

Abingdon Hydro Director's Report, 15 February 2016 AGM

A key date in the progress of this project was 10th September 2014. That was when the application went to Ofgem for pre-accreditation. If granted, the feed in tariff would be set at the current level, so that we would know what income to expect for the next 20 years.

However the pre-accreditation would only last 2 years, so from then on everything was against the clock. Generation had to start by 10 Sept 2016, or the feed in tariff would be reset at its new level - which is now down from 19.6p to 8.5p/unit.

We launched the share offer on 1st November and had a good response; talks started with an engineering consultancy about construction; and we called last year's AGM on 23rd January. The minutes of that meeting are appended to this report.

The AGM exposed some weaknesses in the directors' preparation, but we were authorised to press on and were grateful for the members' strong support. The meeting included a presentation by the consultant, and it prompted two members, recently retired from civil, and mechanical and electrical, engineering, to offer their help. That enabled us to form an engineering group with a good range of skills, to steer us through to construction.

The consultants had identified what was needed to complete the project, but we became uneasy about their lack of experience of river environments. For long term operation in a river, a sound design is essential, so the decision was made to change to a different consultancy, GHD Ltd.

The screws lie at the heart of the design, so a two step approach was used, although that could take extra time. First the screw supplier was selected by competitive tender, which included drawings to show how it should be installed, with appropriate guarantees. Those drawings went to GHD, to design the structure that would hold them in place, and to take us through the selection of a civil contractor. It was important to get the design right, with nothing missing, because any changes after the contractors had quoted would increase the cost. GHD's quantity surveyor estimated the cost at £1.7 million, which was uncomfortably high. However the screw supplier's output figure was significantly higher than ours, and there was the possibility of selling electricity direct to get a higher price than we had assumed.

Screws were chosen in April, drawings were ready in June, and 6 possible contractors were interviewed in August, and shortlisted to 4. Last minute problems and summer holidays delayed the tender documents until September, with responses due on 30 October. It was an anxious time because we were spending more than the AGM had authorised, and had to keep spending because all the documents and permissions had to be in place for the contractors to start promptly. But we believed that the members would prefer us to spend the extra rather than give up at this point.

