

Minutes from Harlaw Hydro Annual General Meeting

In The Ogston Hall and via Zoom 9th June 2023 at 7:30pm



The procedural part of the AGM is minuted here along with the Chairman's comments. The rest of the agenda, Finance, Maintenance, Engineering Developments and Balerno Village Trust are covered in the PowerPoint presentation used at the AGM.

Housekeeping – The Hybrid AGM (slide 1)

Martin Petty welcomed all those who had joined Harlaw Hydro's hybrid AGM.

All the basic housekeeping information was on the screen. Those joining remotely via Zoom were asked to mute themselves. The chat option was available throughout the meeting for comment and questions.

The pictures are of the overflow from Threipmuir Dam flowing into Harlaw Dam and winter in the Pentlands regional Park.

Agenda – Martin Petty (slide 4)

Also taking part in this presentation are Gordon Grassick (Finance), Alister Skinner (Maintenance), Andrew Clark (Engineering Developments) and Lynn Molleson (Hosting Zoom and BVT)

Present

6 members joined via zoom and 19 were present in the Ogston Hall.

Apologies

15 members tendered their apologies.

Minutes of previous AGM

The minutes from 2022 AGM were approved by the members present and those taking part on Zoom.

Chairman's Remarks - Slides 6 - 9

First of all a quick but important reminder that Harlaw Hydro was setup for the community and is run by community members. My fellow directors will cover the detail but I would like to say a little about Sustainability, Power Purchase Agreements, Engineering improvements and our donation to BVT.

Slide 7 PPA

Our revenue comes from 2 places, the Government, through the Feed in Tariff, and the firm that buys our electricity which changes from time to time. At the moment we are selling our electricity to OVO but from August we will be selling it to Octopus. A silver lining to the rise in energy costs is a commensurate rise in the price we receive for what we can generate. With the selling price now providing over 50% of our revenue it has become much more significant. Going forward we need to remember that prices can go down as well as up.

Slide 8 Sustaining HH

One of the responsibilities of the Harlaw Hydro board is to look ahead and try to ensure a sustainable future for the society. As you have heard in previous years there have been detailed improvements to the way the system operates, all designed to improve reliability and aid recovery if something unexpected happens.

We borrowed over £400,000 from our members and in recent years we have encouraged members to take advantage of our share redemption scheme. To achieve our twin aims of reducing our capital debt and retaining a viable membership we are suggesting members to reduce their shareholding to a single share; one share is all that is needed to be a member of the society.

Commented [LM1]: just a suggestion to add this in

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In parallel with the financial aspect there is the question of who will be running the society in 10- or 15-years' time. The society is owned and run by its members, and we would like to open the door to new members who are interested in supporting this excellent community project. As we have no immediate need for fresh capital new members are invited to only purchase 1 share.

Commented [LM2]: just made the wording a bit clearer

Slide 9 The year in Summary

The substantial increase in the donation to BVT comes from 2 sources, the obvious one is the greatly increased selling price. The other component is due to the fact that we have now completed the build-up £50,000 emergency fund the Board has set aside for unexpected emergency expenditure.

Finance – Gordon Grassick (slides 11 - 30)

Voting on Finance

Members were asked to approve four items

1. Approval of our accounts -
2. Interest Payment approval at 4%
3. Verification of accounts
4. Gordon Mavor as verifier

Approval was proposed by Simon Dormer, seconded by Jill Gillard and approved unanimously by those taking present physically and remotely.

Maintenance – Alister Skinner (slides 32 - 39)

Engineering Developments- – Andrew Clark (slides 41 - 54)

Election to the Board (Slides 56 - 58)

The members can elect up to 9 directors from the membership and at present 7 have been elected. Each year 3 directors retire in rotation and are eligible for re-election. For a number of years, the Board has been asking if anyone else would like to join our Board and this year we are pleased to add Richard Blackburn to our list.

Standing for election/re-election are Alister Skinner, Mike Molleson, Ian Hynd, and Richard Blackburn.

The AGM voted to elect/re-elect the four candidates unanimously.

