

Minutes of Annual General Meeting 2022

Totnes Renewable Energy Society Limited Company Number 30373R [The Society]

St John's Church, Bridgetown, Totnes

Present:

Sally Murrall-Smith - Managing Director
Raymond Seager - Finance Director
Hannah Evans - Legal Director
Ian Bright - Founding Director
Will Thomas - Digital Marketing

Apologies from: Oliver Franklin - Director of Policy, Alastair Gets – Director of Engineering,
Luke Siemaszko - Project Manager

Retiring

Stephanie Burns - Legal Director

1. Review of the Year Ian Bright

Opening Remarks:

The dedicated TRESOC team have tirelessly worked for eight years to bring the vision of delivering affordable energy to local residences and businesses. Their commitment and hard work are truly commendable.

There is excitement when contemplating the future of TRESOC, driven by Sally's leadership and the collaborative efforts of our fellow directors, especially in the context of Microgrids at Clay Park, Energy Local, and the Transition Homes project.

We are pleased to announce that the board has extended an offer to Ian Bright to assume the role of Founding Director, which he has accepted, pending approval from our members. We are grateful for the opportunity to strengthen our partnership with Totnes Town Council and work alongside local schools to foster greater community engagement.

Upcoming Focus:

Looking ahead to the upcoming year, our focus remains firmly fixed on Microgrids and Energy Local. It is evident that locally sourced renewable energy stands as the most cost-effective means of supplying energy to the grid. Our involvement with Energy Local Club empowers us to export excess energy to the grid, thereby assisting other members in accessing more affordable energy.

Acknowledgment of Team:

We would like to acknowledge the dedication of the entire TRESOC team, whose diverse talents and unwavering commitment have been instrumental in our achievements:

We would also like to extend our gratitude to retiring legal director Stephanie Burns, and marketing assistant Sophie Gallemore Bird.

Inspiring the Next Generation:

In an effort to inspire the next generation, we have initiated programs to introduce children to Renewable Energy Projects. The enthusiasm displayed by the children is truly heartening, and we remain committed to nurturing their interest in sustainable energy solutions.

Mission Ahead:

As we reflect on the past year and look forward to the opportunities ahead, we are confident that TRESOC is on a path towards realising its mission of providing accessible, sustainable, and affordable energy to our local community.

2. Finance Report 2022 - Raymond Seager

The board would like to inform the members that there will be a vote later in this meeting to continue our engagement with Darnells the Accountants, as the board is satisfied with their services.

Financial Overview:

Topline turnover for the current year remains relatively unchanged compared to the previous year. There has been a slight decrease in grants income, which, although not highly significant, is worth noting.

Total turnover reflects a noticeable decrease from the previous year, mainly attributed to the decline in grants received.

Expenses:

Administrative expenses encompass the entirety of our expenditures, including a cost of sales amounting to £18,500.

The total expenses for the year amount to £44,000, including depreciation, which consistently remains at £25,800 each year.

Wages totaled just over £3,000 for the year, reflecting a minor decrease from the previous year due to Sally's voluntary reduction in her salary.

It is essential to acknowledge that additional funds are needed to achieve a profitable outcome.

The bank loan interest, amounting to nearly £7,000 for the year, remains relatively stable compared to the previous year.

Disapplying an audit

Under the rules of the society the company is able to disapply an audit of the accounts through a member vote. An audit is an expensive and time-consuming process. The TRESOC board believes that the accounts are sufficiently prepared by Darnells to support this motion. The motion will be included in the voting later

Forecast for Financial Year ending 2023

There is an increase in generation income due to improved generation from Hatchlands and Sunny Weather, however, there are two considerable expenses on the horizon, the legal case for Hatchlands and the removal of the PV system off the roof at Lescaze, with a joint cost of around £20,000. We are also seeing increases in the cost of sales and interest payments.

Share Value

Due a historical asset loss, ie due to the development costs associated with the windfarm that was not granted planning permission, TRESOC has an accounting loss of £ 191,299.

