

HEART OF ENGLAND COMMUNITY ENERGY

2020 AGM

2020 Annual General Meeting
24th June 7.30pm
Zoom online

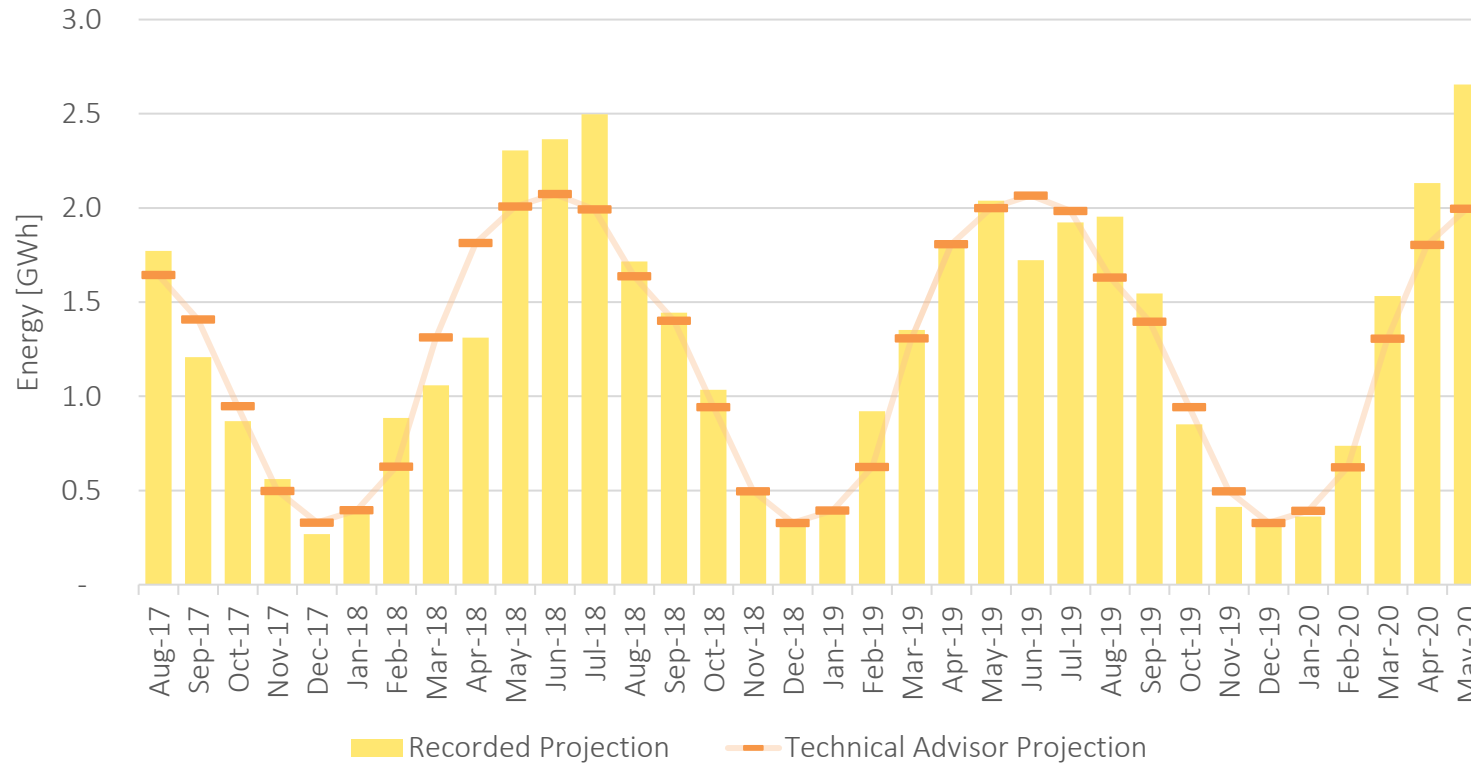




Agenda

1. Welcome
2. Heart of England Community Energy update:
 - a. Performance of our solar farms
 - b. Payment of share and bond interest
 - c. Community projects supported
 - d. Future bond offer plans
3. Resolutions/ Extraordinary Resolutions:
 - a. To present Heart of England Community Energy accounts for the year ending 31st December 2019
 - b. To delegate to the directors the authority to appoint auditors
 - c. To elect the board of directors
4. Guest speaker Beth Nicholson of Citizens Advice South Warwickshire will give a short presentation about their work.
5. AOB
6. Close

