

HEART OF ENGLAND COMMUNITY ENERGY

2022 AGM

2022 Annual General Meeting
28th June 19:00
Zoom online



Heart of England
Community Energy

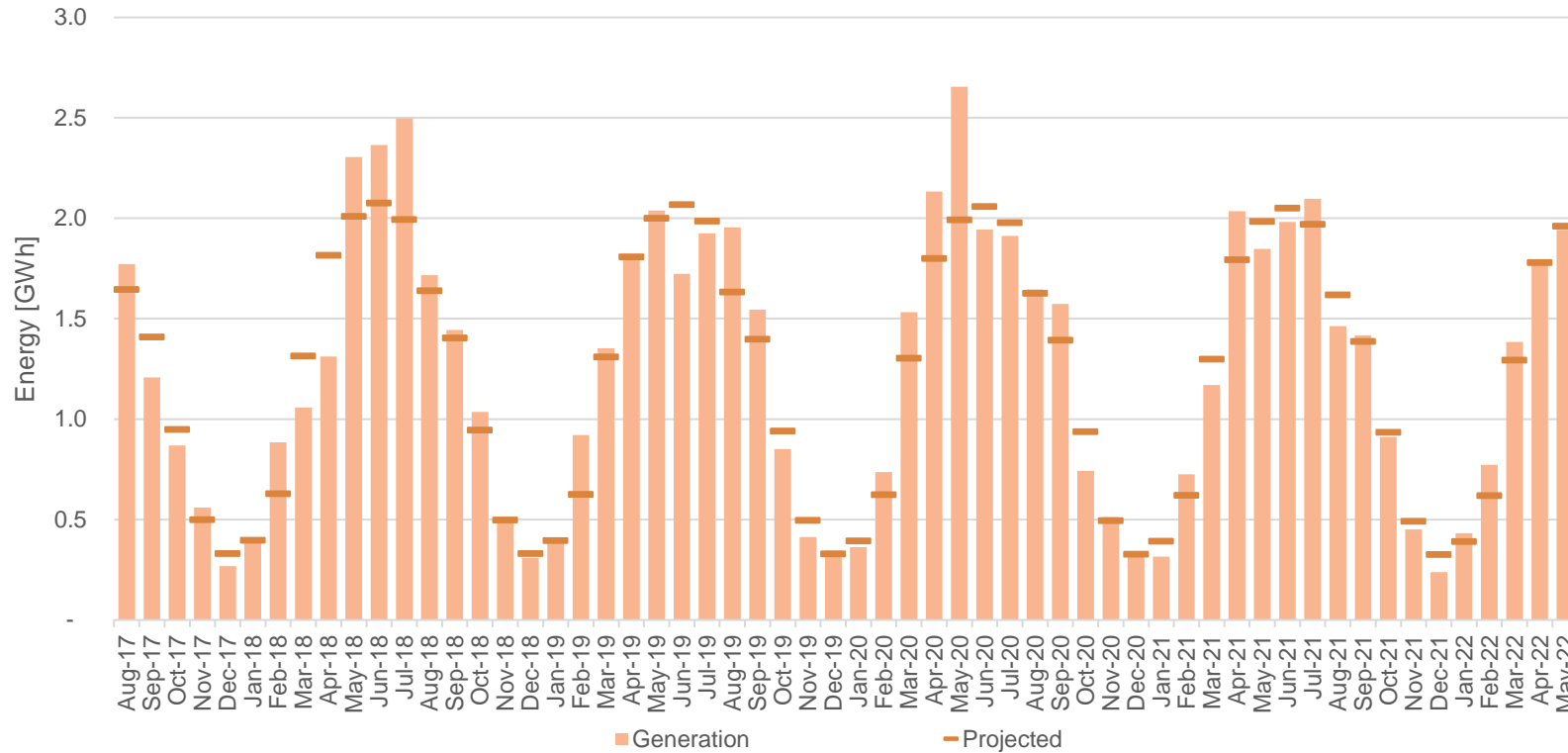
Agenda

1. Welcome
2. Heart of England Community Energy update:
 - a. Performance of our solar farms*
 - b. Completion of long-term refinance and financial projections*
 - c. Payment of share and bond interest*
 - d. Community projects supported*
 - e. HECE board*
3. Resolutions/ Extraordinary Resolutions:
 - a. To present Heart of England Community Energy accounts for the year ending 31st December 2021.*
 - b. To elect the board of directors*
 - c. To amend the Rules of the Society concerning redemption of member share capital*
4. Guest speaker from Act on Energy to provide an update on the complex caseworker project funded by HECE
5. AOB
6. Close



Performance – lifetime

Lifetime performance of HECE's 3 solar farms



Summary of Key Information

- 3.01% up on long-term projections
- 72.8 GWh generated
- Approximately 14,000 tonnes of CO² emissions avoided.*

*Calculated by offsetting the averaged annual grid carbon intensity figures produced [the National Grid](#).