This means the current book value is 63p per share. Thus, if we allow people to withdraw shares at £1 then the last people to ask for their shares back will end up with nothing. Thus, we want to put in place a share-withdrawal strategy that is equitable and following in the footsteps of other community energy organisations, we think this financial Waterfall is the most transparent way to do this.

Financial Waterfall

The Waterfall process will determine the order of priority for disbursements to members. Rationale is to ensure that TRESOC remains liquid and so can continue working for the community. It ensures that when capital repayments are made, all shareholders of the same class are treated equally with regards to the available capital at any given moment.

1. Operating costs, including select projects in the community.
2. Bank loans and capital repayments as applicable
3. Building up realistic cash reserves for replacement items such as inverters, damaged arrays etc.
4. Bond interest & capital repayment
5. Ringfenced share interest & capital repayments as applicable
6. Share interest (if the Board elects to pay interest in a given year)
7. Share capital repayments. Please note, all cumulative repayments and processed repayment claims in a given year will be treated equally, and repayment will be made on a pro-rate basis to the amount of funds available as per this waterfall.
8. Any remaining surplus will go to community projects, re-invested in the business/further reserves or as an accelerated capital repayment as best determined by the Board.

Raising New Finance for New Projects

To survive TRESOC needs to grow and this can be achieved through new projects, however, TRESOC finances are un-attractive to new investors so new investment returns must be ringfenced. This can be done by issuing new classes of shares.

In new projects, after new investors have been paid stipulated returns, profit returns to main TRESOC pot.

Future Share Raise:

The board expresses its intention to pursue a share raise when the Clay Park project comes to fruition.

The board appreciates the members' attention to these financial matters, and we look forward to your support in the upcoming vote on the financial accounts.

3. Projects: Sally Murrall-Smith

Clay Park:

Clay Park Community Microgrid is being developed in partnership with Transition Homes Community Land Trust (THCLT). THCLT has planning permission for the construction of 39 eco-friendly homes, featuring 160 KWs of rooftop solar panels. The proposed location for this development lies between Totnes and Dartington, opposite the local church. Notably, 60% of this site is designated for affordable housing, encompassing both shared ownership and affordable rentals. The project involves collaboration with TRESOC (Totnes Renewable Energy Society), acting as the energy supply company, which has submitted applications for two grants totaling £110,000 in development funding.

Project Objectives:

The primary objectives of this initiative are to establish a new business model that collaborates with housing developers and community land trusts. This collaboration aims to increase the integration of renewable energy sources within housing estates, thereby enhancing the resilience of these communities and demonstrating the feasibility of renewable energy accessibility for all.

Financial Status:

In terms of development funding, the project has exhausted its current financial resources. The economic modeling phase has been completed, and plans are in place to raise capital for the microgrid and renewable energy infrastructure, with an assurance to provide a 4% annual interest on invested funds. However, various factors, including delays caused by the COVID-19 pandemic, the departure of Transition Homes' architect, and the ongoing energy crisis leading to increased interest rates, have collectively necessitated a temporary hold on the project. This hold poses a significant challenge as the grant from the Rural Community Energy Fund, amounting to £110,000, is set to expire on March 31, 2023, coinciding with the closure of the fund itself. Notably, £36,000 allocated for legal funding work remains unutilized, contingent upon Transition Homes' readiness to proceed. While an extension for the grant application can be sought, it is important to acknowledge that this extension would likely span months rather than years and is subject to fluctuating interest rates.

Alternative Funding Source:

Discussion has commenced with the South Hams District Council regarding a potential alternative funding source, namely the Rural England Energy Fund, which offers a total grant of £800,000. The feasibility of securing this grant is contingent upon the timing and coordination of the application.

The Role of TRESOC:

It is imperative to recognise that TRESOC's involvement in the project remains viable, with a particular emphasis on the need to embed the microgrid into the earth.

