

HEART OF ENGLAND COMMUNITY ENERGY

2023 AGM

2023 Annual General Meeting
26th June 19:30
Stratford Methodist Church

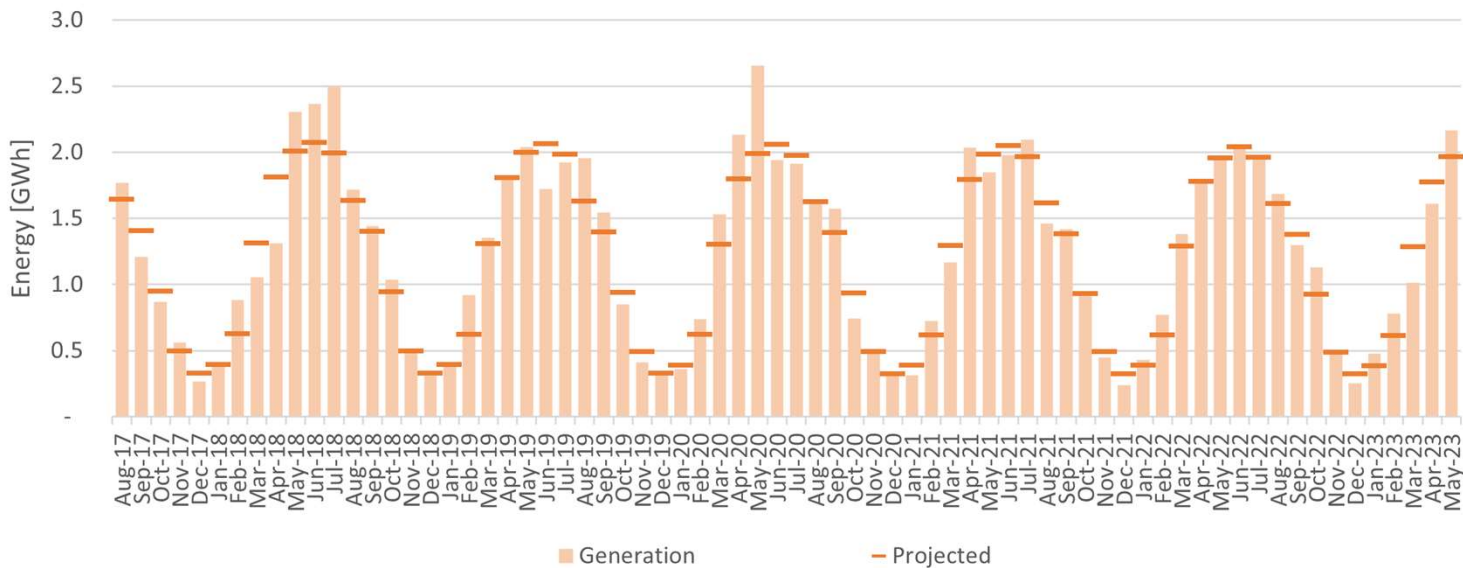


Agenda

1. Welcome
2. Heart of England Community Energy update:
 - a. Performance of our solar farms*
 - b. 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 2022.*
 - b. To elect the board of directors*
4. Guest speaker, Julie Robinson CEO of Citizens Advice South Warwickshire.
5. AOB
6. Close

Performance – lifetime

Lifetime performance of HECE's 3 solar farms



Summary of Key Information

- 1.2% up on long-term projections
- 98.6 GWh generated
- Approximately 18,000 tonnes of CO² emissions avoided.*

Performance – last 12 months

Summary

2022 was an above average year with generation **2.80%** above P50 projections. Irradiance levels exceeded projections by **7.00%**.

Generally, a greater correlation between irradiance projections and P50 projections would be expected, however, unavoidable site generation constraints caused due to the need for critical works by the District Network Operator during August reduced generation levels.

