



AWESOME ENERGY (DALRIADA) LIMITED

# ANNUAL GENERAL MEETING

SATURDAY 16TH MAY, 2020



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# Agenda

- 1) Welcome and apologies.
  - Briefing on the key points of using the webinar
- 2) Approval of previous minutes.
- 3) Actions arising from previous minutes.
  - a. Resolution to allow the unapproved minutes (draft) to be circulated to Shareholders within a month of the AGM (this can only be voted for in person)
- 4) Reports for the year
  - a. Chair
  - b. Company Secretary
  - c. Finance
    - i. Adoption of accounts for year
    - ii. Resolution to pay shareholder Interest
    - iii. Resolution to allow the option to convert interest to shares
  - d. Operations
  - e. Resolution to pay community benefit
- 5) Results of Directors' Ballot
- 6) Any other business

# Business Summary

## Highlights:

### Our First Full Year of Generation

- Was a time for consolidation and celebration
- We turned our Retained Reserves from negative to positive
- 2 years ahead of schedule and one year ahead of last year's predictions we are in a position to recommend a payment to the Community Benefit Fund
- ANM mothballed as we have resolved the Grid Curtailment Challenge
- We saw another change of personnel at the accountants, yet more time spent getting everyone to the same level of awareness
- We spent even more time learning about the nuances of being a Community Benefit Society
- We exceeded generation targets by 23.6%

