



BOARD MEETING MINUTES

Date: Board Meeting #051 September 2021

Present: Sheila Clark, Chair
Andrew Swann, Finance Director
Peter Thomas, Operations Director
Carol Thomas, Hydro Project Manager
Cath Auty, DIG appointed Director
David Hardcastle, DIG appointed Director
Michael Odumosu

Pam Stansbury, Administrator

Apologies: Sam Marshall, Company Secretary

Meeting Details: Date Tuesday 21st September, 7:30pm
This meeting was conducted via Zoom and was Recorded

MINUTES

Carol opened the meeting on behalf of Sheila, who would be slightly late owing to an overrun of a previous meeting and thanked everyone for attending.

1) **Apologies**

Apologies for absence were received from Sam Marshall, who is away on holiday.

2) **Conflicts of Interest**

No conflicts were reported.

3) **Approval of Previous Minutes**

#050 Board Meeting held Tuesday 17th August 2021, at 7:30pm

The minutes of the previous meeting were reviewed with a small change to correct the Community Benefit Fund figures following Carol's meeting with Foundation Scotland. Strategic Grant to DIG £40,000, Open Grants £10,000, Education and Training Bursaries £4,500, and the Micro Grants £3,300.

The minutes were proposed by Michael Odumosu, seconded by Peter Thomas, and approved.

4) **Matters Arising not covered by the Agenda**

Accelerated loss of mains Grant. Carol has today received an email from them saying they are not happy with the documentation; the application is right and proper, but they require it completed differently on headed paper.

Action: *Carol and Pam to follow up*

Change of Registered address updates. The registered change of address has been accepted. Admin is reviewing a large amount of documentation that requires updating. Everything has now been updated on the website, except for the actual documents to download.

The share documents have been updated to include the change to the maximum investment. All standard headed paperwork has also been completed. Changes are being made to the rules, the directors pack, and the share prospectus.

Pam asked for volunteers to review documents following changes so that the directors could confirm everything was correct before they were issued. She also requested the directors check over the website. Normally this would be done by the webmaster passing it back to admin for a check, however as Pam covers both of these jobs it would mean one person doing and checking.

The share offer document needs to be amended, with one area being the director's bios on the "Who are we" section as we have had several changes recently which are not reflected in the current document. One suggestion is that we reference the directors in the pack, with a link to the current page on the website. This would eliminate the need to update the offer document each time a board member changed.

Admin will be sending a mail chimp out to notify all shareholders of the change of address.

Andrew and Cath both volunteered to review documents as and when they were prepared.

5) **Board Decisions made by Email**

Board decision to approve new pricing contract with New Stream Renewables. (See Finance report)

6) **Communication since last meeting**

List of communications received has been circulated to the Board.

Carol will review the Foundation Scotland correspondence under the agenda item.

We were notified of a distribution outage between 13th & 19th September, which not affect us as we were not generating over that period.

VAT return has been submitted and acknowledge.

The PPA renewal will be reviewed in the finance report.

Cares Conference was due at the end of September, Carol advised she would not be attending.

All other correspondence was routine and required no discussion.

7) **Chairs Report**

Resignation of Director. Sheila and Carol received an email from Adrian Shaw, who said he could no longer commit to being a Board Member purely because of the PHD he is undertaking in Glasgow. The workload is high in the first year, he felt he would be unable to focus on his degree work with other commitments. Sheila has seen Adrian since, spoken with him and thanked him for his involvement and work. He has said he is still happy to be consulted on interpreting climate and river data. He reiterated his comments at a previous meeting, that you can't read anything into a single year and if you look at the general data, we always have poor generation over the summer six months and good generation over the winter six months.

Carol advised Sheila would comment on the locking in of the PPA price agreement, which will be discussed fully in the finance section. All discussions with Foundation Scotland over the handling of the Community Benefit Fund were now concluded and would be discussed in that agenda item.

Sheila was able to join the meeting at this point. She had nothing further to add to her report, and thanked Carol for stepping in.

8) **Company Secretary Report**

Shareholders Report.

There have been no additional requests for investments or withdrawal.