Year	Irradiation*	Generation versus Projections				Performance Ratio			
		Leys	Poplars	Willows	Total	Leys	Poplars	Willows	Total
2018	5.00%	5.20%	5.30%	4.90%	5.10%	86.40%	92.80%	89.90%	89.70%
2019	0.70%	1.80%	1.90%	1.90%	1.90%	88.90%	91.70%	91.10%	90.60%
2020	6.60%	7.70%	7.40%	8.00%	7.70%	89.30%	89.10%	89.70%	89.40%
2021	-1.60%	-0.70%	-2.10%	-1.30%	-1.40%	90.30%	88.60%	89.60%	89.50%
2022	7.00%	3.70%	0.70%	4.10%	2.80%	88.00%	87.30%	89.70%	88.30%

* Irradiance based off Willows data for 2018-2021, Poplars 2022

Other operational activities

Poplars District Network Operator (DNO) Outage

Poplars generation was constrained by 50% for 9 days in August. On the penultimate day of these planned constraints, a critical component in the DNO substation failed, preventing any generation. The part was replaced in 5 days allowing full generation to resume.



Great Big Green Week

Great Big Green Week is a nationwide celebration of collective action to combat climate change and safeguard the natural world. As part of this event, Heart of England Community Energy provided a public site visit. The visitors were given an outline of how solar technology works, how the inverters & panels connect to the grid, how we are promoting biodiversity and how we are providing community benefit.

Following the success of the visits in 2022, another visit was performed this year on the 16th June.

