

# 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 29 June 2011 at 6.30 pm

**Present:** 7 Members; 1 Partner/Guest; 5 Directors; 1 Falck Renewables Wind Ltd Representative.

**Voting:** Postal (including electronic) votes were received from 77 Members, including 6 appointing the Chairman to vote on their behalf.

**Apologies:** Apologies were received from Director George Potts and Bruce Field.

### 1. Introduction

The Members were welcomed by the Chairman, Colin Lawrence, to the third AGM of the Kilbraur Wind Energy Co-operative (KWEC).

### 2. Chairman's Presentation

Colin reported that there had been significant changes affecting the Co-op Board. Paul Phare of Energy4All (E4A) had left the Board in 2010, and his role as Administration Secretary had transferred to John Whitfield. Paul had undertaken these duties as part of his E4A employment, and his departure had resulted in the transfer of a substantial workload. Colin also reported that Bruce Field and Tom Robinson, the remaining founder members of the Co-op, were standing down and not seeking re-election. He thanked Bruce and Tom for their hard work and commitment to the Co-op during the past three years and particularly for their contribution to the launch of the Co-op in 2008. The Co-op Members joined the Board in thanking Bruce and Tom and wished them the best for the future.

Colin explained that the Board's primary responsibility is to protect Members' investments and to ensure that their return is maximised. To this end, the Board had introduced arrangements for financial monitoring, risk assessment, performance monitoring and expenditure control. He also outlined the project work undertaken with the outreach funding provided by E4A.

Colin stated that the Co-op was able to offer Members a dividend of 6.7 per cent for the 2010 financial year. This had been achieved against a background of the lowest UK wind speeds on record.

Colin informed the AGM that documentation for the extension share offer had been finalised, and that the offer would be available to existing Members of the Co-op on the same terms as the original offer on the following timetable:

7/8 July	post offer letter to Members
11 July	share offer opens
8 August	share offer closes
15 August	purchase investment from Falck
31 August	issue share certificates

### 3. Presentation by Euan Fraser (Falck Renewables Wind Ltd)

Euan opened his presentation with an update on the operations of Falck, one of the largest independent renewable energy companies. Euan then summarised the operation and performance of the Kilbraur Wind Farm and confirmed that 2010 had been a very poor year for wind for many operators. Overall, Kilbraur had experienced only 88% of the wind expected and had achieved production levels of around 80% of the 'P50 budget' (the level expected to be exceeded 50% of the time in the long run). Euan outlined the work that had recently been undertaken to independently review the budget figures, which had concluded that the budget was based upon supportable baseline figures. Euan also noted that Falck continued to improve how the performance and operation of the wind farm was managed and had increased the in-house capacity in their Inverness office.

Euan noted that 2010 had seen a major improvement on the availability of the wind turbines, achieving nearly 97% availability for the year overall. This had been achieved by working closely with the turbine supplier, Nordex, whose operation and maintenance contract runs until 2014 with a potential 2-year extension. Early problems associated with initial configurations of the yaw gear boxes, possibly due to the higher turbulence affecting some of the Kilbraur machines compared with the industry norm, had been resolved.

In the last 17 months, the grid had been unavailable for a total of only 36 hours due to maintenance and short shut-downs, a total considered to be very low for this length of time, in particular considering the amount of work currently being undertaken to the grid associated with new wind farm development and the upgrading of the capacity of the grid.

Euan concluded with a summary of progress on the wind farm extension with 4 of the eight new turbines already commissioned and the others due to be commissioned in the next few weeks.

### 4. Questions

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

Q: Recent media reports had noted that wind farm operators were paid on occasion to shut down and to not generate electricity – had this affected Kilbraur?

A: Yes. In 2 recent instances, the grid operator, National Grid, had instructed various wind farms in Scotland to stop supplying electricity to the grid due to over-supply. On the first instance, Kilbraur was already off-line, so had not received any payment. On the second, Kilbraur has received a payment for being off-line for around 5 hours.