Performance – last 12 months

Summary

2021 was a below-average year with generation coming in 1.4% below long-term projections, due to lower than expected irradiance levels throughout the year.

Despite this the sites performed well operationally, achieving a collective annual performance ratio of 89.5%

Year	Irradiation*	Generation versus Projections				Performance Ratio			
		Leys	Poplars	Willows	Total	Leys	Poplars	Willows	Total
2018	5.0%	5.2%	5.3%	4.9%	5.1%	86.4%	92.8%	89.9%	89.7%
2019	0.7%	1.8%	1.9%	1.9%	1.9%	88.9%	91.7%	91.1%	90.6%
2020	6.6%	7.7%	7.4%	8.0%	7.7%	89.3%	89.1%	89.7%	89.4%
2021	-1.6%	-0.7%	-2.1%	-1.3%	-1.4%	90.3%	88.6%	89.6%	89.5%

* Irradiance based off Willows data

Other operational activities

Winter HV maintenance

All Sites

Thorough checks performed on HV equipment. Several preventative tasks were undertaken on site transformers and switchgear, checking oil levels, cables, glands, guards, and ensuring all torque settings are correct.

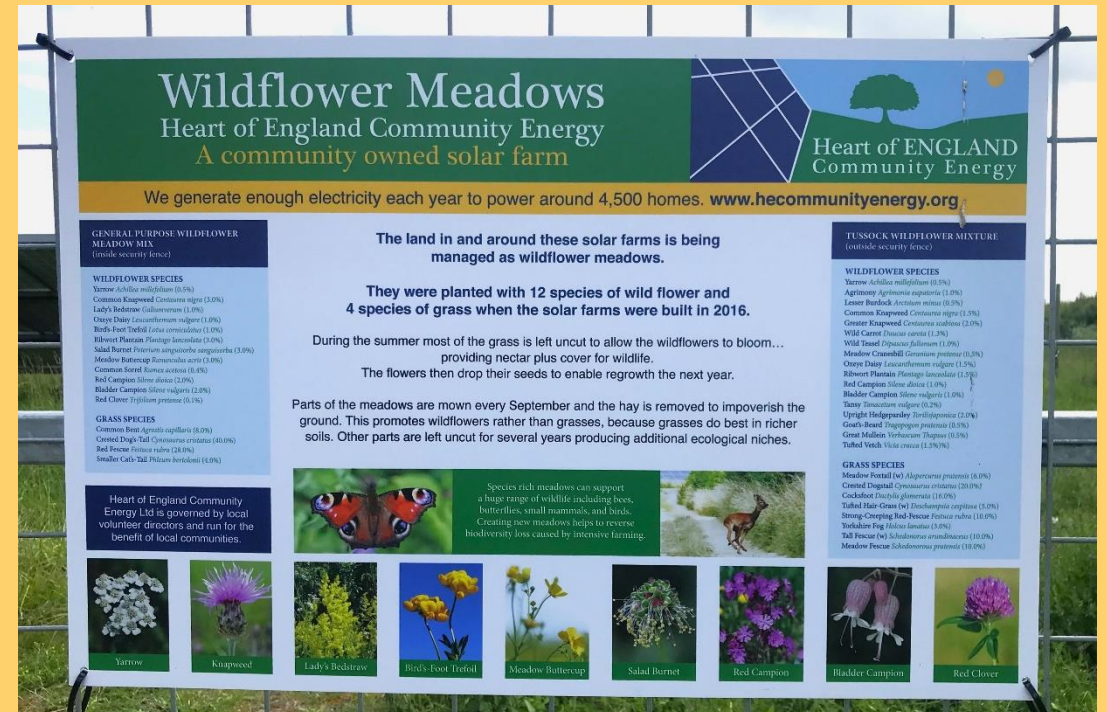
Transformer oil samples have been taken for each of the sites, currently awaiting test results which will provide an insight into the condition of the transformers.

