

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 25 June 2014 at 6.30 pm

Present: Total 13 members

Directors : Colin Lawrence (Chairman)
John MacDonald
Malcolm Moss
Graham Phillips
John Whitfield (Board Secretary)

Members: Eric Billett
Lesley Billett
Michael Edwards
James Holm
James Hooper
Marian Horrocks
Doda Sobieniewska
Roger Williamson

Guests: Mrs Edwards
Mrs Hooper

Falck: David Lawson

Voting: Postal (including electronic) votes were received from 64 Members, including 13 appointing the Chairman to vote on their behalf.

Apologies: Total 5

Members: Scilla Aitchison, Carol Collings, David Collings, Margaret Peacock, Norman Peacock

1. Introduction and Chairman's Presentation

The Members were welcomed by the Chairman, Colin Lawrence, to the sixth AGM of the Kilbraur Wind Energy Co-operative (KWEC). Colin reminded those attending of the importance of supporting the AGM, which provided an update to members on performance of the wind farm and noted that without a valid AGM the business of the Co-op could not be conducted.

Colin reported that the board had focussed on ensuring the highest possible return on members' investment by keeping a close watch on income and expenditure. Colin referred to the extensive risk review process that had been initiated by Graham Phillips and noted the efforts that the board had undertaken to respond to the problems which had become apparent during the year with the Co-operative Bank, with whom KWEC banked. KWEC to date had received excellent and, as a member of Co-operatives UK, free banking from the Co-operative Bank, but the board had started the long process of opening a second bank account, with the Royal Bank of Scotland, in order to ensure that as much of the Co-op's funds as possible were covered by the Financial Services Compensation Scheme (FSCS), under which deposits up to £85,000 with each banking group are guaranteed in the event of a bank failure. The board had also looked at other ways of minimising the amount of funds held by KWEC at any one time and was currently minded to proceed with interim payments to members. Whilst existing Co-op rules allowed for this, Colin noted that Motion 4 had been put to the members to confirm the members' agreement to this proposal.

Colin recalled that at last year's AGM, members had been told that Falck were in the process of selling a 49% stake in their UK wind farm operations and that this had gone ahead, with Copenhagen Infrastructure 1, a fund administered on behalf of PensionDanmark. The KWEC board has received written confirmation from Falck that this sale will have no impact on KWEC.

Colin reported that 2013 had seen the best wind speeds at Kilbraur to date and that the wholesale electricity price had remained fairly steady for the last three years, although there had been a drop

in recent months. Whilst the price for Renewable Obligation Certificates (ROCs) was rising in line with inflation, that for Recycled ROCs, a mechanism whereby 'spare' ROCs below the government annual target are shared out among renewable generators, was falling, as had always been the intention. With a return of 9.49% on members' investment, Colin felt that this was very good in relation to any alternative options available on the open market.

Colin thanked the board for their efforts through the year and noted that Nigel Jones had resigned in May 2014 due to pressure of work.

2. Presentation by David Lawson (Falck Renewables Wind Ltd)

David gave a fact-filled presentation on the performance of the wind farm during 2013. David noted that the Nordex wind turbines had performed well, achieving 96.9% availability for the year as a whole, set against the warranted 97%. The warranty period had recently expired and had been extended, pending final agreement between Nordex and Falck on the terms of a new 5-year warranty under which Falck, and KWEC, are compensated for any periods in which the availability of the turbines falls below the agreed amount. David noted that Kilbraur had been subject to a number of grid outages during the year, when generation had not been possible due to essential upgrading work being carried out on the grid. David also looked at overall and individual turbine performance and outlined the extensive monitoring that Falck undertake to ensure that the Nordex turbines are operating as efficiently as possible. This detailed analysis is being further enhanced with more 'real-time' monitoring to enable small emerging faults to be identified before they became a problem. In order to enable this process, Falck had changed from using an unreliable BT broadband connection to using Scottish and Southern Electric (SSE)'s fibre optic system associated with the management of the local grid.