The checking and updating of the registry is ongoing. The only additional item this month has been a request from a shareholder who holds shares for children to be able to nominate a person to take over in the event of his death.

Carol had previously discussed this with Johnny Bell, who had advised that we could implement this as a nomination form held on file. We would still be required to receive official notification of death and probate before we could take any action. Carol will chase this up with Johnny and may introduce Pam so that she can follow up.

The change of address has been implemented and there are many documents that need updating.

The Chair thanked Carol for the report.

9) Finance Report

Andrew reported to the board that as everyone was aware we had no significant income for the last few months, although it now looked as though we would generate some income in the last few months. He estimated that if we achieved Low Flow Data in October and November, we would end up with a loss in the region of 30 to 40,000 pounds for this financial year. This will mean that we will go into negative free shareholder funds, we will still be perfectly able to meet our obligations towards SIS and hold in reserve our next repayment of the loan. We would not however, be able to make a payment to the Community Benefit Fund.

Andrew reported that he had reworked the figures based on Low Flow Data, rather than the 115% we had been achieving and predicting. With this we would be looking at a Community Benefit Payment until 2030 of annually between fifteen and twenty thousand, partly because we are predicting less income and partly because we need to fill the hole caused by this year's sub performance.

Andrew advised that he would be working on figures and reported that the recent equity payments have been good news for the company but of course they had no effect on the Community Benefit payments as that is directly linked to retained earnings.

The plus point for the finances has been the Power Purchase Agreement, which Carol has been able to negotiate. Carol confirmed that the average price over this last year had been 4 to 5 pence, whilst the new average was 9.1 pence.

October to March, daytime is 12.15 and 8.54 nighttime.
April to September daytime is 8.89, and 7.3 night-time.

The decision to approve and sign the new contract with New Stream Renewables on pricing had been approved by interim board decision.

This is a significant difference and Andrew advised that at Low flow data this represented an additional £37,000. Following advice from NSR we locked in for a twelve-month agreement. They advised the energy market is extremely volatile at the moment and that we should fix a deal while it was rising rather than risk it dropping and missing a good deal on renewal.

David gave an insight to the current energy situation, and the problems in the industry generally with fixed price deals. They are predicting an increase in energy prices for the next nine months and recommended that if we could secure a price now, we should.

The board discussed the situation, and the effects of the current energy situation on the market.

Carol added that she would like to remind the board, that in the early days we spent a long time looking at a micro grid. This would have involved us supplying low-cost energy to the villagers when generating and buying from the grid when our generation was insufficient. With recent weather we would have been buying at spot prices and AED would be bankrupt at this point. We were well advised to steer clear of this option. Our costs would have been higher, and we would have been haemorrhaging money at this point.

We have also been paying down our loan faster than originally intended. Andrew is now intending that no additional repayments would be made prior to 2025, however that would still mean that at 2030 we would not need to refinance. Andrew will be working a new cashflow which he will circulate to the board.

Our current bank balance is £217,466.

There being no questions the Chair thanked Andrew for his report.

10) **Operational Report**

The Chair handed the meeting to Peter for the report.

Peter reported that generation was very little, there was no generation in August, we have generated in September but a small amount. We have not been in generation because the river has been very low. Whilst the area has had the odd spot of rain it has just soaked into the ground. The river level currently has risen slightly and is just at the level where it starts to operate the turbine.

Operationally there has not been much activity, other than the weir plates have now been installed, to enable us to carry out pigging and have a safe operational procedure for 80/90% of the time at all river levels. Stephen Kennedy from DA McDonalds has visited, is happy with the work and has given a hard date for the 9th May to do the pigging next year.

They have discussed the process needed to complete that. We have a bridge coming next week, which will be removable and have minimal visual impact on the site. We are currently resetting up to operate through the autumn when we will hopefully have heavy rain and lots of leaf fall to clear to keep the site running.

The pigging will mean a bill of £4000 in May next year, and the CINK service went well in August.

There being no questions the chair thanked Peter for his report

11) **Community Benefit Fund FS Contract Amendment proposal**

Carol reported to the meeting. As the board were aware the £6,256 had been spent by Dalavich Improvement Group, and only £280 had been spent on anything that could be connected to Covid relief. This had caused some consternation.