Key Issues Highlighted

Damage to 11kV Flexi Boot for the Leys metering unit. *This has now been resolved.*

Wildlife/wildflower signage

A sign has been installed on each of the main access gates and on the approach to the solar farms. The signs explain how the land management plan is promoting increased biodiversity.



Member / bondholder payments

2018 Bondholders

- Target interest 5% .
- 4th year's interest (to end April) was paid at 5% on 30th April 2022.
- Bonds refinanced on 30th April 2022.
- £130,500 rolled over into new bonds; £209,400 repaid.

2022 Bondholders

- New bond capital amount £751,591 with future interest to be paid at 4% on 30th September each year.

Members / shareholders

- Target interest 6%
- Board has approved 3rd year's interest at 6% (to end Dec '21) to be paid by 31st July 2022



Community projects supported

Citizens Advice South Warwickshire (CASW)

Over the course of 2021 HECE granted £8,400 to CASW to pay for extra time processing grants to people suffering hardship. In total this £8,400 enabled the acquisition of almost £20,000 worth of items to alleviate severe hardships with aid including:

- *Provision of school uniform and other clothing*
- *Emergency food provision*
- *Emergency replacement of cookers and fridges*
- *Provision of beds, bedding, and other essential furniture*

In 2022 HECE has decided to increase yearly grant funding to £10,772.

Act on Energy

HECE are funding a new project called Complex Caseworker at a cost of £36,836 per year. This will target help to the most vulnerable householders. It aims to reduce their energy costs and provide better health and economic outcomes for them. *We have a guest speaker from Act on Energy to tell us more about the project.*

Solar Aid Africa

HECE donated £2,500 to solar aid's shining mothers of Malawi project. A project aimed at empowering women to be key change-makers in providing energy access within their communities. These funds should help support 20 female entrepreneurs over the 18-month program enabling:

- *The sale of 230 solar lights, bringing light to 1,201 people in rural Malawi*
- *A vision for female economic independence and leadership*
- *Avert candle and kerosene lamp usage saving 120 tonnes of carbon dioxide.*
- *Save local families over £7,500 through no longer having to spend on candles, kerosene or batteries.*

The board has agreed to an increase of funding for Solar Aid to £3,000 in 2022.

Stratford upon Avon Foodbank

£729.79 grant provided to enable completion of Christmas hampers. In March 2022, the board facilitated a £1,000 donation to the foodbank following a shortage appeal.

HECE board of directors

John Stott (Chair)

Susan Juned

Tony McNally

Tony Guy

Dave Passingham

Eric Appleton

Rebecca Hampson – co-opted

Kate Evans has resigned from the board as she is moving away to Wales.

