

# Westmill 2017 AGM

20th May 2017



# Housekeeping

- Fire alarms
- Exits
- Assembly point

# Westmill AGM 2017

- Approval of the Minutes of 2016 AGM
- Report of Directors and accounts
- Turbine performance (Richard Lord)
- Appointment of auditors
- Distribution of profit
- Election of Directors
- Close formal business
- Discussion on WWF future income streams and returns to members
- Q&A

# Item 1. Introductions

- Board members
- Prior information on website
  - Minutes of 2016 AGM
  - Accounts
  - Annual report, agenda, and summary of accounts
  - WeSET report
  - Potential WWF cash flow problems to 2033

## **Item 2.**

### **Motion 1: Minutes from 2015 AGM**

- Proposer,
- Seconder
- Amendments
- Votes in the hall

## Item 2.

### **Motion 1: Minutes from 2015 AGM**

- Postal votes
- *AH to supply*

# Item 3. Accounts to October 2016

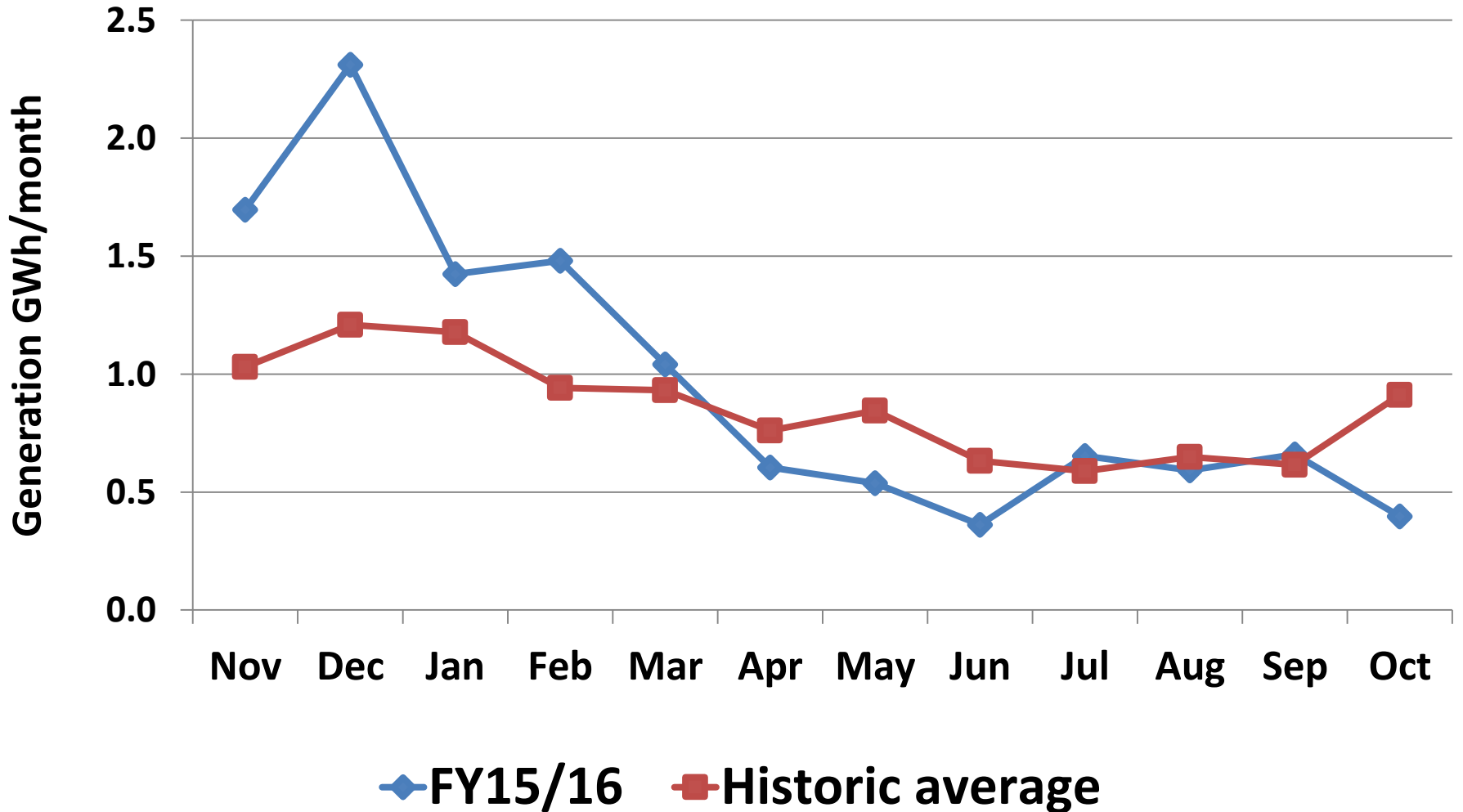
- The main documents already circulated
  - Directors' report
  - Auditor's report
  - Profit and loss a/c
  - Balance sheet
  - Notes
  - **Key impacts on WWF's income**
  - **Summary of audited accounts**