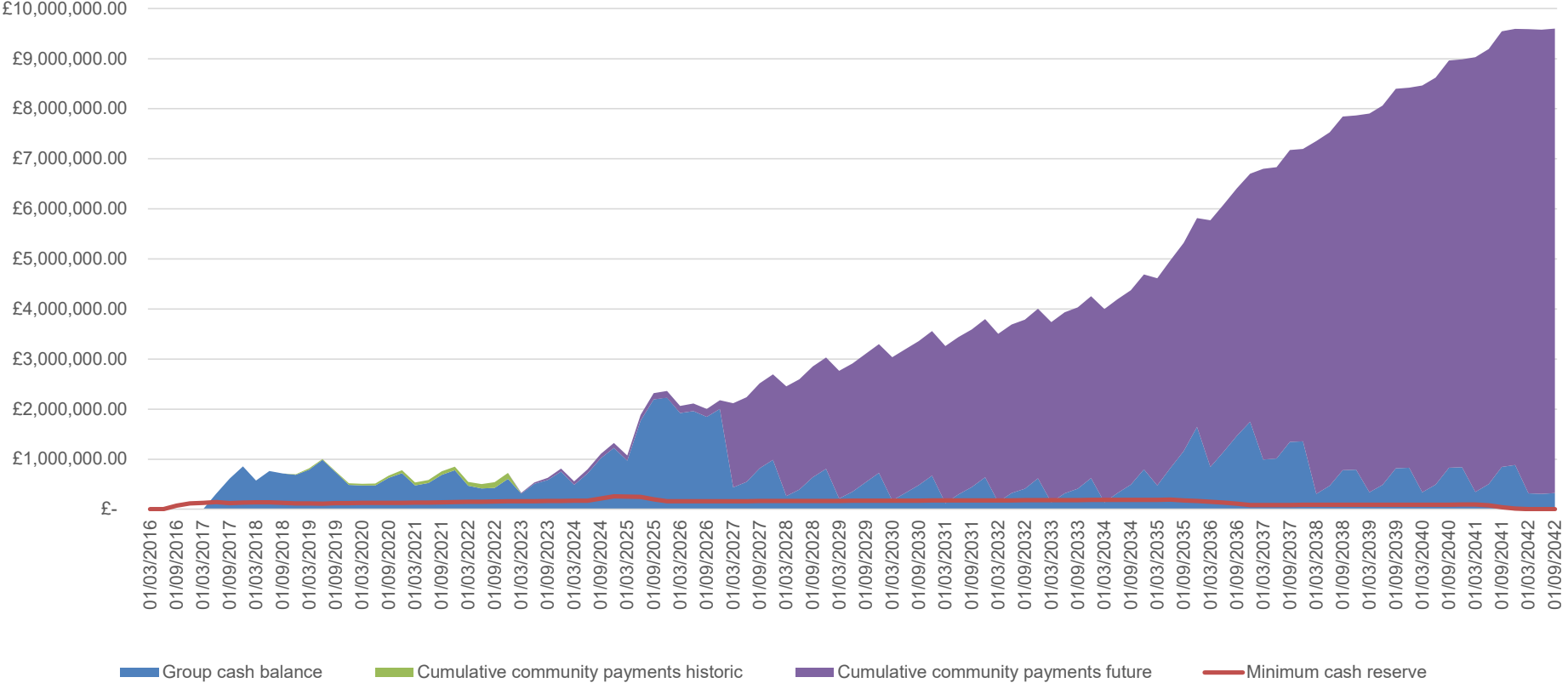
FINANCIAL Projections



Heart of England
Community Energy

HECE Group projected surplus cash generation

HECE Group projected consolidated and community payments



Projected total community fund to end of subsidy term in 2036 - £6.9m

HECE Group projected surplus cash generation

Year	Cash available for community funds and new projects	
2023	£	243,832*
2024	£	528,698
2025	£	1,059,325
2026*	£	30,000
2027	£	1,282,093
2028	£	428,658
2029	£	294,938
2030	£	259,093
2031	£	228,436
2032	£	196,744
2033	£	239,052
2034	£	274,888
2035	£	1,080,975
2036	£	757,503
Total to end subsidy term	£	6,904,236

*Funding commitment for current year is c.£95,000 at present, leaving £148,800 available.

Further detail on 2023 commitments is provided on slide 10.

This table shows the surpluses projected to be generated by the group after operating and finance costs each year through to 2036, when the solar farm subsidies expire.

Surpluses for community funds in 2026 is lower than other years as funds are used for reducing over-capitalisation of the group. The board has discretion to divert more funds to community projects if good opportunities are available.

Community projects supported

Citizens Advice South Warwickshire (CASW)

CASW received a grants totalling £10,722 from HECE in 2022, enabling them to effectively process grants for individuals in dire need. This funding had a significant impact, as it facilitated the acquisition of items valued at approximately £24,300.

These resources were instrumental in mitigating severe hardships, encompassing essential provisions like school uniforms, clothing, emergency food supplies, replacement cookers and fridges, as well as beds and bedding.

Act on Energy

In 2022, Act on Energy made a significant impact using HECE's £27,627 grant funding:

- Provided 106 home visits and 137 web/phone support sessions to fuel poor customers.
- Installed over 280 fuel-saving items, including draught proofing and energy-efficient light bulbs, resulting in estimated annual savings of £5,410.
- Supplying 246 toolkits that outline behavioural changes to reduce fuel bills, prompting an estimated total of £50,000 in annual savings.
- Assisting over 100 households in need through applications to the Stratford Energy Fund, distributing £50,000 via direct payments and fuel vouchers.

Act on Energy's efforts in 2022 have effectively supported fuel poor customers, resulting in substantial energy savings and assistance for vulnerable households impacted by the energy crisis.

Solar Aid Africa

The Shining Mothers of Malawi project, supported by Solar Aid, received a donation of £3,000 from HECE. This funding aims to empower women entrepreneurs and promote energy access in their communities. Over the 12-month program, 24 female entrepreneurs were supported, resulting in the following significant outcomes:

- Enabling 1,169 individuals to access clean, safe, and affordable light, improving their quality of life.
- Fostering female economic independence and nurturing leadership skills within the community. Contributing to the reduction of 140 tonnes of carbon dioxide emissions by eliminating the use of candles and kerosene lamps.
- Providing local families with over £9,000 in savings, as they no longer have to spend on candles, kerosene, or batteries.

Stratford upon Avon Foodbank

In March 2022, the board approved a £1,000 donation to the foodbank following a shortage appeal.