Balerno Village Trust - Lynn Molleson (Slides 60 – 71)

A look back in history to the project that BVT incorporated to manage, the monthly Farmers Market. The market has become the 'shop window' for not just BVT, but for many other local organisations, the traders and provides a way to raise funds for local good causes.

Local businesses on Main Street all benefit from the market and BVT's paid employee, Val Reid, spends most of her time making sure it continues to run well. The market makes a loss for BVT, when you include the cost of our employee and the funds from Harlaw Hydro make sure that we can continue to provide this service to the community. Thank you.

Drinks and Nibbles

Everyone was thanked for their participation and those in the hall enjoyed a drink and some nibbles.

Martin Petty

24th June 2023

Minutes from Harlaw Hydro Annual General Meeting

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Appendix 1

Financial Statements to 31 March 2023 - Q & A

1) **Any changes to the Board of Harlaw Hydro Ltd ?**

No changes to the Board during the Year to 31/3/23.

There is regular communication between Board members, including Meetings and Finance updates.

2) **Are the Financial Statements helpful to the reader?**

Yes, I believe they are.

The Notes to the Financial Statements are presented to maximise useful information.

The Detailed Profit and Loss, though not required, also maximises useful information for the reader.

3) **What are the significant differences in the Financial Statements, compared with last year?**

	Year to		Year to			
	<u>31/03/2023</u>	<u>31/03/2022</u>	<u>31/03/2023</u>	<u>31/03/2022</u>	<u>Up</u>	
Electricity Generation £'s	£ 113,715	£ 74,668	£ 39,047		52%	
Electricity Generation MWh	258	261	-		-1%	
Donation to Balerno Village Trust	£ 60,000	£ 30,000	£ 30,000		100%	
Expense Provisions	£ 13,500	£ 7,500	£ 6,000		80%	
Profit (Loss) before tax	£ 2,661	£ (6,556)	£ 9,217		141%	
Investments	£ 92,000	£ 84,000	£ 8,000		10%	
Cash at Bank	£ 182,844	£ 165,037	£ 17,807		11%	

4) **Why did Electricity Generation Income increase significantly?**

The Generation of 257.6MWh was 12% less than our historical average, but close to last year. However, we gained significant additional Income from the PPA (Power Purchase Agreement) negotiated with OVO from 1Sep22 for £220-MWh, superseding the Limejump PPA of £69-MWh. We have also negotiated a PPA with Octopus from 1Sep23 for 2 years at £320-MWh.

The majority of rain falls between Oct and Feb, which also has significant effect on generation. Generation Income has ranged from £50k in the year to 31/3/19, to £133k in the year to 31/3/20. The average Income generation over the last 7 years was £84k, so this year is 35% above average. We had absolutely minimal technical downtime. Any downtime was due to service work. With fine tuning, our software is able to maintain Harlaw water levels to maximise generation, and to satisfy both CEC flood control, and the fishermen from Apr to Oct.

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5) What key Expense proposals are included in the Statutory Annual a/c's to 31/3/22 ?

	Year to	Year to		
	31/03/2022	31/03/2021	Up	Down
Donation to Balerno Village Trust	£60,000	£30,000	£30,000	
Provisions - Property, Repairs	£13,500	£16,500		£3,000
Shareholder Interest %	4.0%	4.0%	-	-
Shareholder Interest	£12,966	£15,240		£2,274

6) Any unusual items of routine Expense?

None - routine expense is under control, and has been very similar over the years from startup in 2015.

Total Expenditure of £115,930 compares with £82,312 last year.

The increase is primarily due to doubling the proposed annual Donation to Balerno Village Trust.

7) Why has the proposed Share interest % been maintained?

It is justified by the level of electricity generation, and associated Income.

8) Why has the level of Expense Provisions been reduced?

The Board target for an acceptable level of provisions is closer to being achieved.

9) Will further Community Investments be made?

As the level of Share Capital repayments remains low, it is felt acceptable to increase Investments, but only when suitable Investments arise for assessment.

There were a reduced number of Investment opportunities available during the year.

Keeping the value of individual Investments low minimises risk, but also maximises the opportunity to realise Investments, should the need arise.

Gordon Grassick – Treasurer

Prepared : 05-May-23