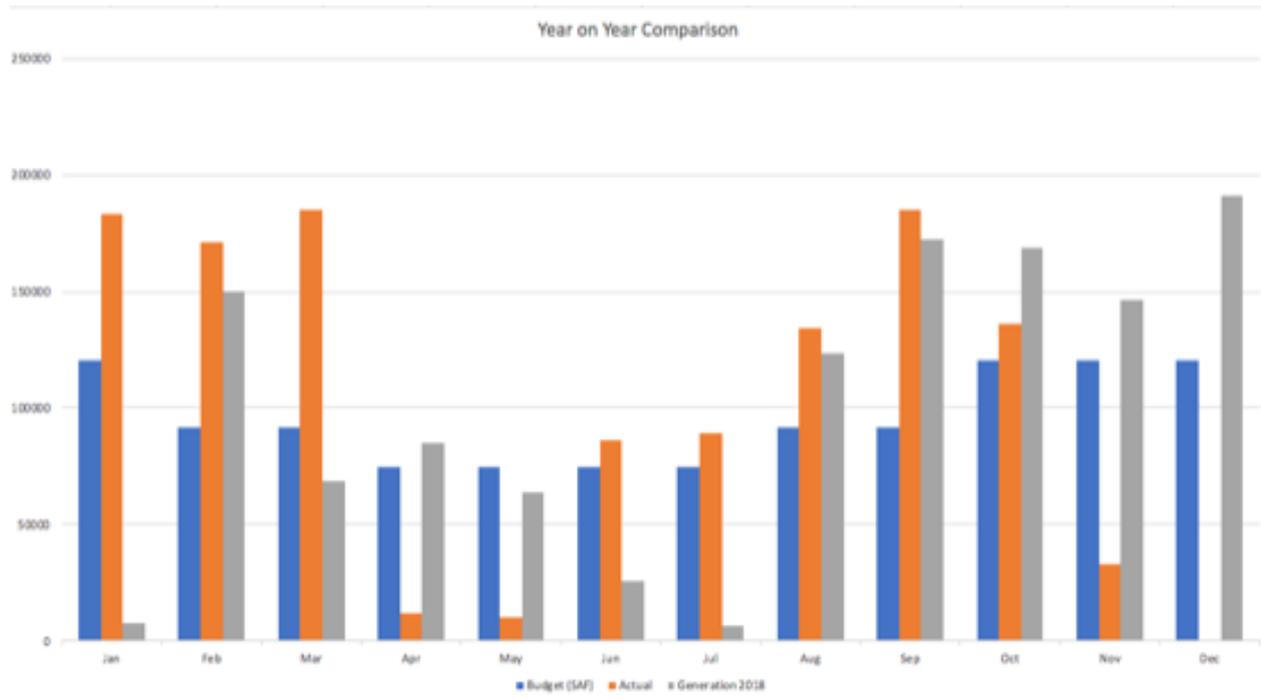
### Community Benefit Society

- Awesome Energy (AED) is a Community Benefit Society  
– Regulated by FCA not Companies House
- Community Benefit Funds are paid from Unallocated Retained Reserves and can be rolled forward
- Shareholder led and driven
- Shareholders are paid interest not dividends
- Board of 12 comprised of 9 elected Directors and 3 DIG appointees

# Business Summary

## Operations

We generated in every month but not as planned, for this reason your Board is still using Low Flow Data P50 (LFDP50) as its basis for forecasting and planning. It is too soon to change the forecasts as the data does not yet justify moving away from LFDP50.



## Turnover

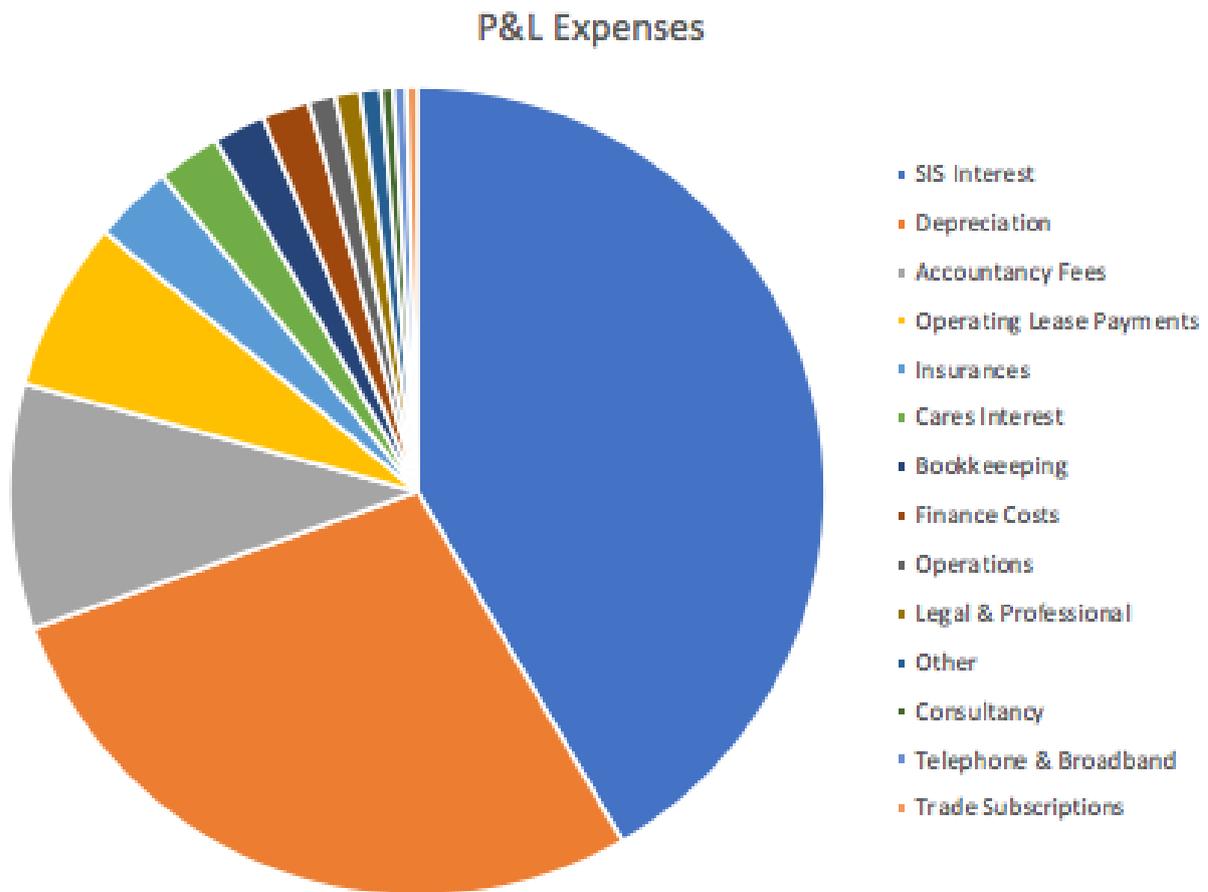
*Please refer to full accounts for details*