# Main Activities

- Our contractors continue their good performance (O&M- Jacobs & Admin- E4All)
- Rising costs of replacement equipment & spares (£82.6k); Richard Lord discuss later
- Power purchase agreement against falling wholesale & Renewable benefit prices
- Paying off Coop loan (by end Nov 2016 £1.7M originally £3.8M) (*now £1.4M*)
- Continued Community Energy England membership



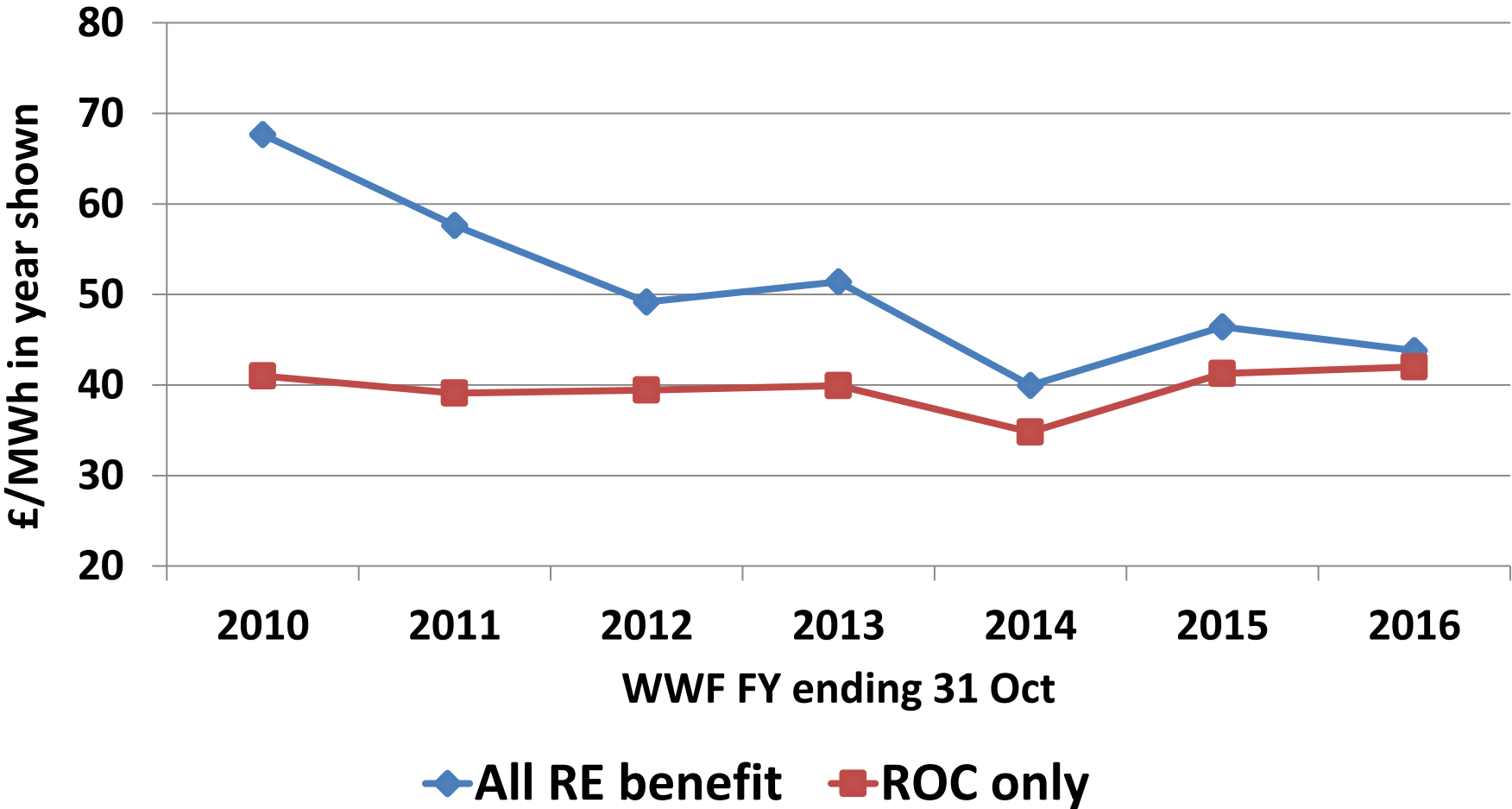
# WWF's amazing wind year!