Proposal for Member Support:

The board of directors seeks the support of our members in the form of a £25,000 contribution from our reserves to fund the microgrid component of the project. It is important to note that this contribution will be fully reimbursed once the necessary funds are raised. A formal request for this contribution will be included in the voting resolutions.

Conclusion:

In light of the critical timeline and financial considerations, the board urges all members to consider the proposal for the reserve contribution seriously. The success of the Clay Park Innovative Project and the realisation of its sustainable and renewable energy objectives hinge on our collective support and timely actions.

Energy Local Club

In 2019, Sally announced during our Annual General Meeting her aspiration to create a local market for trading renewable energy. Notably, Energy Local had already implemented a similar system, equipped with algorithms and legal structures, which paved the way for the realisation of this project. The core concept involves selling renewable energy generated from local sources to an Energy Local Club, a partnership facilitated by Octopus Energy, a supply company adept at balancing supply and demand. This initial Energy Local model deployed by Energy Local CIC using Octopus is restricted to a single local generator.

Sally envisions the development of a virtual microgrid, wherein multiple generators, potentially numbering up to a hundred, can contribute their surplus energy to the local energy grid. An essential milestone in this project was achieved in April 2021 when Sally successfully secured a grant of £25,000 from Devon County Council. This grant, served as the foundation for establishing an Energy Local Club. The primary objective of this initiative is to create Totnes' very own renewable energy market, fostering an environment in which households and small businesses can access renewable energy at a reduced cost. This demand-switching mechanism ensures that energy from local generators is optimally utilized.

Under the Energy Local Totnes framework, TRESOC and other generators export surplus energy at a rate of approximately 19 pence per kW, which is the price that local residents, who join the club pay for it. This is called the match price. The advantages of such local energy clubs are poverty reduction, the retention of profits within the local economy, decreased reliance on fossil fuels, enhanced local resilience, and a reduction in wasted electricity.

Moving forward:

As the club is established, new members will have the opportunity to join and participate in its growth. To join the club, households need to register their interest on the Energy Local CIC website, and being willing to move energy supply company to 100Green (formally called Green Energy UK) a green energy company, be willing to have or already have a smart meter and to be geographically located within the Totnes Substation. It is important to acknowledge that this endeavor, a pioneering initiative in the United Kingdom, may necessitate additional time and patience. The initial pilot phase will be accessible to those who can financially support this experimental stage. We remain steadfast in our commitment to advancing sustainable energy solutions, and the Energy Local Club represents a significant step towards achieving this goal.

Totnes Substation:

Residents from Totnes, Dartington, Harberton, Harbertonford, Ashprington, Littlehempston, and Berry Pomeroy, within this geographical area, are eligible to join the club.

To initiate the club, we require a 30KW generation capacity, and the generator must be equipped for both energy import and export. However, it's worth noting that 100Green is currently not accepting new clients. This poses a challenge, given that TRESOC must expend the grant by the deadline of March 31st. It seems unlikely that TRESOC's new generation capacity will be installed by this date. While discussions have been initiated with various stakeholders, including the library, St. Mary's Church, and Totnes Town Council, to potentially kick-start the project using Civic Panels, it's important to highlight that there are challenges due to 100Green's stance on the matter.

Several local businesses have expressed a keen interest in selling their energy into the hub, underscoring our commitment to support the local business community. Additionally, Totnes Weir Hydro are also interested in contributing to the project, which would complement the solar generation curve perfectly, enabling Energy Local Totnes to offer a combination of summer solar and winter hydro power.

Hatchlands:

A situation has arisen at Hatchlands where a farmer's straw chopping operation is impacting the solar panels on the premises. In response, Ian has been actively seeking a cleaning solution for the panels, even attempting to engage local installers in the process, albeit with no success. Given that the farmer has not complied with requests to cease the chopping, TRESOC is left with no alternative but to pursue legal action. We have engaged a solicitor to prepare case particulars with the intention of obtaining an injunction. So far, this legal action has incurred costs amounting to £5,000, with an estimated additional expenditure of £5,000. Interestingly, despite the challenges, the

system's performance has improved this year, possibly due to increased sunshine or reduced soiling on the panels.