Income	£
Sales	291,829
Grants	1510
Total	293,389
Costs & Expenses	£
Active Network Management	13,722
Civils & Turbine Costs	(2,282)
Cost of Goods Sold	259
Administrative Expenses	210,309
Total	222,008

# Business Summary

## Expenses

Our biggest expenses were interest payments to Social Investment Scotland and Depreciation charges. Accountancy Fees were higher than usual due to a Project to assess our Capital Allowances and some fine-tuning of accounting. Other totals £1884 and includes items such as postage, Bank charges etc (all costs under £750)



## Business Risks

- Debt Management ... loans are currently repaid at a rate that requires a large lump sum repayment in year 13
- Business Rates ... currently in receipt of 100% rate relief
- Energy Price Fluctuation (Grid Purchase Price) ... currently at an all-time low
- We will have to pay tax in the future due to part of the cost of constructing the plant not qualifying for full Capital Allowances.

# Business Summary

## The Board

- Thanks our funders, investors, Innogy, CINK, and SSE who have all offered support and assistance over the year
- The Board particularly thanks SSE for their assistance with the Grid Curtailment solution
- Recommends payment of 4% interest to Shareholders
- Recommends a Community Benefit Payment of £6,256

# Chair's Report

Given the constraints resulting from the Covid-19 pandemic, the Board had to respond very quickly to looking into how to handle this year's AGM. Initially, we looked at postponement as being a possibility. Bearing in mind that our regular Board meetings are held using the Zoom platform, facilitating the participation of Board members in the London and Liverpool areas as well as locally, it was proposed that we should look into the feasibility of using Zoom to enable holding the AGM remotely on the originally-agreed date.



Carol Thomas undertook the research into this, and the fact that we are using this facility today is down to her hard work. Assuming this meeting works well, it is very likely that we will attempt to use a similar vehicle as an adjunct to physical attendance in future years, thus enabling more shareholders to attend.

This is probably also a good moment to remind everyone that AED is a BenCom, i.e. a Community Benefit society, and as such is governed by the rules of the FCA (Financial Conduct Authority), not Companies House.

Thus, our Shareholders are paid Interest on their investment, not Dividends, and Community Benefit is paid out of AED's unallocated retained reserves.

The year to 30th November 2019 covers Awesome Energy's first full year of generating electricity. This should be borne in mind when performance comparisons are made, as should the fact that all the projected generation data is based on low-flow numbers.

I'm going to run through the highlights of the year, which will be expanded on in more detail by my fellow Board Members.

Our open share offer (which is still running) has attracted further investment, both from existing and new investors, and we have issued a further £52k of shares.

# Chair's Report (cont'd)

Our turnover is up 46%, which is particularly impressive when taking into consideration several prolonged periods of dry weather, during which we were unable to generate for a total of 61 days, but we did manage to generate every month, albeit occasionally at a reduced level.

However, we were able to turn this to our advantage, because with the turbine shut down, the specially-designed elbow valve lying above the hydro intake was successfully put through its paces, and ensured that the village water supply was kept fully running throughout the 45 consecutive days during summer when the river level was too low for the Hydro to operate. The turbine shutdown also allowed for some essential maintenance work to be carried out.

The first service by CINK, the turbine's manufacturers, was carried out in May 2019 and the opportunity was also taken to retrain the local volunteers tending to the turbine on a daily basis.

You are aware that we were able to start generating because of our Active Network Management System, which meant that we shared Grid Capacity with Innogy. The system and process were complicated and expensive to install and expensive to run on an annual basis.