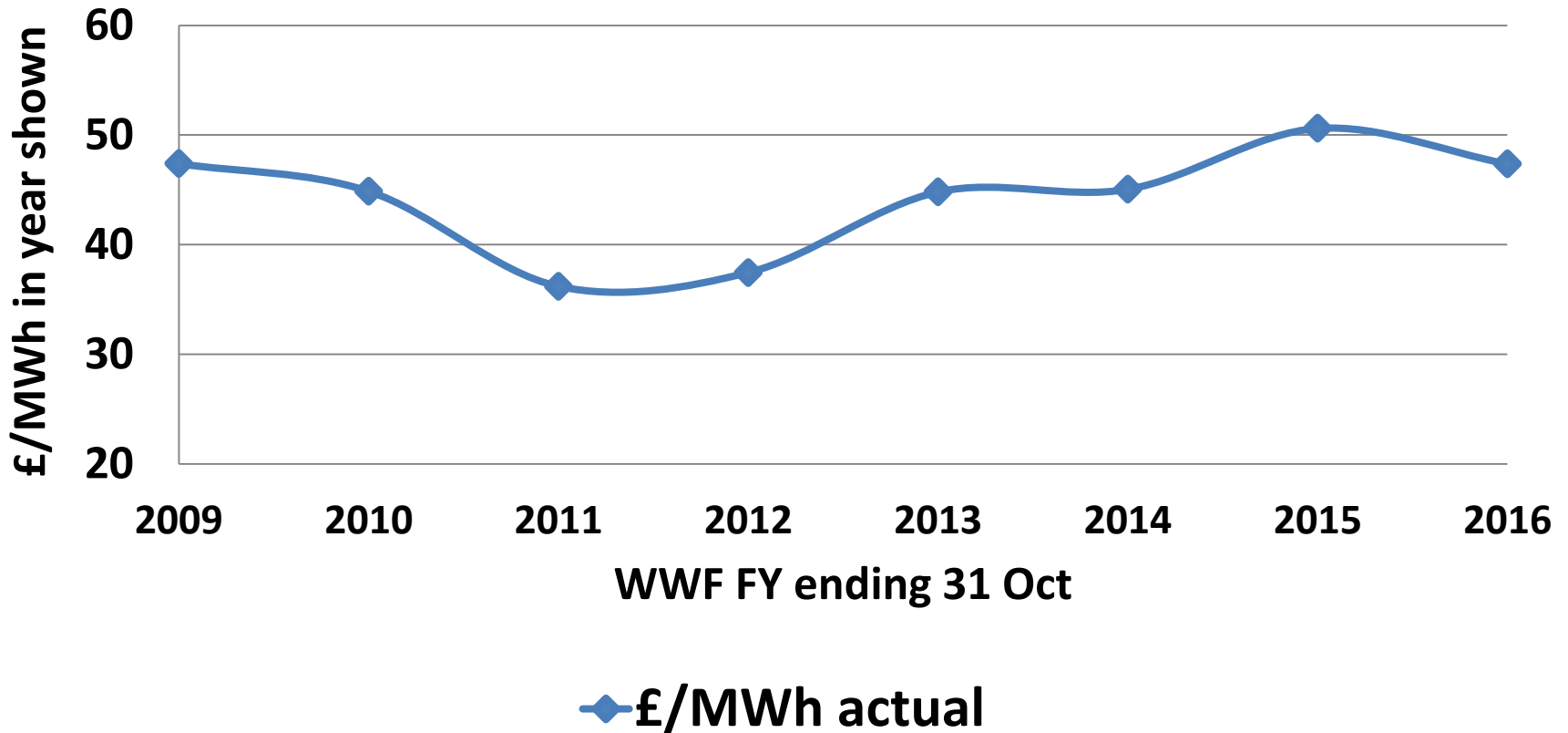
# Key Drivers for our Net Income

- Wind strength and direction (*outside our control!*)
- Power purchase agreements for electricity generated
- Keeping the £324 thousand per year (~30% of our income) on operating and overhead costs to a minimum consistent with continued high performance of turbines and financial prudence

# WWF Price from all RE Benefit & from ROC



# WWF Wholesale Prices £/MWh



# Profit and Loss Account

	2014-15 £	2015-16 £
Turnover	955,787	1,076,241
<u>Less</u> Cost of sales	589,800	615,613
<u>Less</u> Overheads	66,924	65,035
<u>Plus</u> Other income	6,381	4,623
<u>Less</u> loan interest	162,322	135,677
<u>Less</u> Tax paid	12	6,261
<b><u>Equals</u> profit on ordinary activities</b>	<b><u>143,110</u></b>	<b><u>258,279</u></b>

# Cost of Sales

	2014-15 £	2015-16 £
Operation and maintenance	129,363	179,631
<u>Plus</u> Rates	43,958	45,000
<u>Plus</u> Insurance	21,707	21,707
<u>Plus</u> Depreciation	356,580	356,580
<u>Plus</u> Other (incl. royalty payments & rent)	38,192	43,069
<b>Total</b>	<b><u>589,800</u></b>	<b><u>645,987</u></b>