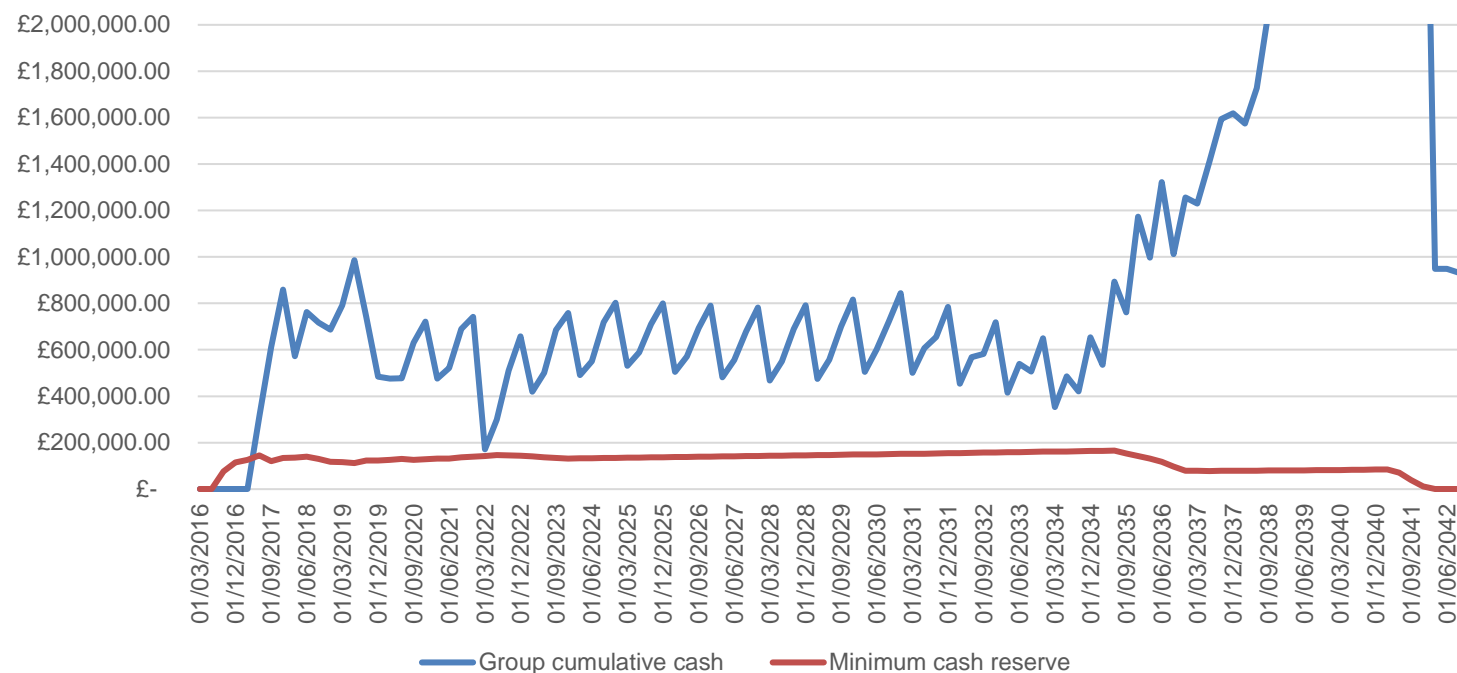


HECE Group cashflow projections

The following series of charts demonstrate how the long term cashflow projections have changed over since November 2021



HECE Group projected consolidated cash



Projected total community fund - £4.2m

November 2021 – launch of bond offer

Following refinance of SASC debt in 2021, power prices start to recover.

Cost of planned bond offer reduces cash balance close to minimum reserve position in March 2022

Dip in group cash balance close to minimum reserve in 2034 as final SASC and Triodos debt repayments are made.