I am pleased to report that thanks to some innovative work on the part of SSE and Ricardo, supported by SHEPD and Innogy we have been granted a full Grid Licence of our own (thus resolving the challenges of grid curtailment) and the ANM system is now mothballed.

This allows us to continue depreciating the system as previously planned, but saves us just under £14k per annum in service charges.

Accelerated Loss of Mains changes are in the pipeline for the year 2019-20 and a full grant has been secured.

# Chair's Report (cont'd)

Before handing over to our Company Secretary, I would like to thank:

SIS

Ricardo

Innogy

CINK Turbines

SSE, particularly for resolving our grid curtailment issues

Twin Deer Law

Armstrong Watson

Cavetta Consulting

and finally, but by no means least, the AED Board of Directors, which has continued to work incredibly hard throughout the year to ensure the smooth running of this company. Particular individual thanks are due to Carol as project manager, Andrew as Treasurer, Peter heading up the ops. team, Sam Marshall as Company Secretary.

# Company Secretary's Report

It has been a busy year here at Awesome Energy. There have been some challenges, some head scratching, some confused looks between board members but as a team we have pulled together and overcome! At the heart of everything we do is you, the shareholder.



We always have an eye on how our decisions will impact the community benefit and when we have to discuss the nitty gritty of the business and make decisions that will reverberate for years to come, those decisions are taken based on what is best for the Community.

Last year's AGM covered the first 10 months of generation. This year we can report on a full 12 months.

In last year's report I looked forward to a steady 2019/20 learning from the lessons we had been presented and building on our experiences to maximise our revenue. I mentioned that 6 letter word "Brexit" and posed the questions that were on everyone's lips – When?

I said that I did not have a crystal ball and could not envisage what the year ahead would hold but goodness, I never could have imagined the year we'd had.

So here we are, reporting on the company to November 2019. Brexit has still not happened (although I'm sure that my 2021 AGM report will be different).

We have exceeded our generation budget, which is good news for everybody

We closed out the 2nd share offer and have converted that to an ongoing share offer whereby anyone can purchase shares at any time. We always reserve the right to decline an offer but on the whole investment at this time in the project is welcomed..

# Company Secretary's Report (cont'd)

We have paid out the first lot of share interest and I hope that you will agree that we can pay out again for 2018/19 shareholders. Subject to your approval, payment will be made to the accounts they were paid into last year, so if any shareholder has changed their banking details, please get those new details over to me by email asap (sam.marshall@awesome-energy.com).

Conversely, if you are one of the small group of shareholders that have not already provided your banking details, please get in touch and let's sort this out for you.

As a team, the board has had some steep learning this year on financial impacts and we've had to make some decisions that will have far reaching effects, but we have done it with the benefit to the community as our guiding principle. It has not always been easy but as a team supporting each other we have prevailed, again, for another year.

I want to thank the board for all that they do. They are a good strong mix of people, backgrounds and experience and they all have your best interests at heart.

And finally, as I did last year, I want to thank you, the shareholders, for your ongoing faith in our expertise and ability to lead this society forward to the benefit of the local community.

Thank you!

# Finance Report

The year to end November 2019 was our first with a full 12 months of operations and, due to the high volume of rain and the hard work of our team in Dalavich, it was a very successful one.

As shown on page 3 of the accounts, turnover rose by some 46% to £239,339 partly due to the 2 additional months of operation but mostly due to performance way ahead of budget as the rain fell and the plant was kept in full operation.



Cost of sales, however, actually decreased by over £15,000 to some £11,700 and, despite the 20% longer period of operation, administrative expenses only rose by some 15% to £210,309 resulting in a profit for the year of £71,331 compared to the loss of just over £7,000 last year.

Full details of these figures are set out on page 15 of the accounts.

The reduction in cost of sales is the result of two main items – ANM Service Agreement costs and Civils and Turbine costs. Throughout the year, your board has been investigating how ANM (“Active Network Management”) costs could be minimised leading to the position that we have now reached agreement with SSE that the ANM system can be mothballed and that the service agreement can be terminated. This is partly reflected in the reduction in cost reported in the current accounts and, going forward, this cost will now fall to zero resulting in a significant improvement in profitability.

