signed as a true record of the meeting:-



Garry Coutts
Chairman

Note:

(Members are requested to note that, at the meeting of the Board referred to in item 11 above, Bruce Field was appointed Chairman and John Whitfield was appointed Secretary)