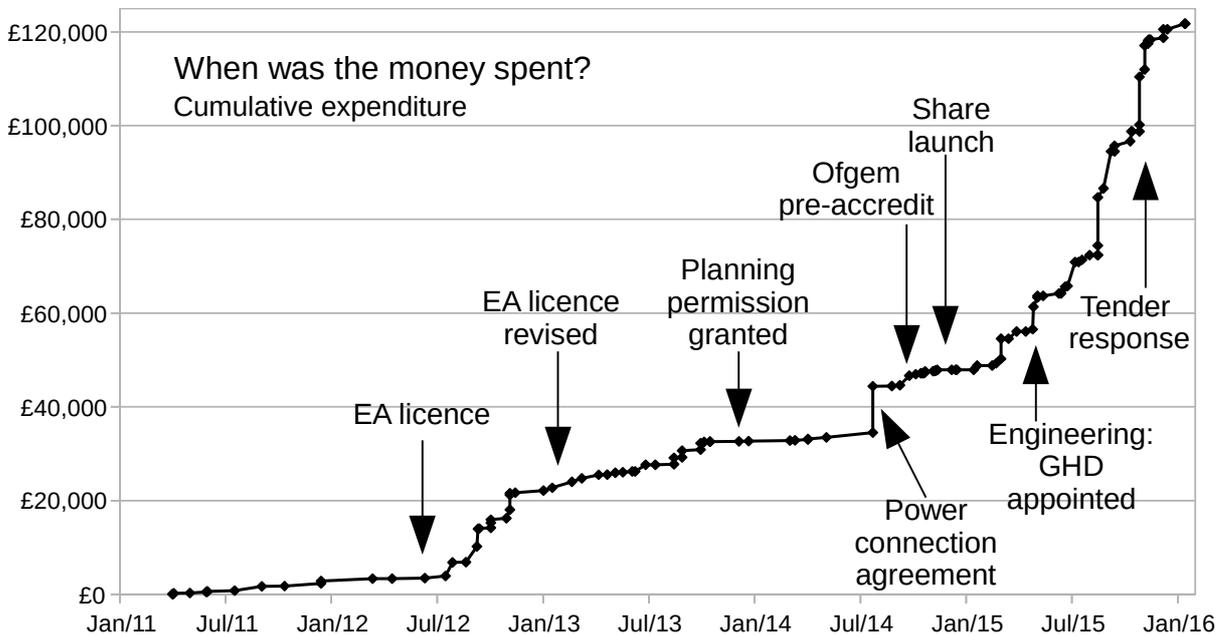
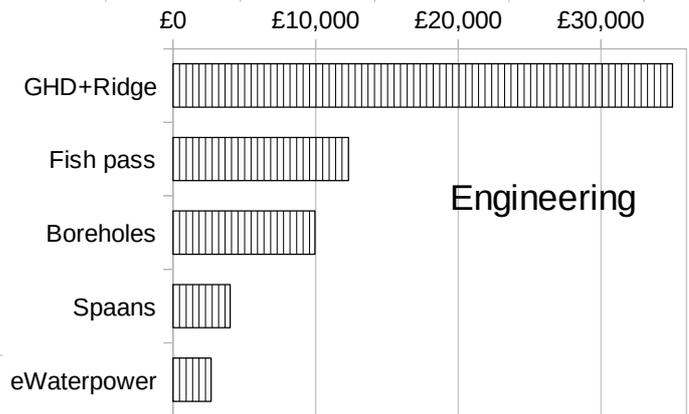
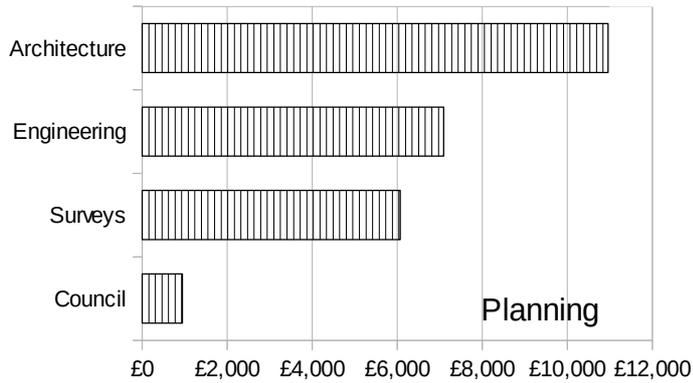
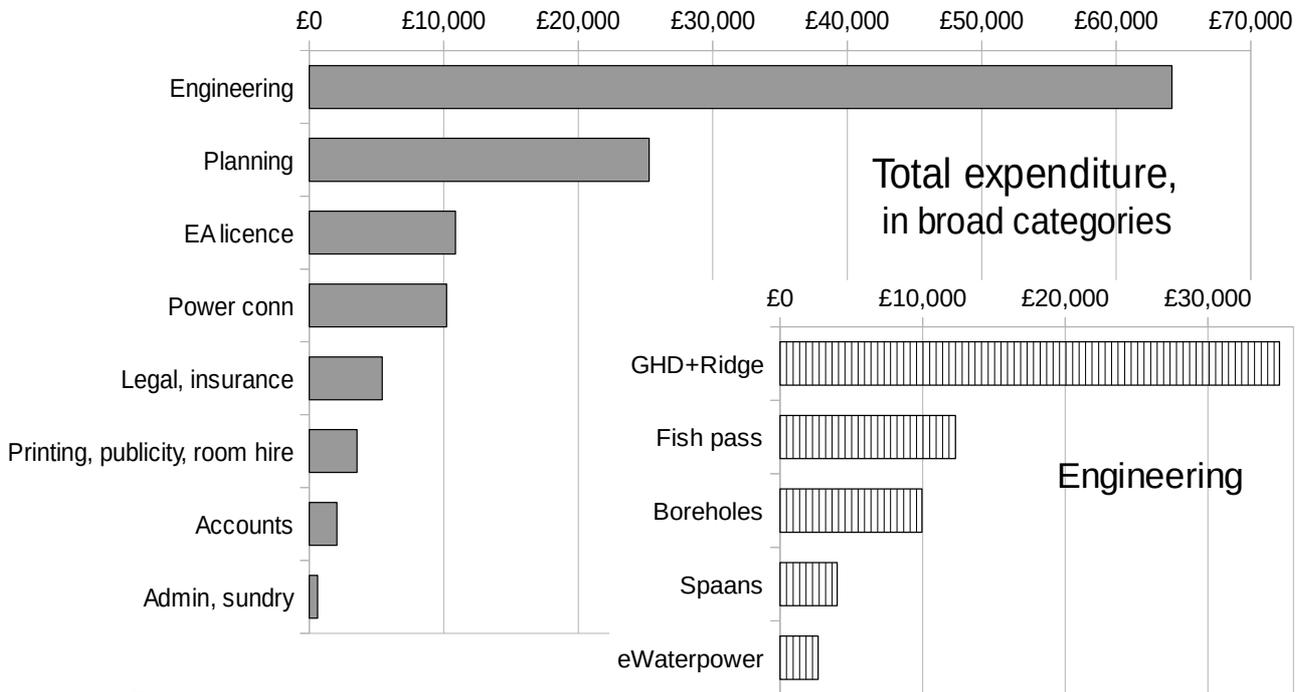
Then the contractors started dropping out, for different reasons, and it felt like the project was slipping away. Construction is currently a seller's market and we ended up with only one, who quoted £3.1 million. The previous AGM required the Directors to "call an EGM to present the findings and ask investors for their decision on the future of the scheme", but at such a high price it was obvious that we should stop immediately.