The reduction in Civils and Turbine Service costs reflects lower than forecast costs during the year of only some £1,098 plus the decision not to undertake “pigging” of the pipeline during the year which has allowed us to release an accrual of £3,340 made last year for this anticipated expenditure. Civil and turbine service costs will vary from year to year as pigging and major items of expenditure on the turbine and the generator arise but our initial experience from the relatively short time that the scheme has been running gives us hope that these costs may be less than previously forecast.

# Finance Report (cont'd)

As noted above, Administrative Expenses only rose by some 15% compared to the 20% longer period of operation. The two figures are not directly comparable however in part because we have been advised by our accountants that, rather than including a provision for future major sinking fund costs in Administrative Expenses (as we did last year), these costs should be provided for by creating a separate Major Sinking Fund reserve.

Accordingly, instead of creating a £5,400 provision as originally intended we have, as shown on page 15, added back the £4,550 provision charged last year. Looking at the other main costs, Depreciation shows the 20% increase reflecting the longer period of operation, and Operating Lease payments to the Forestry Commission – which are set at 5% of sales – increased by almost 48% to some £14,600 reflecting the increase in Sales between the two years. On the other hand, it can be seen that total interest costs for the year were only 7% higher (£94,728 compared to £87,181) than in the previous year reflecting the repayment of the smaller of the two CARES loans and the replacement of the other one with cheaper debt from SIS.

Reported Accountancy fees rose by some £15,000 to over £21,000 which partly reflects a one-off charge of some £4,800 in respect of the work done during the year to establish the level of the capital allowances that we can claim in order to minimise future tax payments. In addition, the figure also reflects costs incurred in connection with the 2017/18 accounts but not included in the figures reported for that year. Adjusting for these two items underlying accountancy fees were some £10,000 and going forward we would hope that, as our operations become more routine, we should not see significant increases from this level.

Returning to page 3, it can be seen that net result of the income and costs was a profit of £71,331 which has eliminated the brought forward loss from last year of £41,155 leaving the company in a position not only to pay a full 4% interest to shareholders (amounting to £13,970) but also to have positive retained earnings at the year-end of £16,206.

# Finance Report (cont'd)

As shown on page 5 of the accounts, the retained earnings are split between Other Reserves of £9,950 (representing the Major Sinking Fund reserve created in place of the previous provision) and the balance on the profit and loss account of £6,256. The Major Sinking Fund reserve will be reviewed annually but will be expected to increase by way of regular annual additions and to then be utilised as major expenditure is required on the scheme in particular regarding the turbine and the generation equipment. It may also be necessary to create other specific reserves in future particularly in respect of deferred tax.

The balance of the Profit and Loss account can be utilised to make payments to the Community Benefit Scheme but will also be required to cover other eventualities and any payments will be dependant on our cash position at any time. Accordingly, it is expected that the board will usually not be in a position to recommend the disbursement of the full amount to the Scheme. This year, however, in the exceptional circumstances resulting from Covid 19, the board is recommending that as much as possible – i.e. the full £6,256 should be paid out to the Scheme subject to shareholders consent.

Andrew Swann – Treasurer

2nd May 2020

# Operations Report

2019 was a successful year operationally with output 23.6% above plan. This was due to two factors. Firstly, we had good water levels due to the rainfall over which we can claim no control. Secondly our Plant operated at high levels of availability with very little of the opportunity to generate lost through other factors.



In the previous year we lost several days during the autumn where high river levels meant it was unsafe to unblock the bar screens and the plant had to be shutdown. This year we were able to avoid this happening and take advantage of all the high flows during the autumn and winter months.

Summer generation was largely maximised, but it became quite labour intensive with multiple operator visits needed to manage the powerhouse temperatures during hot weather with high water levels. As a result, Campbell of Doune have been asked to design additional ventilation to minimise this.