Lescaze:

TRESOC has a 30kW solar pv array installed on the Lescaze building in Dartington. In 2021, Dartington expressed the intention to sell the Lescaze building, but an oversight regarding the power supply led to complications. Dartington requested TRESOC to finalise the lease, but again, an oversight regarding the power supply persisted. Subsequently, the building was sold in 2021, and the new owner declined to pay the bill, citing the absence of a Power Purchase Agreement (PPA). The new owner expressed interest in purchasing the system but not at market value, and furthermore, requested its removal at an additional cost. As a result, TRESOC believes the most prudent course of action is to relocate the system, potentially to the library. The cost of removal, estimated at £10,000 to £15,000, has been factored into next year's financial forecast, with anticipated savings through the installation of the system in the library.

Dart Renewable:

Over the past 12 months, Dart Renewable has experienced the driest conditions on record, thus it will not be able to pay a dividend payment. It is projected that dividend payments will increase significantly in 2027 once the bond is paid off.

5. Society Business - Hannah Evans - Legal Director and Secretary:

Members Vote on Resolutions:

Retirement of some positions and elections of new ones:

Ian Bright retiring as Director.

Stephanie retiring as Legal Secretary.

Hannah continues as Legal Director and Secretary.

Sally Murrall-Smith continues as Managing Director.

Resolution: Vote to audit the accounts for the year ending March 31, 2022.

Resolution unanimously approved by Members.

Re-election of Directors:

Resolution unanimously approved by members.

Continue our engagement with Darnells the Accountants, as the board is satisfied with their services.

Resolution unanimously approved.

Resolution: Enacting the financial waterfall as a means of ordering the distribution of income.

Resolution unanimously approved.

Resolution: Allocating £25,000 of TRESOC Fund to finance the microgrid at Clay Park.

Resolution unanimously approved.

No objections to re-election.

6. Questions from Members:

Q. Member's Question: Can you elaborate on the cost differences between this year and the previous year?

A. Raymond: Certainly, the key cost differences this year include a £20,000 legal expense, and it's important to note that Bank of England interest rates have risen.

Q. Member's Question: Could we request a report from Dart Renewables?

A. Sally: Certainly, if you are interested in seeing the annual accounts of Dart Renewables, please be aware that the shareholders' information is private. However, if you are a shareholder, we can request this information through a formal letter.

Q. Member's Question: With the Transition Homes project on hold, is it worth inquiring with South Hams District Council about building social housing at this time?

A. Sally: While the entire project cannot proceed due to significantly increased interest rates, South Hams District Council is aware of the situation, and they remain supportive. The project is still considered viable.

Q. Member's Question: Is there any potential to revive the wind turbine project in [Location] considering the improved attitudes toward renewable energy?

A. Ian: We have approached the owner to inquire about restarting the project, and TRESOC is interested in pursuing it again. The initial application was strong, and there is an excess of wind power. Devon County Council is evaluating how to reduce it. The owner understands and is open to development, with TRESOC being a key player in this endeavor.

Q. Member's Question: When I was in [Location], they had their own energy company. Why does TRESOC need a license to produce electricity, and could we give it away?

A. Sally: While we can produce electricity, to sell our own electricity, we require a license. We also have some initiatives where we give electricity away for free, such as to the Doctor's Surgery. Additionally, TRESOC has provided £20,000 worth of free electricity to the Shine project. Our cooperative model allows people to join and participate.

Q. Member's Question: Why can't we establish a relationship to set up an energy hub?

A. Ian: It's essential to start small and gradually expand. Initiatives like the library and the Civic Hall have been very supportive. As more people join, they can witness their own savings, making it more attractive to sell electricity more affordably.