# Balance Sheet – 31 October 2016

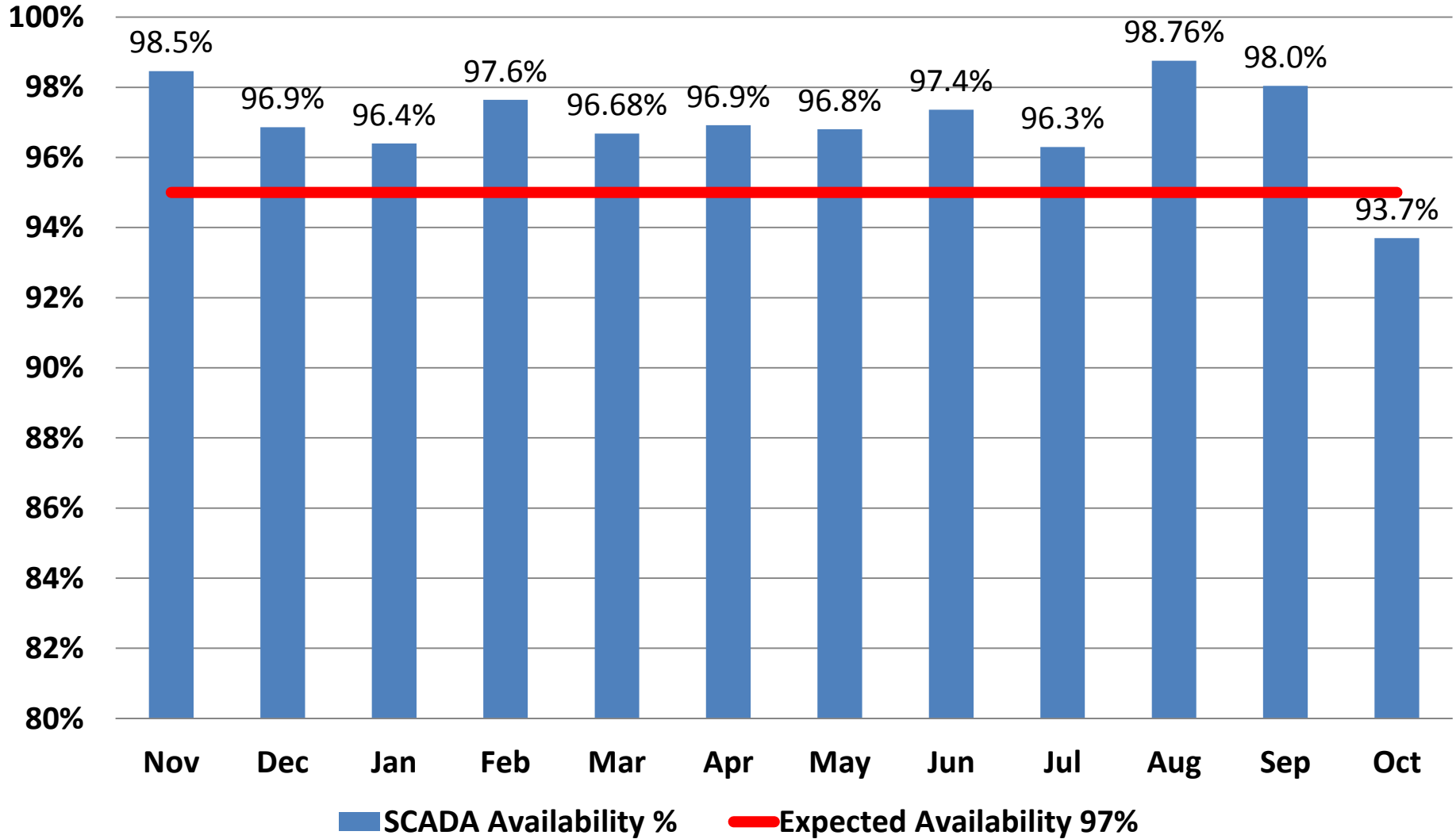
	2015 £	2016 £
Fixed assets	5,169,392	4,813,400
<u>Plus</u> Current assets	1,035,968	1,126,531
<u>Less</u> Current creditors	647,766	753,622
<u>Less</u> Long term creditors	1,645,879	1,240,165
<u>Less</u> Provisions	22,202	56,630
<u>Equals</u> Shareholders funds	<u>3,889,514</u>	<u>3,889,514</u>