There were a number of questions. David confirmed that the yaw mechanisms (for turning the turbines into the wind) were covered by the Nordex warranty, that a grid outage (when work was being undertaken on the grid) was distinct from when the wind farm was instructed (curtailed) to reduce generation when the grid was close to capacity and that the gearboxes were performing as well as could be expected in the conditions.

3. Presentation by John MacDonald on the History of the Kilbraur Area

John provided a fascinating overview of the history of the area in which the wind farm was located. Despite the current sparsely-populated impression, the Strath Brora in the late eighteenth century had been home to at least 62 townships with hundreds of inhabitants. By showing a series of photos, John was able to identify the numerous signs of these past residents and their extensive farming practices and habitation. The land clearances of 1819-21 had seen the bulk of these residents, both in Strath Brora and in the wider Highlands, removed in favour of large sheep farms run by relatively few tenant farmers. These changes had a huge impact on the area and the remnants could still be seen today of the houses, kilns and field systems from the past. John also alluded to the earlier history of the area and presented a section of tree that had been removed from being preserved in the peat with the clear signs of having been cut by a Bronze Age axe, evidence of the clearance circa 4000 years ago of the Caledonian Pine Forest.

4. Motion 1: To approve the minutes of the Annual General Meeting held on 26 June 2013 (circulated July 2013).

The motion was proposed by Malcolm Moss, seconded by John MacDonald and 9 members voted for the motion at the meeting, with 1 abstention. Postal/proxy votes cast were 48 For; 0 Against; 3 Abstentions.

5. Motion 2: To receive and adopt the Report of the Directors and the Annual Accounts for the period ended 31 December 2013 together with the Report of the Auditors thereon.

The motion was proposed by James Holm, seconded by Graham Phillips and was carried unanimously by the 10 members who had not voted before the meeting. Postal/proxy votes cast were 51 For; 0 Against; 0 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.

The Chairman, Colin Lawrence, reminded the meeting that the Board had investigated the possibility of appointing a local firm and had concluded that, as the annual audit is funded by E4A 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 Graham Phillips, seconded by John MacDonald and was carried unanimously at the meeting. Postal/proxy votes cast were 46 For; 2 Against; 3 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. A share interest statement will be provided with each cheque payment.

The motion was proposed by Malcolm Moss, seconded by James Holm and was carried unanimously at the meeting. Postal/proxy votes cast were 48 For; 1 Against; 2 Abstentions.

8. Motion 5: To authorise the Co-operative's Board to make interim payments of share interest.

The motion was proposed by James Hooper, seconded by Mike Edwards, and was carried unanimously at the meeting. Postal/proxy votes cast were 49 For; 0 Against; 1 Abstention.

9. Motion 6: To re-elect Graham Phillips as a Director of the Co-op.

For the record, Colin informed the meeting that Graham had stood down from his position as Chair of The Highland Council's TEC Services Committee since submitting his nomination for re-election.

The motion was proposed by Malcolm Moss, seconded by Doda Sobieniewska, and 9 members voted for the motion at the meeting, with 1 abstention. Postal/proxy votes cast were 49 For; 2 Against; 0 Abstention.

10. Motion 7: To re-elect John Whitfield as a Director of the Co-op.

The motion was proposed by James Holm, seconded by John MacDonald, and was carried unanimously at the meeting. Postal/proxy votes cast were 48 For; 0 Against; 3 Abstentions.

11. Any Other Business

There were a number of questions. Colin was asked what the community fund had supported this year, the reply to which was that the 'one-off' community development fund of £12,000 had been spent on supporting the three local primary schools and providing a portable ultrasound scanner for the Highland Hospice and that no further funds were available. In response to what the member turnover was, Colin replied that the Co-op had started with 528 members and currently had 524, so had only lost 4 members, significantly less than 1% to date, which was very good. Finally, Colin was asked what implication there would be following a Yes vote for Scottish independence in September. Colin replied that there were likely to be implications, but that it was not yet clear what they would be. Graham Phillips added that at a recent Scottish National Party (SNP) conference, it had been confirmed that a future Scottish government would take on existing obligations from the UK government.

The meeting closed at 8 pm.

Signed as a true record of the meeting:



Colin Lawrence
Chairman