Also, a £695 grant was provided to enable completion of Christmas hampers.

Community Fund Increase

HECE is intensifying efforts to deploy surplus cash to their community funding.

	Spent 2022		Projected 2023	
Act on Energy	£	27,627.00	£	64,581.00
Solar Aid	£	3,000.00	£	7,000.00
Citizens Advice South Warwickshire	£	10,772.00	£	20,644.00
Stratford Foodbank	£	1,695.11	£	3,000.00
Total	£	43,094.11	£	95,225.00

HECE have expanded their spending with current partners. Most notably with Act on Energy for the distribution of emergency funding for those in severe fuel poverty and with Citizens Advice hardship funding program. HECE have also opened applications for grant funding, aiming to find projects that will help reduce fuel poverty, assist socially disadvantaged individuals or communities, and achieve carbon reductions, preferably with added social benefits. 9 organisations have expressed their interest in this grant funding so far!

Member / bondholder payments

Bondholders

- Bond interest paid at 4% on 30th September 2022, covering period from refinance of the bonds to end Sept.
- Full year's interest at 4% to be paid on 30th September 2023.

Members / shareholders

- Target interest 6%
- Board has approved 5th year's interest at 6% (to end Dec '22) to be paid by 31st July 2023.

Formal AGM Business

- a. To present Heart of England Community Energy accounts for the year ending 31st December 2022. The accounts are available on [HECE's website](#).
- b. To re-elect retiring directors.



Consolidated Group Accounts

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022				
	Note	2022 £	2021 £	% Change
Turnover		1,987,029	1,709,788	+ 16.2 % turnover
Gross profit		1,987,029	1,709,788	
Administrative expenses		(1,094,691)	(1,031,765)	+ 6.1 % administrative expenses
Community fund		(43,129)	(13,379)	+ 222.4% community fund
Operating profit		849,209	664,644	
Interest receivable and similar income		37	-	
Interest payable and similar expenses		(533,968)	(595,823)	- 10.4 % interest charges
Profit before taxation		315,278	68,821	
Tax on profit		110,590	99,223	
Profit for the financial year		425,868	168,044	

Interest charges have reduced on previous year due to a refinance of bonds 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 2022**

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	5	395,294	415,479
Tangible assets	6	11,209,635	11,886,325
		<u>11,604,929</u>	<u>12,301,804</u>
Current assets			
Debtors: amounts falling due within one year	8	428,613	325,828
Cash at bank and in hand	9	650,613	824,078
		<u>1,079,226</u>	<u>1,149,906</u>
Creditors: amounts falling due within one year	10	(926,389)	(929,333)
		<u>152,837</u>	<u>220,573</u>
Net current assets		<u>152,837</u>	<u>220,573</u>
Total assets less current liabilities		<u>11,757,766</u>	<u>12,522,377</u>
Creditors: amounts falling due after more than one year	11	(12,748,795)	(13,939,273)
		<u>(12,748,795)</u>	<u>(13,939,273)</u>
Capital and reserves			
Called up share capital		267,001	267,001
Profit and loss account		(1,258,030)	(1,683,897)
Equity attributable to owners of the parent Company		<u>(991,029)</u>	<u>(1,416,896)</u>
		<u>(991,029)</u>	<u>(1,416,896)</u>

HECE Accounts commentary

- Turnover increased on the previous year by £277,000. The greatest factor in this increase was average prices for power sales being higher than the previous year. The solar farms also collectively generated 3.2% more electricity in 2022 than 2021 and, in addition, Feed in Tariff and Renewables Obligation revenue were higher than projected due to higher than expected inflation.
- Turnover was £85,500 above the long-term average target.
- Administrative costs were £116,000 higher than the previous year due to;
 - Inflationary increases to services contracts;
 - Business rates rebates of £29,000 in 2021 ;
- Borrowing reduced in the year to £13.49m from £14.66m in 2021.
- Community benefit expenditure increased by £30,000 versus 2021.
- Overall balance sheet value improved by £425,868 in the year.