# Turbine Performance

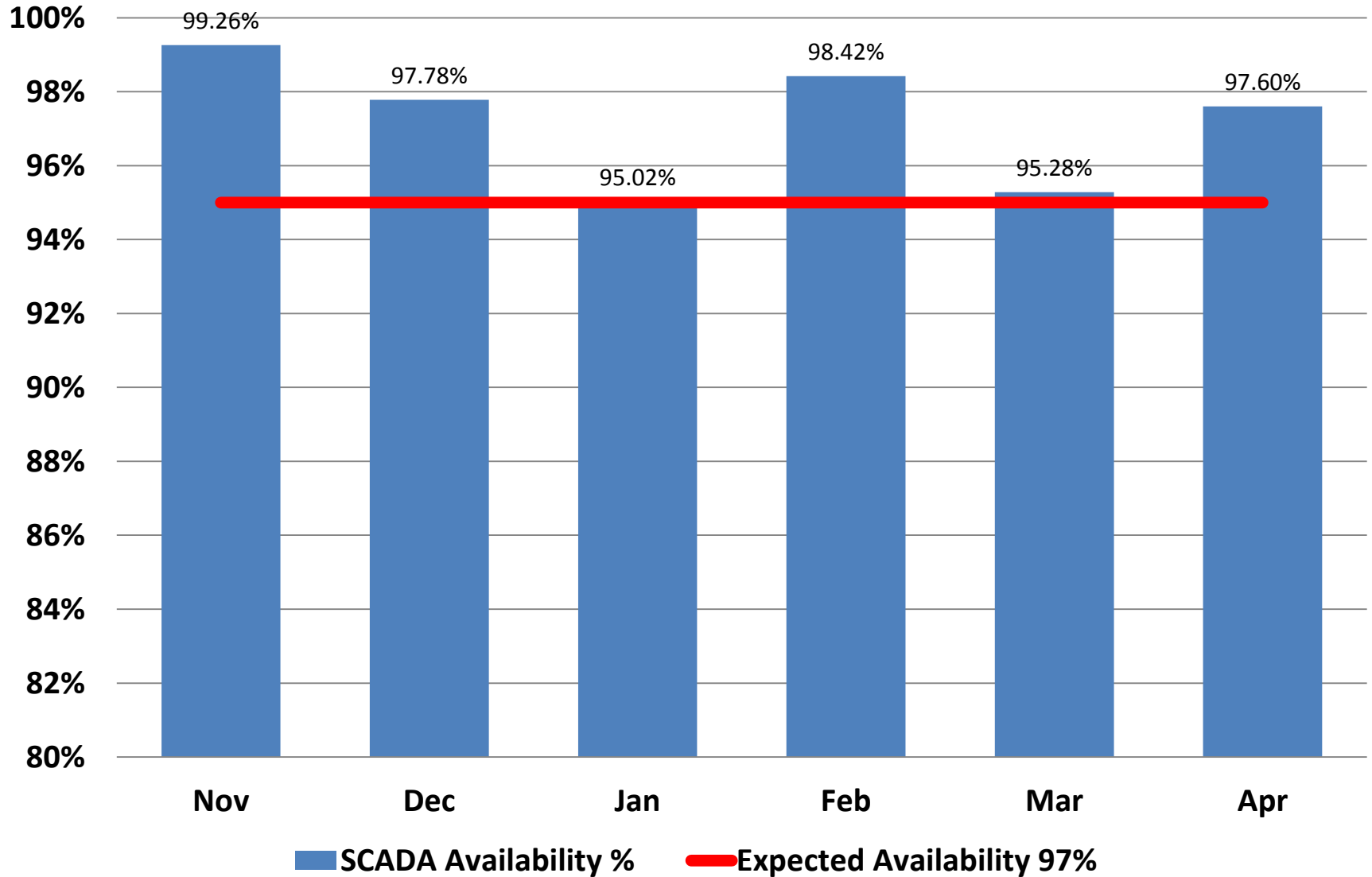
- *RL to provide a few words?*