CINK carried out a full service in May and carried out refresher training for the operators to the team. The service for 2020 has been delayed due to the Covid-19 emergency but it is booked for the earliest possible opportunity and our warranties are unaffected.

CINK have also assisted us to get grants to install mandatory improvements to our accelerated loss of mains. Basically, the network operators have raised the standards they require from generators to automatically protect the network. Some grants were available and with technical assistance from CINK we have been successful in obtaining the full cost of the upgrade which will be carried out at the same time as the service.

Finally, I am happy to report that through continued discussion with our friends at SSE we have been able to discontinue the use of the ANM system to control the grid input in partnership with Innogy. This removes significant operating costs for us and puts us in a much better position going forward.

# About Us



## Sheila Clark – Chair, Elected Director & Founder Member

Sheila's background is in Modern Languages, curation of prehistoric artefacts in the museum environment, and Heritage Management.

She is a field archaeologist working within the Heritage Management Team in Historic Environment Scotland (the Scots equivalent of English Heritage and Cadw) and has over 25 years' experience in the area of producing field reports on Scheduled Monuments of National Importance, field survey projects, guidance papers on managing land to protect the historic environment, and archaeological management plans for Forestry Commission Scotland.

She has worked extensively alongside FCS and private commercial forestry companies, as well as SEPA, SNH, RSPB, NTS and other organisations, has served on the Perth & Argyll Regional Forestry Forum, and has occasionally attended meetings of the Scottish Forestry Forum. She has lived in Dalavich since 1988 and was a founding member of the Dalavich Improvement Group.



## Chrissie Sugden – Elected Director & Minutes Secretary

I have 22 years experience of working in community groups, and was Chair of Dalavich Improvement Group for 3 years. I was intimately involved in developing the hydro project and saw it through many highs and lows. I co-wrote the Awesome Energy Business plan and Share Offer document. I am also AED's book keeper.

I feel proud that the hydro will be producing clean energy long after I'm gone. Working towards a better future for my grandchildren is a great anti-dote to despair about the state of the world. As a director, resident and shareholder I am keen to ensure that Awesome Energy delivers benefits to both shareholders and the community without compromising the ongoing success of the business.



## Carol Thomas – Elected Director & Hydro Project Manager

Carol moved to Dalavich in 2012 after a long career in Supply Chain Management, Business Development, and Business Consultancy.

She is an experienced Project and Business Manager having managed, amongst other things, a multi-national cross-functional team implementing complex software in conjunction with building a

second manufacturing plant in the highly regulated Nuclear Pharmaceutical Industry. She has led several process improvement projects; delivered change management; coached and trained people in all aspects of Supply Chain and Project Management in blue chip companies in Food & Beverage, Pharmaceutical, Heavy Industrial, and Research companies. In addition to her work-based expertise, she is also a local business owner, served for 28 years as a volunteer Leader with the Scout Association, and has a keen interest in wildlife, ecology, and sustainability. She joined the Hydro Project Team in 2014 and has worked tirelessly since then to make the scheme a reality. Carol says: "I want my descendants to know I did my best to make a difference, I see the Hydro as an opportunity to make a positive contribution both locally and globally and besides I enjoy making things happen and I have a warped sense of fun!"

# About Us (Cont'd)



## Andrew Swann – Treasurer & Elected Director

Born in Scotland in 1952, I completed my education in England and took a degree in Natural Sciences at Cambridge. I then worked for 33 years in the banking industry rising to board level. My final position was as a director of Alliance & Leicester Commercial Bank where I created their Corporate Banking Division establishing a series of project finance and

asset finance operations including a Renewable Energy Finance team.

Retiring in 2007, I am active as the treasurer and trustee of a number of local charities, including Age UK Buckinghamshire, and a small national charity – The Autism Research Trust. I am also active in the Scout Association and I am a keen hill walker. Although continuing to live in Buckinghamshire, I visit Scotland several times each year. I have been pleased to be able to put my financial expertise to good use in the establishment of Awesome Energy (Dalriada) Limited and I will be happy to continue this.