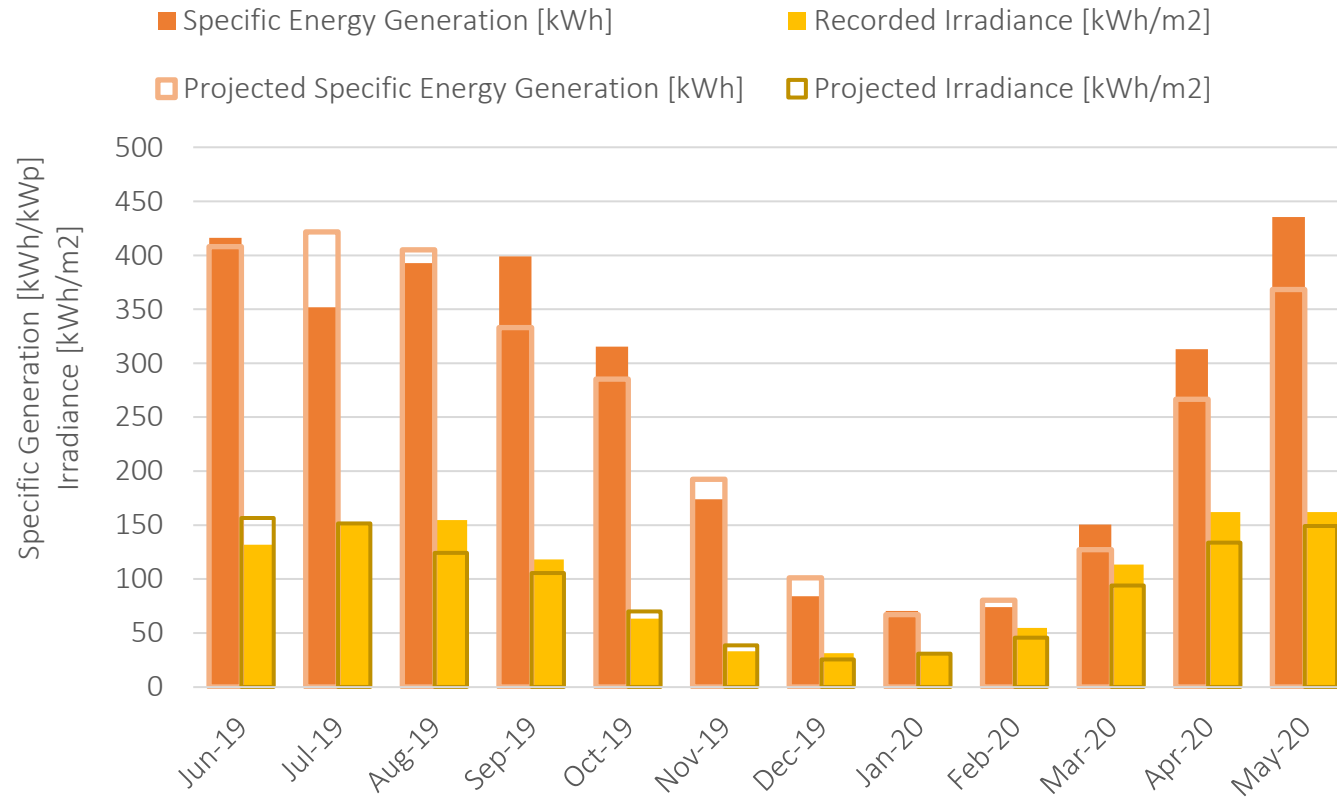
Performance - lifetime



- 2.67% up on updated long term projections
- 54 million kWh generated
- Over 13,800 tonnes of CO₂ offset¹

1. Based on the government's 2019 figure for CO₂ emissions per kWh generated for the UK energy mix, 8.5% less than the 2018 figure

