

BOARD MEETING MINUTES

Meeting Type: Board Meeting #042, Covering December 2020

Participants: Sheila Clark – Chair
Andrew Swann – Treasurer
Peter Thomas – Operations
Carol Thomas – Projects & Finance
Chrissie Sugden – Bookkeeper
Samantha Marshall – Company Secretary
Michael Odumosu
Cath Auty

Details: 15th December, 7:30 PM via Zoom Meeting

1) **Apologies** – Adrian Shaw

2) **Approval of previous minutes**

- a. #041 – November Board Meeting
Proposed by Sheila and Seconded by Chrissie

3) **Matters Arising from Previous Meetings**

- a. Sam – update on EConnect Map
Sam to contact them tomorrow.
- b. Carol – update on Power for People case study
Case study conducted via interview. Carol to send document round to the Board once it has been completed.

4) **Board Decisions Made by Email**

- a. Approval of minutes #041(a) CBF Strategy Meeting

5) **Chair's Report**

- a. CBF summary
Strategy Proposals approved by DIG and AED directors.

- b. Imminent Obligations (next 2 months)

SEPA abstraction report in Jan, PAT testing of electric Feb,
New Operating Budget by 6th Jan, Quarterly reports to SIS.

6) Communications since last meeting

- a. SSE re planned outages
- b. SIS re accounts and reports
- c. Johnny Bell re various queries
- d. FiT Data request
- e. New Stream renewables Updates

We can renew the Power Purchase Agreement (PPA) now and they can move our FiT Payment provider as we are now waiting a full quarter to get our payment from the prior quarter and some providers make payments on a monthly basis. The Board can approve a change in provider if necessary, in January. We won't get as much in PPA income next year as we have currently.

- f. Cashflow Modelling – Chrissie, Adrian and Carol tested the model.

7) Company Secretary Report

- a. New Share purchases

We made a payment of £60,000 to SIS on 05/06/20 since when we have new share investments of £38,750. In November 2020 we had £16,000 in additional share purchases.

8) Finance Report

- a. Bank Balance

Cash on hand at Triodos Bank today = £ 324,962.08

Cash on hand at Triodos Bank 30/11/20 = 285,678.56

- b. Tax Returns

The tax returns by Armstrong Watson fully reflect the work that Cavetta Consulting did. HMRC have had the Cavetta information for 12 months and they only have 12 months to raise objections and haven't done so. The result is that this accelerated the tax allowances in relation to Civils work, so the money we spent on Cavetta was well spent. This has been added to the cashflow model.

c. Year-End Provisional

Generation for year to 30/11/20 = 1,715,480 (150% of plan)

Generation income for 2019/20 = £363,608 (149% of plan)

d. Cashflow Management

Thanks to all who gave feedback on the model. Andrew to feed back into the model the results of the audit procedure, then give consideration to PPA agreement and think about timing of the receipt of payments like FiT. At a board meeting nearer to AGM Andrew will put forward proposals of what we want to pay.

Question is how much do we pay out to CBF and how much of loan should we prepay at this point? Andrew confident that we'll be able to pay 60% of pre-tax profit year end November, at the AGM for Community Benefit Fund, £70-75K but we need to see the audited accounts before we can make that decision

In addition to that we can pre-pay £100-£150K of loan. Currently, because of the new share capital coming in, we are paying twice, 4% on shares and 7% on the loan. Andrew suggests that we immediately pre-pay £50K of the loan and then make a further payment once we have the annual accounts.

Unanimous approval from Board members to pay £50K to SIS as prepayment of the loan by the end of December 2020.

e. Budget Decisions

Do we stick with low flow data P50 in the cashflow model or do we uplift it by 15% consistent with long term cash flow forecasting? Do we want to go to SIS and say our budget is 50% lower than current results and 15% than numbers we are using for long range forecasting, or do we uplift them a bit to reflect what we genuinely expect to generate?

Comment from Adrian: If over the past three years we have been experiencing 15% above low flow expectations that would be reasonable grounds to up our expectations. However, weather in Argyll is fickle and rainfall and runoff can vary by a substantial margin from month to month and from year to year

so there are no guarantees that river flow will continue at present levels. In a wet year we might exceed expectations but in a dry year fail to achieve an increased target. We could cross check against Met Office figures for the past three years, but I can't do that before the meeting tonight.

I suspect current levels may well continue but it can't be guaranteed. Every additional year's data will give us more confidence, but three years is not really enough to be certain.