## Peter Thomas – Elected Director & Founder Member

Peter has been resident in Dalavich since 2012. In 2016, he retired from his job as a Process Engineer for Thames Water, where he worked on the sewage side of the business and now lives full-time in Dalavich. At Thames Water he was heavily involved in a professional capacity

improving the generation of electricity from waste materials and was actively involved in the commissioning of several Combined Heat & Power plants.

He brings a wealth of technical expertise and capability and has been a valuable member of the Design Team and more recently in Operations where he leads the team in standard and non-routine maintenance. A Polymer Rheologist by background, he is a keen mountain and climbing enthusiast, a qualified Mountain Leader, and has a strong interest in sustainability and ecology. Peter is keen to see the Hydro continuing to generate energy and wealth for both the community and the investors.



## Michael Odumosu – Elected Director

As a seasoned management professional with 20+ years in project management, I offer a consistent and impressive track record of successfully completing projects on time and under budget. I also have a history of helping companies streamline processes on an ongoing basis to continually

improve efficiency and effectiveness. I am confident that the skills and experience I bring to the table are a perfect match for the position at AED's Board membership.

I have spent the majority of my career in the information technology field with extensive experience in staff training and development. I have managed well over 250 + staff throughout my career. I possess a vast amount of knowledge about the most effective ways of guiding teams to meet ambitious project milestones and targets on time and within budget. I am process-driven and meticulous in my approach to leading teams and meeting targets.

# About Us (Cont'd)



## Libby Foy-Lowrey – Elected Director

Libby has lived and worked in Dalavich since 1996. She owns and operates the Dalavich Village Shop & Wild Rowan Cafe' and is the Post Manager of Dalavich's sub post office. She holds an Associate's Degree (AAS) in Applied Science & Liberal Arts and a Bachelors of Arts (BA) in Education and Psychology from the Universities of New York at

Binghampton and New Paltz.

She worked for Forest Holidays from 1996-2009. For the majority of this time she was Site Manager at Loch Awe Cabin Site. She has been and continues to be involved in many other aspects of the community. She was a member of Dalavich Social Club management committee from 2001-2012 and is a founding member of Dalavich Improvement Group and currently an elected DIG board member. She has been an elected AED board member since 2017.



## Adrian Shaw – Elected Director

Adrian Shaw is the Climate Change Officer for the Church of Scotland. Current work interests include climate justice, the transition to a low carbon economy and fossil fuel divestment. He was company secretary of Eco-Congregation Scotland, and a founder director of the

Dalavich Improvement Group; he is currently a member of the World Council of Churches Climate Change Working Group and Conference of European Churches thematic group on economy and ecology. He previously worked for Argyll and Bute Council and has degrees in geography from the Universities of Cambridge and Toronto.



## Sam Marshall – Company Secretary & Elected Director

Sam is a local businesswoman based in Lochgilphead. She was elected to the Board in 2018 having followed the progress of the River Avich Hydro scheme through social media before moving to Argyll in 2017.

Her background is managerial and educational. She currently works to represent the views of the Third Sector organisations throughout Argyll at government level, having previously supported the senior community to reduce social isolation. Sam is passionate about community and making the best of every situation. She is delighted to be a member of the board.

Sam is in awe of the wonderful nature all around her and grateful to be contributing to a community based renewable scheme.

# About Us (Cont'd)



## Agnes Fleming - Chair Dalavich Improvement Group (DIG)

Agnes has lived in Dalavich for 10 years and currently works for Argyll and Bute council managing the systems development group. She is a certified project and programme manager with over 20 years' experience successfully delivering large scale change programmes for the IT industry and local government.

Agnes has been at the forefront of the River Avich Hydro Project from its inception. Around 8 years ago she made the first enquiries into the feasibility of developing a hydro scheme for the local community, She lives and works in Argyll so being involved in something that directly benefits the community is a driving force for her.

Agnes said "The decision to invest in the project was easy for me to make, I had seen all the desktop scenarios and am confident that I will get a good consistent return on my investment. I am really pleased I have invested in a green energy project and know that the resulting community benefit fund will help make Dalavich sustainable for the future."