Performance – last 12 months

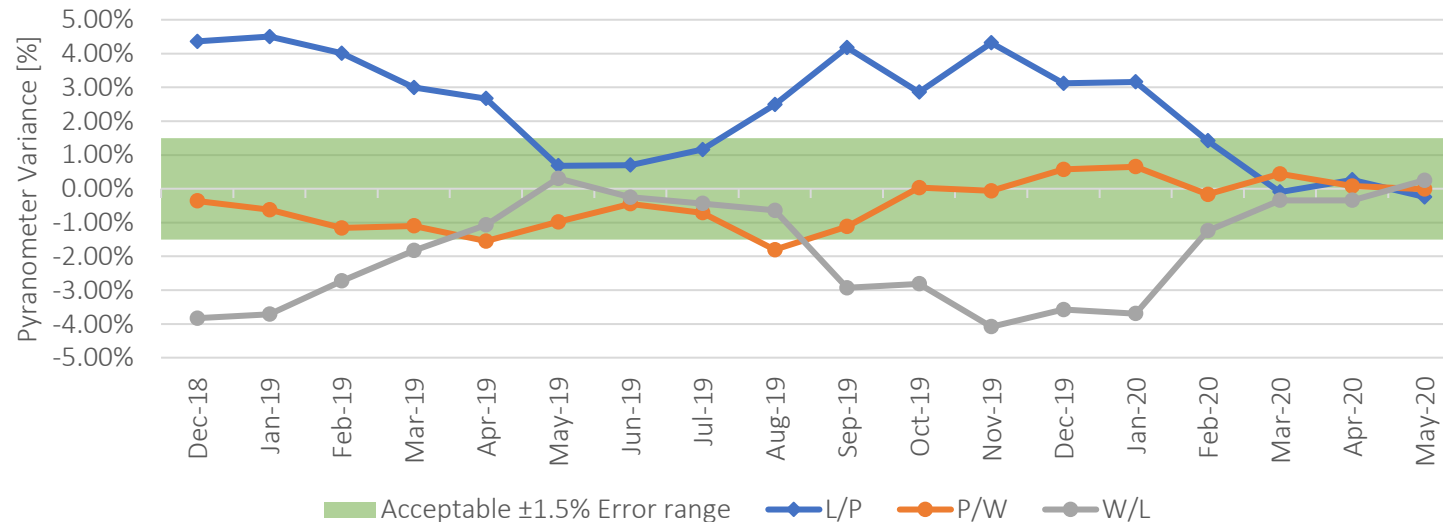


8% up on updated
long term
projections

Pyranometer Discrepancy Issue

Anesco replaced the pyranometer at Leys and moved the pyranometer at Poplars on recommendation of John Scott.

Pyranometers are now recording as expected.



Other operational activities



Metering

- Poplars and Willows metering has now been separated from the 3rd party-owned batteries which share their connection to the grid. This has enabled the sites to claim the minimum FiT export rate which gives them protection against electricity price drops.
- As a ROC project, Leys does not have the benefit of a minimum export rate.

Land and Environment Management Plan

- Concerns raised by maintenance contractor around how they could deliver the environmental management plan required under the planning permission.
- An ecologist has been engaged by the maintenance contractor to recommend a new management procedure. General agreement achieved with the final details pending.

Member / bondholder payments



Bondholders

- £339,900 from 54 bondholders
- Accrue interest at 5%
- 2nd year's interest (to end April) was paid on 31st May 2020
- Maturity 30th April 2022

Members / shareholders

- £267,000 from 72 members
- Accrue target interest at 6%
- Board has approved 2nd year's interest (to end Dec '19) to be paid by 31st July 2020

Community projects supported



Heart of England Community Energy's Impact:

A £2,500 grant from HECE enables us to reach healthcare workers facing the pandemic in the dark, by covering the total cost of:

- 10 solar home-systems, each can light three entire rooms in a health clinic
- 10 phone-charging solar lights, enabling access to vital health information
- 25 portable solar lights to enable healthcare workers to treat patients safely at night

Support provided within the 2019 calendar year:

Solar Aid - £2,500

Act on Energy – £14,500 + £10,000 from Stratford Town Trust

Harbury E Wheels – £1,800

All projects above to be supported in 2020, plus:

Citizens' Advice South Warwickshire - £2,100

Refinance and future share/bond offers



	Previous finance	Re-finance completed Sept 2019
Senior loan	£10.6million Close Brothers short-term loan at c.5.5%	£11.9million Triodos Bank Loan 15 year loan at c.3 – 3.25%
SASC junior loan	£6.4million (inc capitalised interest) short-term loan at 8%	£2 million 18 year loan at 6% £780k 9 year loan at 6.5% £1.5 million 2 year loan at 6.5%
Bonds	£340k 2018 bonds at 5% maturity April 2022	Target £1.5million new bond offer to repay SASC Willows and Poplars 2-year loans plus all of the existing bondholders.*
Shares	£267k 2018 shares at 6%	£267k 2018 shares at 6% *

*Further share or bond offer planned to repay SASC 2-year loans to Leys once we have a better view of whether electricity prices will recover following the current price crash due to the oil market and Covid-19 crisis. As FiT projects, Willows and Poplars benefit from a minimum export rate for electricity but, as a ROC project, Leys does not.