Q: How was the level of payment determined?

A: A complex formula, based upon available generation capacity at the time leading up to the shut-down (which varies much more for a wind farm than a conventional fossil-fuelled power station) and the forward bid prices for electricity that had been provided.

Q: Given that the Nordex Control Centre was in Germany, and that Falck had needed to work harder than expected during these instructed shut-downs, could more control of the process be brought closer to the operations at Kilbraur?

A: Falck were constantly reviewing how to improve the efficiency of the day-to day operations and were looking to minimise the 'chain of command' in the entire price-bidding, electricity supply and incident reaction process. Much work is planned by National Grid to strengthen the capacity and robustness of the grid, particularly in northern and central Scotland, to cope with the large developments in renewable energy proposed over the next few years. The issues were not unique to Kilbraur and Falck would work with all of the parties to improve the system.

Q: Was the name change to "Falck Renewables Wind Ltd" linked to plans for Falck to expand into other parts of the renewable energy industry, such as solar photovoltaic?

A: No.

**5. Motion 1: To approve the minutes of the Annual General Meeting held on 23 June 2010 (circulated July 2010).**

The motion was proposed by Mr Jonathan Tanner and seconded by Mrs Anne Robinson, and was carried almost unanimously at the meeting with one abstention. Postal/proxy votes cast were 65 For; 0 Against; 12 Abstentions.

**6. Motion 2: To receive and adopt the Report of the Directors and the Annual Accounts for the period ended 31 December 2010 together with the Report of the Auditors thereon.**

The motion was proposed by Mr Michael John Edwards and seconded by Dr Alastair Gilchrist, and was carried unanimously at the meeting. Postal/proxy votes cast were 74 For; 1 Against; 2 Abstentions.

**7. 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 Mrs Anne Robinson and seconded by Mrs Isabella Gilchrist, and was carried unanimously at the meeting. Postal/proxy votes cast were 74 For; 0 Against; 3 Abstentions.

**8. 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 Mr Jonathan Tanner and seconded by Mr Michael John Edwards, and was carried unanimously at the meeting. Postal/proxy votes cast were 74 For; 0 Against; 2 Abstentions.

**9. Motion 5: To approve the distribution of £500 of the £1,500 savings in Directors costs for redistribution annually by the Board in the form of additional responsibility payments to Directors.**

The motion was proposed by Mr Jonathan Tanner and seconded by Mr Michael John Edwards, and was carried unanimously at the meeting. Postal/proxy votes cast were 71 For; 4 Against; 2 Abstentions.

**10. Any Other Business**

Mr Michael John Edwards noted that he had not been aware of the co-operative's development fund until the note relating to the work carried out with the three local primary schools had been circulated. He fully supported this sort of initiative and asked for further details of the size of the fund and future plans. Colin replied that the fund had been set up with £12,000 from E4A over the first 3 years of the co-operative and noted that the balance was in the process of being distributed to support the purchase of a mobile ultrasound scanner for the Highland Hospice. If members wished to continue this work, which would need to be funded from the annual share dividend, then a Member motion would need to be submitted to the 2012 AGM. It was noted that the work to date with the primary schools and the Hospice had taken a large amount of time and effort to coordinate and ensure that the correct process was followed and that any future work would need to consider the logistics carefully.

Dr Alastair Gilchrist initiated further discussion relating to the Kilbraur Windfarm Community Benefit Trust (KWCBT). Colin pointed out that the Trust operated entirely independently from KWEC and was of a different scale, with an annual budget of around £95,000. In response to Member comments to the effect that information about the KWCBT was difficult to access, Colin undertook to pass these comments on to the KWCBT and to offer KWEC's website as an additional means of publicising the KWCBT's activities. Euan noted that Falck kept a 'watching brief' on the fund, but was careful not to interfere with their independence. Euan would check how the fund publicised awards and report back to KWEC.

The meeting closed at 8 pm.

Signed as a true record of the meeting:



Colin Lawrence  
Chairman