HECE Group cashflow projections



February 2022

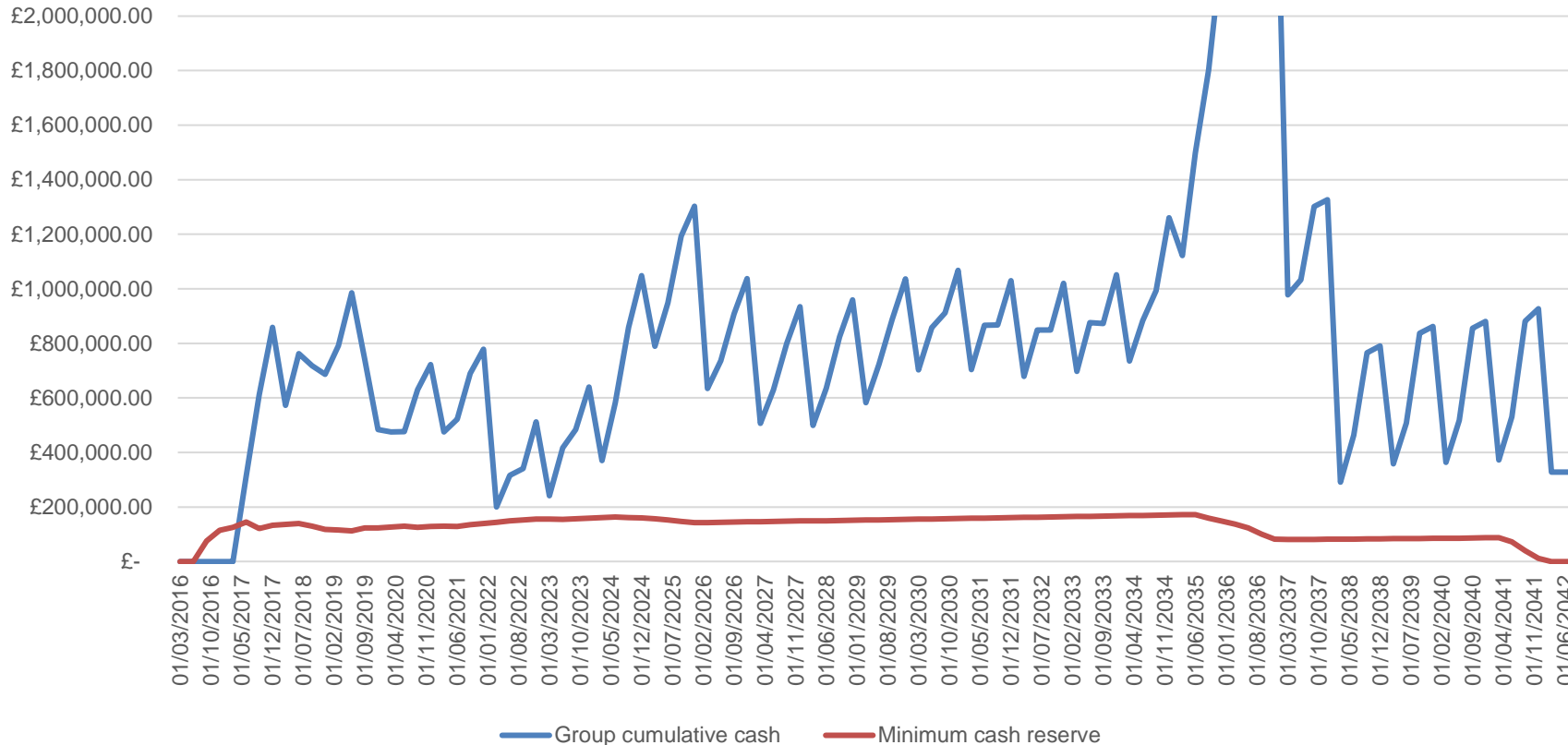
High value electricity sales contracts locked in for all sites through 2025.

FiT inflation confirmed at 7.5% for April 2022.

Bond offer closed early with reduced target – SASC to be repaid from cashflows.

Dip in group cash balance in 2034 has now gone. Dip in 2037 due to increased community payments.