Formal AGM Business



- a. To present Heart of England Community Energy accounts for the year ending 31st December 2019. The accounts are available on [HECE's website](#).
- b. To delegate to the directors the authority to appoint auditors (currently Griffin Accountancy).
- c. To re-elect retiring directors.

Consolidated Income Statement
for the Year Ended 31 December 2019

	Notes	31.12.19 £	31.12.18 £
TURNOVER		1,524,232	1,784,460
Administrative expenses		<u>1,285,339</u>	<u>1,342,417</u>
OPERATING PROFIT	4	238,893	442,043
Interest receivable and similar income		<u>1,682</u>	<u>-</u>
		240,575	442,043
Interest payable and similar expenses		<u>997,598</u>	<u>1,034,586</u>
LOSS BEFORE TAXATION		(757,023)	(592,543)
Tax on loss		<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		<u>(757,023)</u>	<u>(592,543)</u>
Loss attributable to: Owners of the parent		<u>(757,023)</u>	<u>(592,543)</u>



P&L to
Dec
2019

Consolidated Balance Sheet
31 December 2019

	Notes	31.12.19 £	31.12.18 £
FIXED ASSETS			
Intangible assets	6	455,849	476,034
Tangible assets	7	13,239,705	13,916,394
Investments	8	-	-
		<u>13,695,554</u>	<u>14,392,428</u>
CURRENT ASSETS			
Debtors	9	323,217	705,442
Cash at bank and in hand		483,819	1,332,008
		<u>807,036</u>	<u>2,037,450</u>
CREDITORS			
Amounts falling due within one year	10	<u>777,764</u>	<u>10,876,051</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>29,272</u>	<u>(8,838,601)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>13,724,826</u>	<u>5,553,827</u>
CREDITORS			
Amounts falling due after more than one year	11	<u>15,254,413</u>	<u>6,326,391</u>
NET LIABILITIES		<u><u>(1,529,587)</u></u>	<u><u>(772,564)</u></u>
CAPITAL AND RESERVES			
Called up share capital		267,001	267,001
Retained earnings		(1,796,588)	(1,039,565)
		<u><u>(1,529,587)</u></u>	<u><u>(772,564)</u></u>



Balance
sheet at
end Dec
2019



Commentary on accounts

Turnover is down by approximately £260,000.

The contributory factors to this are:

1. Less solar radiation in 2019 compared to 2018 causing approximately 3.5% less generation which translates to a reduction in income of approximately £63,000. This variation is well within normal annual variations.
2. Power sales prices averaged about £11/MWh less in 2019 compared to 2018 and this translates to a reduction in income of approximately £166,000. Poplars and Willows are now accredited for Feed in Tariff minimum export rate and will in future be immune to effects of low power sales prices.
3. A necessary precursor to registering Poplars and Willows for Feed in Tariff Export was a change in the metering at the site boundary. This change could only take place with the agreement of the owners of the batteries with whom we share a grid connection. They refused to agree the changes without a reduction in the grid share fees, resulting in a decrease of annual income of £30,000.

The reduced turnover is partially offset by:

1. £37,000 reduction in interest charges. This is a result of the better terms on the long term loans which were refinanced in September 2019 and will be greater for a full year.
2. £57,000 reduction in administrative costs reflecting several effects as follows: 2a. The refinance costs are now spread over a longer term resulting in a saving in the annual charge of £46,000. 2b. Management fees are £33,000 less as a result of the move from Mongoose to CfR in Nov 2018. 2c. A reduction in the cost of depreciation of approximately £53,000 is included in the administrative charges. This arises due to depreciation in 2018 having been raised in order to correct under accrual in previous years so the change in depreciation (shown on p12) should not recur. 2d. Unfortunately, these beneficial effects are significantly counteracted by a one off cost of £75,000 required to settle accrued costs for grid sharing with the battery owners but this complexity is now eliminated in respect of Poplars and Willows. Leys is anticipated to be adjusted in the same manner in the next financial year.

The resulting increase in the loss for the year of £164,480 can be seen to be due mostly to reduced power sales income but note that Poplars and Willows are now protected from low power sales prices.