HECE board of directors

John Stott (Chair)

Susan Juned

Tony McNally

Tony Guy

Dave Passingham

Eric Appleton

Rebecca Hampson



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Community Energy

Re-election of directors

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

- Eric Appleton
- David Passingham



Guest Speaker



Julie Robinson

CEO Citizens Advice South Warwickshire

A graphic element for the Heart of England Community Energy logo, consisting of a black silhouette of a hill with a tree on top. To the left of the hill is a white geometric shape made of intersecting lines.

Heart of England
Community Energy

Thanks

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

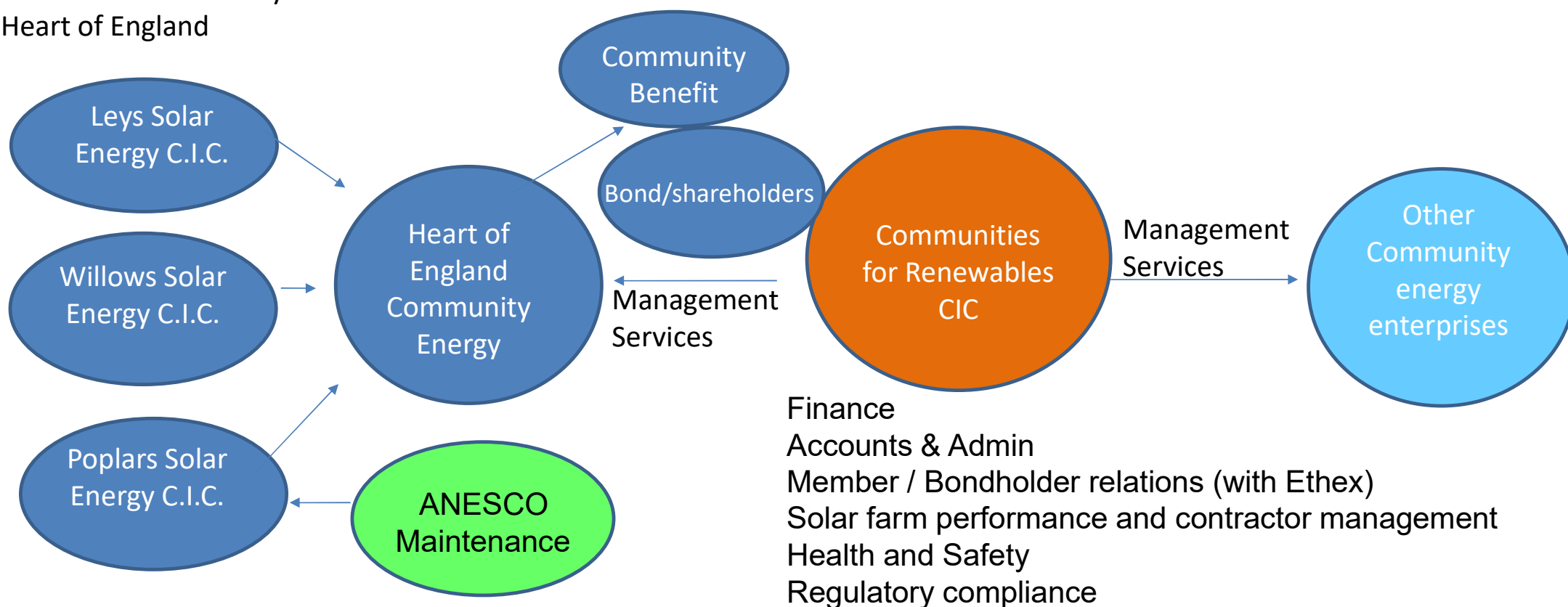


Heart of England
Community Energy

HECE Structure



Subsidiaries owned by
Heart of England



Finance
Accounts & Admin
Member / Bondholder relations (with Ethex)
Solar farm performance and contractor management
Health and Safety
Regulatory compliance

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