HECE Group projected consolidated cash

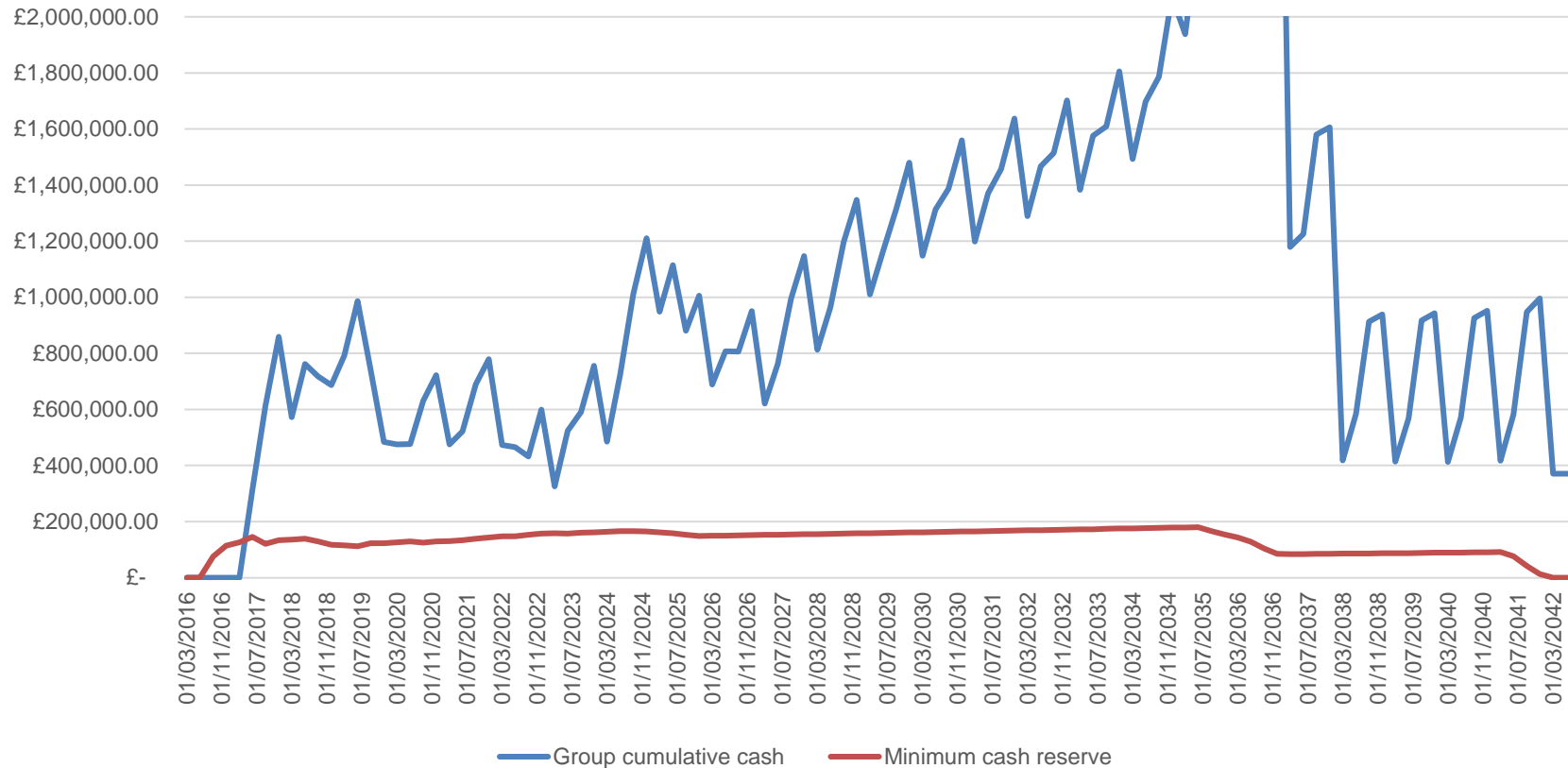


Projected total community fund - £5.6m

HECE Group cashflow projections



HECE Group projected consolidated cash



Projected total community fund - £6.6m

May 2022

Inflation for subsidies in 2023 modelled at 7.5%. (current inflation over 10%).

Accelerated repayment of SASC loans and bond capital from cashflows.

Bond capital now projected to be repaid in full by 2026.

2021/22 Refinance

The group completed its long-term refinance in April 2022 with the repayment of short-term bond capital and part of the SASC loans with the proceeds of a bond offer which raised £750,000.