## Cath Auty - DIG board member

Cath is a research scientist with a chemistry degree working for a global company. She is married with 2 children and live in Cheshire.

She is a Brownie leader and used to be a voluntary volunteer manager with responsibility for approx 600 registered volunteers across the NW, over 25 branches of a national parent support charity but stepped down from that

about 9 months ago to do more Guiding! She has always seemed to end up in the treasurer role before so it's nice that this time she hasn't because this is dealing with larger sums (which she didn't want to do)

Investing in Awesome Energy was a no-brainer for Cath. She looked at the numbers and was happy with them but more than that she wanted to put money into a green energy project and to have such a project in an area which will benefit a community that she has ties to (and that her children view as a second home) is fantastic.



## Irene McClounnan - DIG Board Member

Let us introduce Irene McClounnan. She has lived in Dalavich for 56 years now, so has just become a local! She has raised a family here and is proud to say that her great grandchildren are now being raised here. Over the years she has played a pivotal part in the development of the Dalavich Social Club and Dalavich Improvement Group.

She is a DIG representative on the AED board and is proud to have been a part of this wonderful project since its inception. She currently manages 27 holiday homes on the Dalavich Cabin Site and thoroughly enjoys welcoming people from all over the world to this thriving community.

# Webinar Hints & Tips

The AGM can be attended via ZOOM Webinar. Your invitation is unique to you and should not be shared.

Please note that only one vote can be registered against one email address.

If there are two or more people watching on the webinar using a single email address, they will only be able to cast one vote, we apologise for any problems this may cause you.

The meeting will be opened for access from 13:50 onwards.

When you login to the webinar using the link your webinar confirmation gave you, you will go into a waiting room, we will admit everyone as quickly as we can, please wait patiently.

If you have any problems getting in, please send a high priority email to info@awesome-energy.com as we will monitor that email address throughout the meeting.

We will lock the webinar once the AGM has started properly, in which case if your connection fails, or you inadvertently disconnect yourself you will not be able to rejoin. This is a security measure advised by Zoom to prevent unauthorised access to the webinar.

**PLEASE REMEMBER THAT THIS MEETING WILL BE RECORDED**

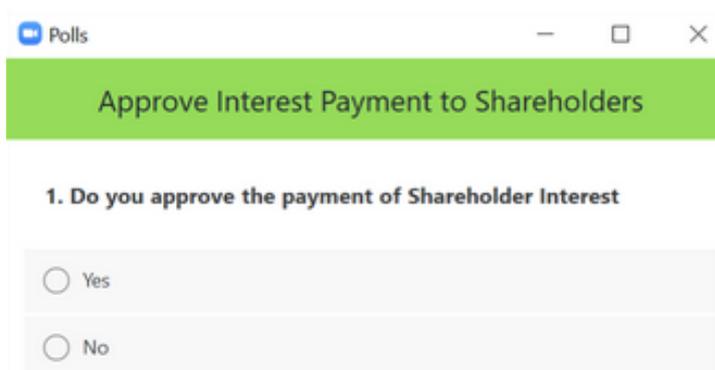
# Webinar Hints & Tips

Once in the webinar please check that you can see the polling, chat, 'raise hand' and Q&A buttons.



## Polling

Respond to polls throughout the meeting



## Chat

Communicate informally with all participants

## Raise Hand

Show your consent for matters arising in the meeting

## Q&A

Use this to ask formal questions during the meeting.  
These will be recorded but the chat will not.

**PLEASE REMEMBER THAT THIS MEETING WILL BE RECORDED**

# Project Supporters

Awesome Energy gratefully acknowledges the support and funding given to them by the following people and organisations

Local Energy Scotland, with special thanks to Iona Hodge

Argyll & Bute Council

Dalavich Improvement Group

Michael Russell MSP

Brendan O'Hara MP

Community Shares Scotland

Co-Operative & Mutual Solutions

Gregor Cameron Consultants

Forestry Commission Scotland

Ricardo Energy

DA MacDonald

Campbell of Doune