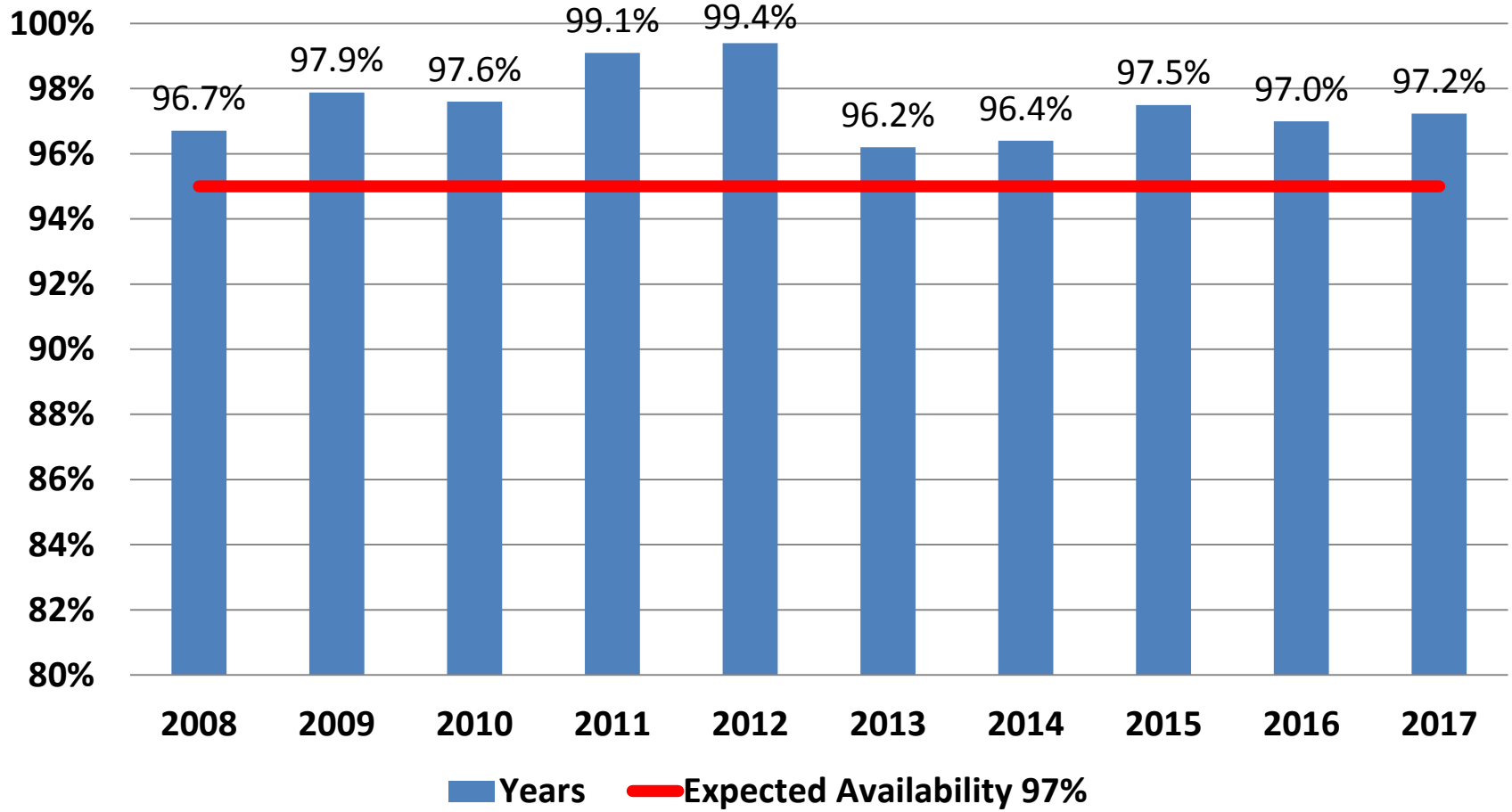
# Wind Farm Availability Nov 2015 to Oct 2016