The target of the 2022 bond offer was reduced and the offer closed early due to a significant improvement in projected cashflows following the launch of the offer, caused by high subsidy inflation and high power prices.

The element of the SASC loan which was due to be repaid with the proceeds of the bond offer will now be repaid out of cash flows over the next three years.

The 2022 bond capital is now projected to be repaid by 2026.



Formal AGM Business

- a. To present Heart of England Community Energy accounts for the year ending 31st December 2021. The accounts are available on [HECE's website](#).
- b. To re-elect retiring directors.
- c. Amendment to the HECE rules to make it explicit that the society can redeem capital at its discretion without requiring a request for withdrawals.

Consolidated Group Accounts

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Turnover		1,709,788	1,681,549
Gross profit		1,709,788	1,681,549
Administrative expenses		(1,045,144)	(1,065,712)
Operating profit		664,644	615,837
Interest payable and similar expenses		(595,823)	(671,193)
Profit/(loss) before taxation		68,821	(55,356)
Tax on profit/(loss)		99,223	-
Profit/(loss) for the financial year		168,044	(55,356)

% Change

+ 1.7 % turnover

- 1.9 % administrative expenses

- 11.2 % interest charges

Interest charges have reduced on previous year due to a refinance of SASC loans at a lower interest rate and reducing debt balances.

Positive tax figure is due to recognition of a deferred tax asset (describing the tax benefit the business has yet to realise - predominantly in relation to historical losses).

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2021**

	Note	2021 £	2020 £
Fixed assets			
Intangible assets		415,479	435,664
Tangible assets	6	11,886,325	12,563,015
		<u>12,301,804</u>	<u>12,998,679</u>
Current assets			
Debtors: amounts falling due within one year	8	325,828	175,115
Cash at bank and in hand	9	824,078	744,038
		<u>1,149,906</u>	<u>919,153</u>
Creditors: amounts falling due within one year	10	(929,333)	(2,321,265)
Net current assets/(liabilities)		<u>220,573</u>	<u>(1,402,112)</u>
Total assets less current liabilities		<u>12,522,377</u>	<u>11,596,567</u>
Creditors: amounts falling due after more than one year	11	<u>(13,939,273)</u>	<u>(13,181,511)</u>
Capital and reserves			
Called up share capital		267,001	267,001
Profit and loss account		(1,683,897)	(1,851,945)
Equity attributable to owners of the parent Company		<u>(1,416,896)</u>	<u>(1,584,944)</u>
		<u>(1,416,896)</u>	<u>(1,584,944)</u>

HECE Accounts commentary

- Turnover increased on the previous year by £28,000 mainly due to average prices for power sales being higher than the previous year and despite there being 1.4% less solar irradiation than the long-term average projection.
- Turnover was £8,000 above the long-term average target.
- Administrative costs were £55,000 below planned expenditure primarily due to;
 - Business rates rebates of £29,000;
 - Unspent community benefit funds of £17,000 (these have been set aside to be spent on future community projects)
 - Unspent contingency budget of £5,000
- Borrowing reduced in the year to £14.66m from £15.28m in 2020.

Re-election of directors

Two HECE directors are stepping down and standing for re-election:

- Susan Juned
- Tony McNally

Rule amendment

Rule 27 states:

“Shares may be withdrawn by Members upon giving three months' notice to the Society (though the Board retain sole discretion to return money paid for them), provided that:

- a) All withdrawals shall be paid in the order in which the notices were received by the Society;*
- b) A Member shall not be entitled to withdraw Class A shares which would leave them with less than the minimum Class A Shareholding, unless they intend to terminate their membership of the Society*
- c) The Board may waive the notice required for a withdrawal and may direct payment to be made without notice or on such shorter notice as they consider fit;*
- d)”*

Rule amendment

It is proposed that the Rules are amended to make it clear that share capital can be redeemed at the discretion of the board and in the absence of a request to do so from members.