Re-election of directors



John Stott - Chair

Susan Juned

Tony McNally

Tony Guy

Dave Passingham – standing for re-election

Stuart Potter – resigning with thanks

Michael Bullock

Eric Appleton – currently co-opted and
standing for election

Kate Evans – co-opted



Eric Appleton

Eric Appleton was co-opted as a board member of HECE in July 2018. He has taken over from Stuart Potter as a director of the three subsidiaries. He has a commercial background in digital technology, telecommunications and mobile product management. He currently runs an incubator service at the Energy Systems Catapult, supporting start-ups in bringing innovation low carbon technology to market. He previously held senior management positions at Blackberry, AT&T & BT, covering roles responsible for channel sales, software licensing, supplier and partner management, mobile security, cost optimisation and governance.

Guest speaker

Beth Nicholson of Citizens Advice South
Warwickshire

www.casouthwarwickshire.org.uk





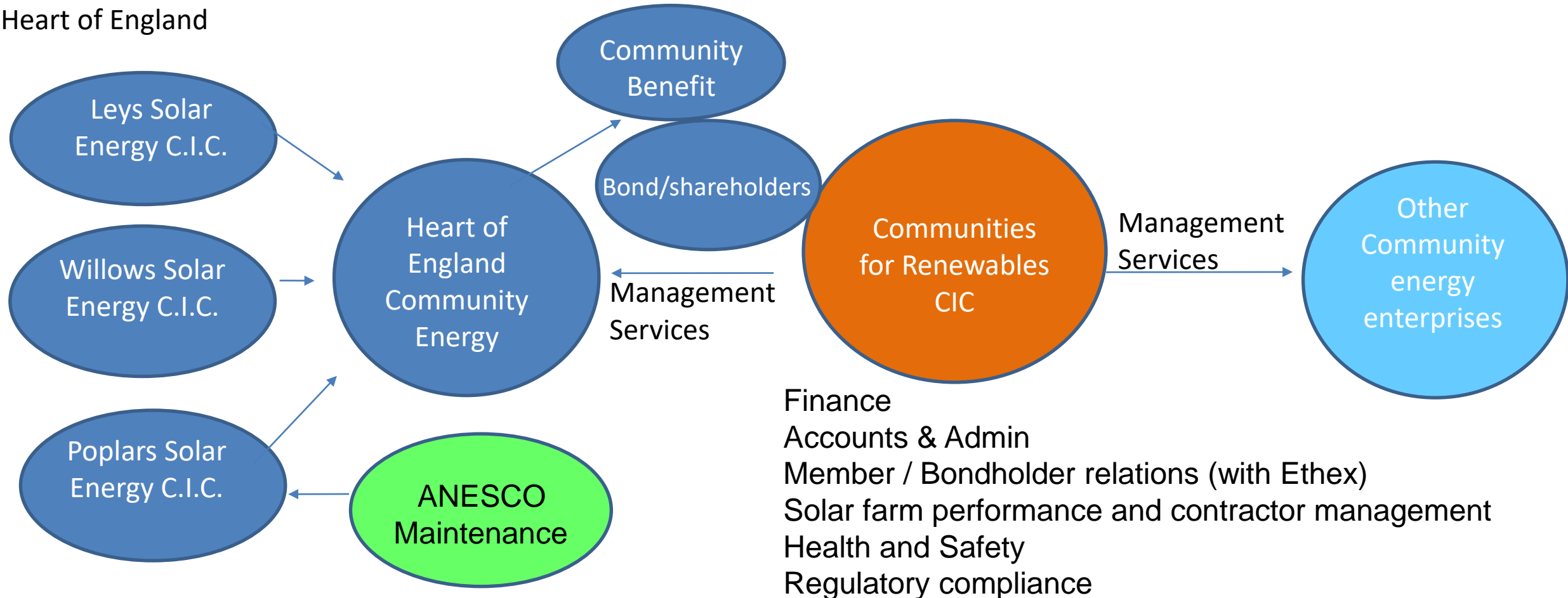
Thanks

For updates please keep an eye on our website: www.hecommunityenergy.org/news

HECE Structure



Subsidiaries owned by
Heart of England



Heart of England Community Energy Limited



Regulated by the FCA and Co-operatives and Community Benefit Societies Act.

Governed by board of local volunteer directors.

Operates for the benefit of the communities of the Heart of England region. We generate low carbon electricity to earn surplus income to support local community projects.

Shareholders are one member one vote, regardless of number of shares.

Managed by Communities for Renewables CIC (CfR)

For updates please keep an eye on our website:

www.hecommunityenergy.org/news

Communities for Renewables CIC



- CfR is a not-for-profit community interest company which manages c.50MWp of community solar across 7 localities.
- CfR has been HECE's company and asset manager since November 2018, managed the senior debt refinance completed in 2019 and will be managing the upcoming community share/bond offer.

www.cfrbic.co.uk