# Wind Farm Availability Nov 2016 to Apr 2017

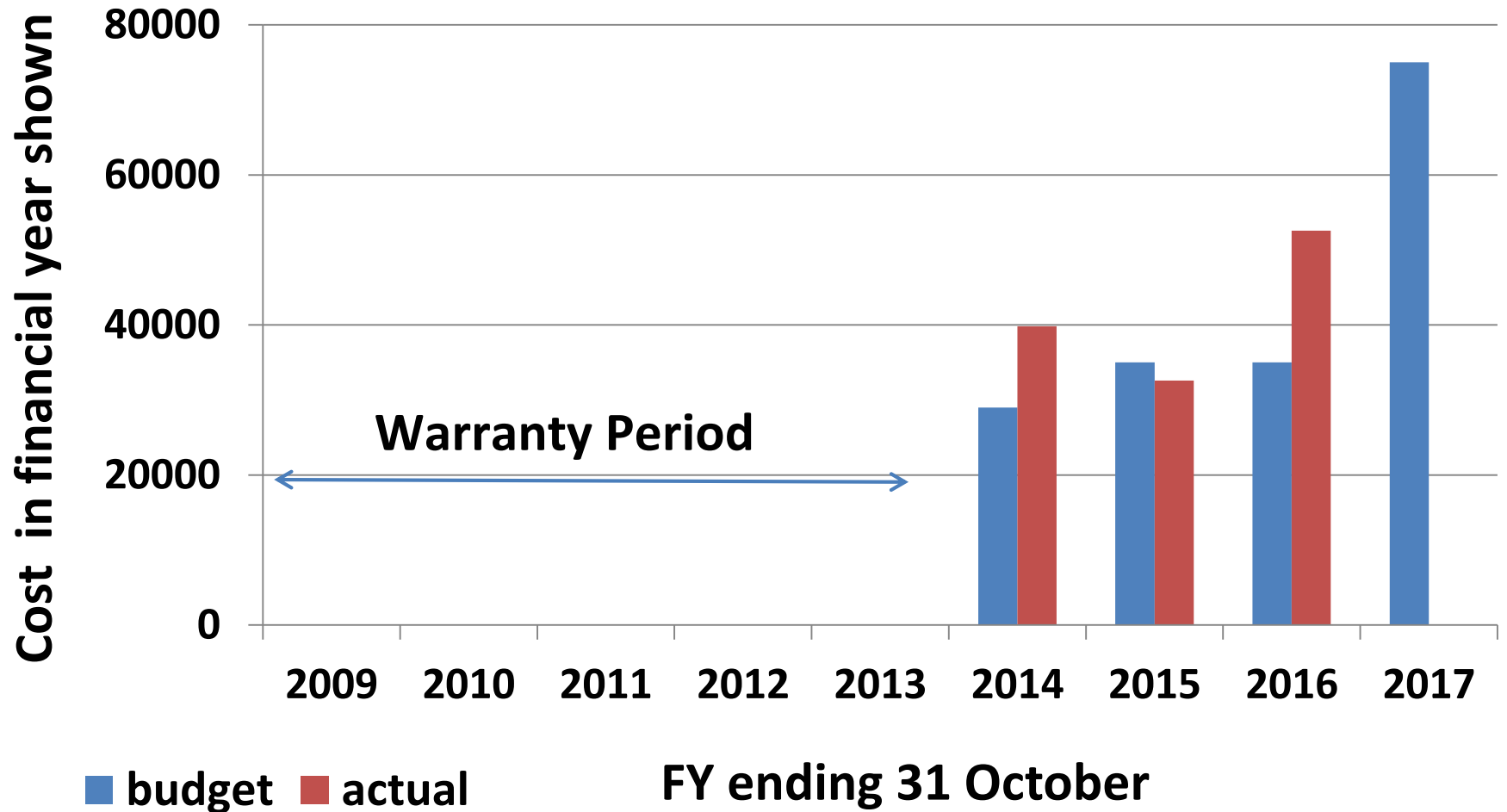


# Wind Farm expected Availability



# WWF Turbine Parts & Spares Costs

*Any use RL?*



# Changes FY 2016/17 to 2015/16

- **Electricity production - DOWN**
- **Price of sold electricity unit – DOWN**
- **Expected costs of turbine parts - UP**
- Co-op loan interest payment – DOWN ✓

## **Item 3.**

### **Motion 2: Receive & adopt accounts and auditor's report**

- Proposer
- Secunder
- Votes in the Hall

## **Item 3.**

### **Motion 2: Receive & adopt accounts and auditor's report**

- Postal votes

*AH to provide*

# **Item 4.**

## **Motion 3: Appointment of Auditors**

- Proposer
- Secunder
- Votes in the Hall



# Item 4.

## Motion 3: Appointment of Auditors

- Postal votes

*AH to provide*

# **Item 5.**

## **Motion 4: Approval of Distribution of Profit (Share interest)**

- Proposer
- Seconder
- Votes in the Hall

# Item 5.

## **Motion 4: Approval of Distribution of Profit (Share interest)**

- Postal votes

*AH to provide*

**Item 6.**

## **Election of Directors**

*AH to provide*

# Close of Formal Business



# Discussion on WWF Future Income & Returns to Members

## *Problems*

- Less wind (~15%) than expected
- Expected WWF electricity price to rise at 2% pa
- Turbine parts cost risen more than expected
- Maintenance and admin costs contractually linked to RPI – was 2.9% pa against expected 2%
- 11 months less ROC income than expected
- Depreciating turbines till March 2030; ROC income ends March 2027
- Bank deposit interest 0.15%

# Implications on Returns to Members

*Business As Usual (i.e. from now continues as in the past)*

- For four years (FY 2026-30) no profit is made
- Our last 2 scheduled years 2030-32 make a combined profit of less than £300
- Unable to repay WWF members' initial capital; £828k shortfall
- Identified the key variables through a sensitivity analysis of income streams and returns

# Key Variables to Maximise Returns

The key variables are to:

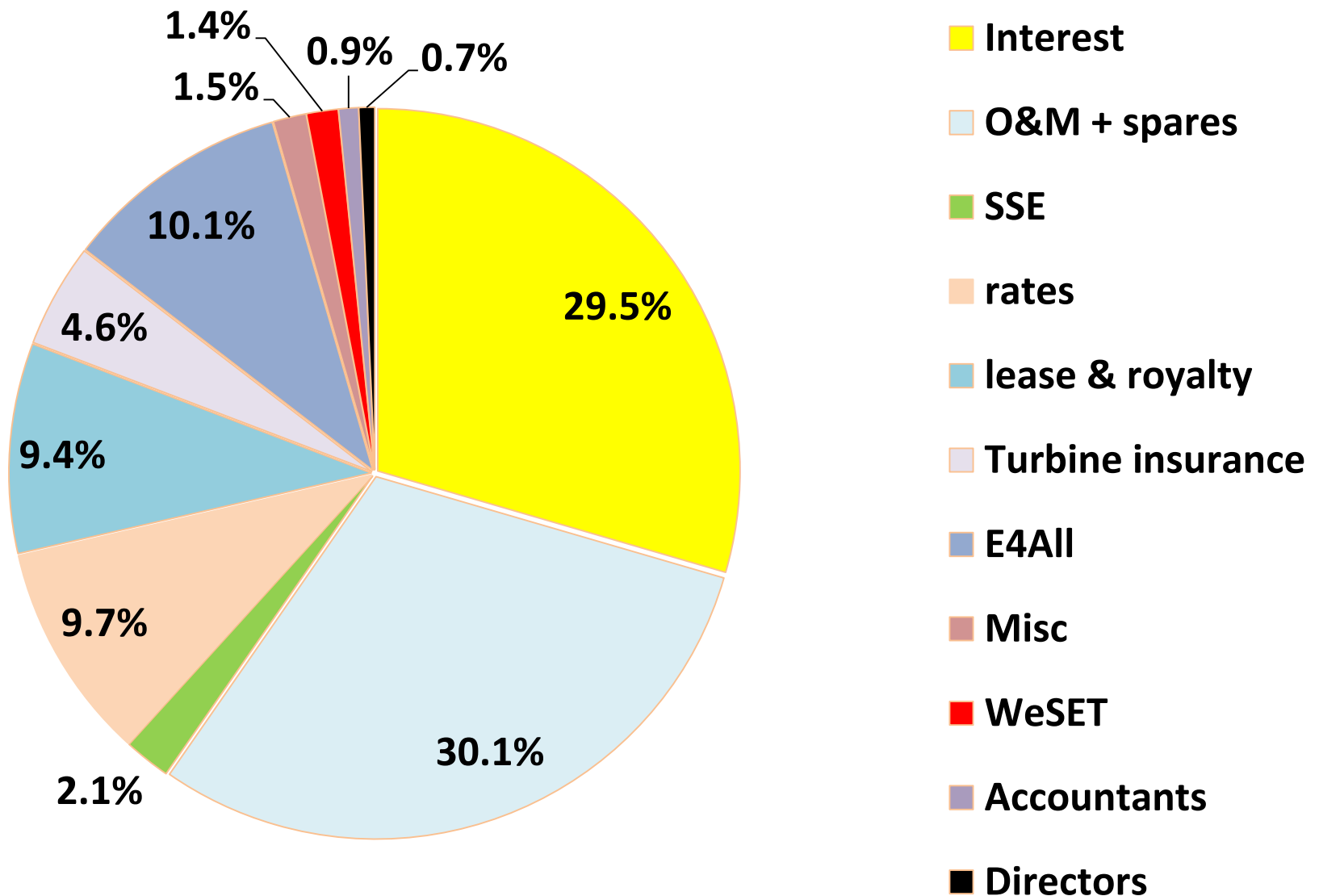
- hope for a rise in our wholesale electricity price (Power Purchase Agreements)
- keep the turbine availability at historic levels to maximise available wind generation
- reduce the inflation rises in our costs

*Other variables examined were; ROC price and interest rates on our cash deposits.*

*N.B. Early repayment of Co-op bank loan remains financially unattractive, but regularly monitored.*



# % Breakdown of WWF Costs of £460k in 15/16



# Solutions under our Control

- **Maintain historic reliability** of turbines
- Lower cost inflation by 1% by **moving to CPI in contracts** (rather than RPI)
- **Reduce depreciation period** from 22.3 years to 19 years (same as ROCs) starting in November 2018
- Also continue to monitor Co-operative Bank situation and **pay off outstanding loan asap** (end 2019 at the latest)

# Impact on Return to Members

- Result is no years of financial loss and full return of capital to members from now
- Combined return to Members is greater than BAU
- Capital returned is not subject to tax

Scenario	Interest 2017-2033	Capital returned 2017-2033	Shortfall/ Excess Capital	2017-2033 Member return	Return if 20% tax payer
BAU	£1.67M	£2.92M	<b>-£0.97M</b>	<b>£4.59M</b>	£4.26M
Achievable	£1.40M	£3.89M	£0.07M	<b>£5.36M</b>	£5.07M

- N.B. tax losses and corporation taxes could affect these interest figures

- **OVER TO YOU**

# Closing Remarks

- Grateful for your attendance today & questions/comments
- Next WWF Board meeting will discuss all these and also your feedback forms
- Please give us your feedback comments now or e-mail them to [tammy@e4all.co.uk](mailto:tammy@e4all.co.uk) asap
- Many thanks