The 2018 Share Offer included a plan to return the share capital of members and the Society's business plan is based upon its ability to do this.



Rule amendment

Proposed changes to Rule 27:

“Shares may be withdrawn by Members upon giving three months' notice to the Society (though the Board retain sole discretion to return money paid for them), provided that:

- a) All withdrawals shall be paid in the order in which the notices were received by the Society save as directed by the board at its discretion;*
- b) A Member shall not be entitled to withdraw Class A shares which would leave them with less than the minimum Class A Shareholding, unless it is intended to terminate their membership of the Society*
- c) The Board may waive the notice required for a withdrawal and may direct payment to be made without notice or on such shorter notice as they consider fit. The board may direct share capital to be repaid in the absence of any request for withdrawal from a member;*
- d)”*

Guest Speaker



Update on the complex caseworker project that Heart of England Community Energy are funding.

Thanks

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

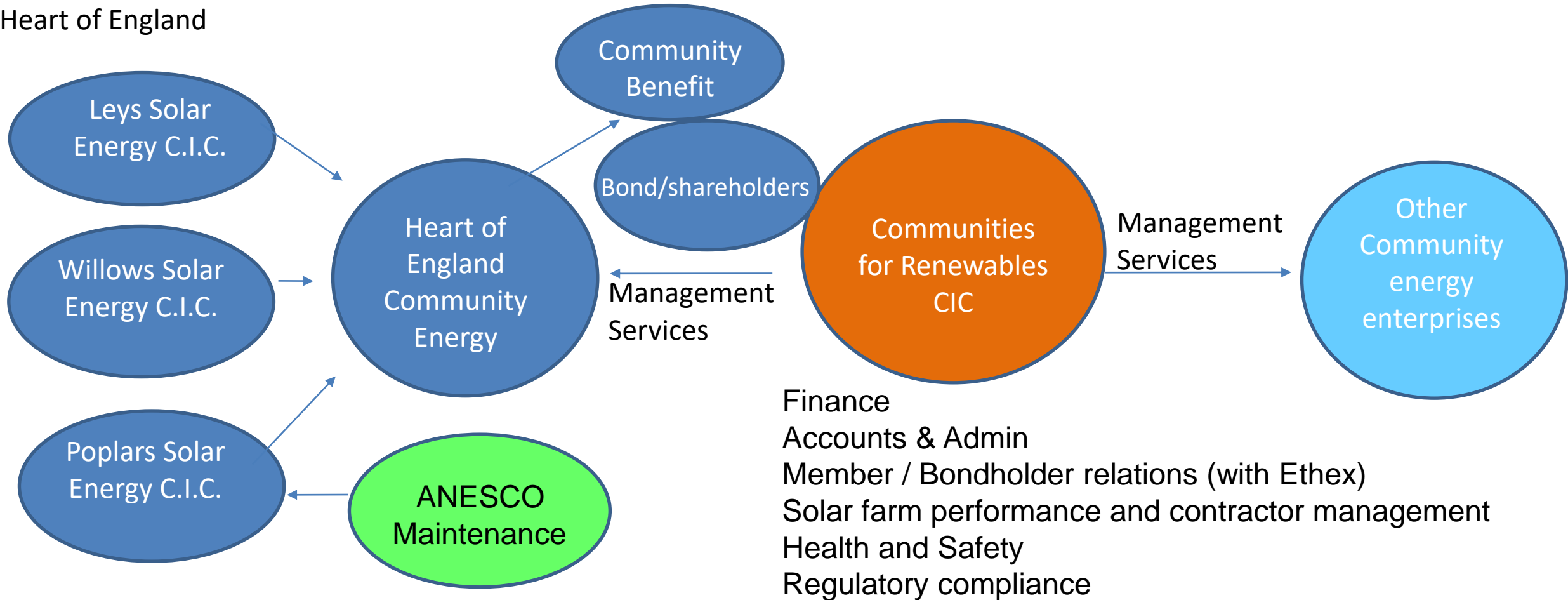


Heart of England
Community Energy

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