Percentage Over budget

Year 1, (10 months), 105% of low flow

Year 2, 124% of low flow

Year 3, 150% of low flow

Peter: 3 years is not enough information to be certain but if we put it up this year, we can always take it down next year.

Board Approval – to increase generation budget by 15%

Carol: Proposing to put £4500 to pigging/riverbed management, into the budget and the Foundation Scotland fee.

Andrew: Where are we with the PPA at the moment?

Comment from New Stream Renewables via Carol:

“We have in fact been looking at your renewal today following improving market moves, please see below indicative PPA rates,

12 Month PPA

£50.30

100% GDUoS at Est. £12.15

Total: £62.45/MWh”

So, we are 5% down on Power Purchase Agreement (PPA) but it won't make a dramatic difference to the budget.

All we can do is take their advice on whether to lock in for one year or two years; they suggest one year.

We are owed £63959.87 from the next FiT payment for generation to 1st December 2020.

9) Community Benefit Fund

a. Progress report

Avich Kilchrenan Community Council (AKCC) good discussion – they are willing to take on the management of the micro grant scheme and they are happy with the Strategy and processes as well as the performance of the Hydro.

Peter: DIG need to formulate strategies as to what they plan to do with the money coming from the CBF. DIG need a guideline about what they put in their business plan.

Foundation Scotland will give DIG an indication of how much money they will be handing over in Jan/Feb and this will help DIG to formulate their business as to what they are proposing to do with the money. DIG needs to nominate a small team of people to work on the business plan and FS have templates that DIG can use. DIG have started on some revision work on the Community Action Plan through a sub-committee that includes Chrissie, this will feed into the business plan.

10) Operational Report

a. Generation Data

Budget was 120,435 kWh, and we generated 190,000 kWh in November.

b. Maintenance and repairs

The penstock has been cleared of weeds and the leaves were cleared a few times to keep the turbine running. Greasing was done on the turbine on Sunday. The fan has been helping keep the Power House cool.

c. Old Power House

Nothing to report.

d. Safety Equipment

Still to purchase.

e. Riverbed Changes

Peter has contacted our designers (Hugh Campbell) as they have experience in hydraulics and will hopefully be able to assist us with the fact that the riverbed has changed course and there is a build-up of stones at the compensation slot and so flow is being inhibited. If it interferes with the compensation flow, we won't meet our SEPA requirements in terms of remaining flow in the river. We will either need a digger to dig out the riverbed, or we open up with weir gate and let the rubble flow down-stream. Need to talk to DA McDonald and also Bill MacRae. Winter is the time to do this and we don't want to lose any generation time. This needs to be done in early January 2021. Trout spawning in the Avich happens from November to January so we need to work around this.

f. Turbine will be shut down on Thursday between 9-5pm, curtailment down to 50kWh.

11) Any other business

Sheila – DIG can add another representative to the AED board.

Action: Sheila to bring it up at next DIG board meeting.

12) Date & Time of Next Meeting – 19th January 2021, 7:30PM

Minutes approved at Board Meeting #043 on 19th January 2021.



Signed by Sheila Clark

KEY DATES / ACTIVITIES

Month	Item	Area	Notes
January	Annual SEPA abstraction report	Operations	Starts 2019
February	PAT testing due	Operations	
February	Quarterly Reports due to SIS	Finance	Starts 2018
March	Interest Payment Report to HMRC	Finance / Co Sec	
April	Insurance Renewal Due	Admin	Needs investigating March
April/May	AGM	Legal	Started 2017
April/May	Turbine Servicing & Operator Re-training	OPs	Started 2019
May	Quarterly Reports due to SIS	Finance	Started 2018
May	FES Gross income report	Finance	Started 2018
May	SEPA Renewal Due	Finance	Started 2018
May/June	Pigging Due	Ops	
June	ICO Renewal due	Co Sec	Started 2018
June	FES rent payment	Finance	Started 2018
June	Year End Accounts due to FCA	Finance	Started 2017
June	Shareholder & Director report due to FCA	Legal	Started 2016
July	Shareholder Interest Payments Due	Finance	Started 2019
August	Quarterly Reports due to SIS	Finance	Starts 2018
August	LBTT Statement due every 3 years	Finance/Legal	Starts 2020
30 Nov	Financial Year End	Finance	Started 2016
31 Dec	New Operating Budget due to SIS	Finance	Starts 2017
13/02/23	Full electrical installation check required, due every 5 years	Operations	