Last year Foundation Scotland were not involved. FS took a very dim view of the situation. Carol and Sheila had a meeting with them as agreed and discussed how we could ensure that Community Benefit Fund monies were spent on qualifying projects. Both the tax man and OSCR require that the money is spent on qualifying activities. This is what the Fund Managing Strategy relates to.

AED and Foundation Scotland have made no change to the Fund Management Strategy. What we have done is amend the contractual agreement between Foundation Scotland and Awesome Energy. At their advice we have made the change to both the Open Grant Source and the Strategic Fund. We have made no change to the Education and Learning Bursary, because that is managed entirely by Foundation Scotland, and we have made no change to the Micro Grants. That money is handed over to AKCC, they will be starting that very shortly and it is limited at £300, or a £1000 to certain groups.

Foundation Scotland have written into the contract between us that they must use their judgement to ensure money is being spent properly. They have put in place their existing system which they use

for every other fund they operate.

Nothing has changed from DIG's point of view. They must put together a five-year strategy when appropriate, a one-year business plan approved by its membership and where they are looking at significant projects, they will not be given the funds up front or in bulk, they will be given money on an as needed basis. They will be required to take before, during and after photos, and will be required to submit an invoice for payment, that supports the work they are claiming for. The appropriate money would then be released to pay the invoice.

There were three reasons given by Foundation Scotland for this.

DIG had done nothing to prevent the misappropriation of funds and there is nothing to prevent these same people becoming Board Members again. There was a lack of openness within the operational DIG Board last year, which meant it was not actually possible for the Directors to challenge what was being said, what was being done or how funds were being used.

Foundation Scotland does not have to implement this, if they do not think it is needed. If DIG wanted to do something small and insignificant fund wise, they could just be given the funds. If they said they wanted to spend £5,000 or £10,000 over the course of a year to recruit someone on a short-term contract, then they could be given the money upfront quarterly.

Carol hoped the board agreed that between Carol, Sheila, and Foundation Scotland we have found a solution which gave as much flexibility and ease to DIG. We haven't changed the process for being given approval for projects, we have simply changed the way the funds are released, until such times as DIG is able to demonstrate better governance than it has done.

Sheila added that in her view we have simply tightened up and waterproofed things from our end. DIG now needs to do the same.

Carol will circulate the amended agreement to the board.

The Community Benefit fund itself; the Open-Source Grant has started to request applications. AKCC will launch the Micro Grant in October, and have a Community Council of six members, the Education and Learning Bursary has already gone live. The Strategic Grant is being worked through so in theory all the grants will be live by the end of October.

Carol advised that we had, obviously brought SIS up to date, told them what had happened, and the steps we had taken. SIS's response was

that they had absolute total faith that AED's board will play by the book.

The board discussed the situation and agreed that the solution was correct and the best result in the circumstances.

12) **Any Other Business**

Peter raised one item. While at the Hydro with Stephen he took the opportunity to look at the old weir with him. Stephen agreed with Peter that the job to stabilise it was a relatively small job. The weir is not imminently unstable, however if it is low cost and would eliminate the risk to our business it would be sensible to undertake this sooner rather than wait for a collapse to happen. This is not an urgent matter and could be looked at when there were some surplus funds.

The matter was discussed, particularly related to the Forestry Commission and the supply to the water supply for the local area. Carol will discuss this with Chris Wheeling, as they do have a vested interest, even if a small one. It was agreed that this should be looked at, however it is not an urgent issue. Peter will monitor for deterioration.

Carol reported that we are now down to eight board members. She recommended that we agree to send a mailshot to our members to ask for interested parties. The new board members would be co-opted, and would need to stand at the next AGM if they wished to continue. This was discussed and agreed.

There was no other business.

13) **Date and time of Next Meeting**

The next board meeting was confirmed to be held on Tuesday 19th October at 7:30pm.

The Chair thanked everyone for attending and closed the meeting at 9pm

Minutes approved at Board Meeting #052 on 19th October 2021.



Signed by Sheila Clark, Chair.