So we are now tying up the loose ends and preparing to return the remaining funds to the members. It is a sad ending, but we are a small part of a bigger picture. In the last few months this government has made huge cuts in their support for renewable energy, which means no more low head hydro for now. We know from the time we spent at events and talking to people that the great majority wanted this project to succeed, and by your support we were able to hold out for many people a vision of a better future. Thank you for that.

Richard Riggs, Secretary

How the money was spent

As far as we know, all the bills to be expected are now paid or accounted for. These graphics show how the money has been spent, going right back to the beginning.



Minutes of Abingdon Hydro AGM 2015

held at 7.30 pm on Friday 23rd January at The Guildhall, Abingdon.

Welcome and introduction: Pat Lonergan (chairman)

Pat Lonergan thanked members for coming to this first AGM since the share launch last November.

Apologies for absence.

Received from Sally Reynolds, Barbara Wynn, Marion Coates, David Barrett, Alan Joinson, Julian Morre, David Cogdell, Nigel Morgan, Hilary Green, Adam Twine, Orph Mable, Hugh Bishop, Frank Syratt, Alan Bryden, Roger Ainslie, Mark Shepley and Nicola Tanner.

Approval of last year's minutes: Pat Lonergan

These had been circulated previously. There being no corrections or matters arising these were unanimously approved by those who were present at last year's AGM.

Directors' report: Richard Riggs (secretary)

This had been previously circulated and there were no questions from members.

The accounts: Paul Buckingham (treasurer)

The accounts up to Oct 8th, the end of our financial year, had been circulated. This date was before the share offer and so all money in these accounts was from the early seed investors. As Paul had been very busy recently they had been prepared by Frank Syratt and Paul only had details of our current financial position to hand. He explained that we had a current account with Co-Op Bank but that all the money received since the share offer in November was in one of the 3 accounts with Triodos Bank, (current, 30 day notice at 0.6% interest and 90 day notice at 0.9% interest), and was therefore earning some interest. Unfortunately he had not seen the accounts prepared by Frank and so was unable to answer many questions. A question about the £9909 for cable connection was explained: one of Ofgem's requirements for preliminary accreditation is a receipt from SSE for the non-contestable part of the work. Geoff Homewood explained we are in the process of obtaining an accounts package. It was agreed a written explanation of the accounts will be circulated to members. A motion to approve last year's accounts subject to sending out an explanation was proposed by Pat Lonergan and seconded by Richard Riggs. Motion passed by a small majority.

Appointment of Auditors: Paul Buckingham.

A member pointed out that we should be appointing an accountant rather than an auditor. A proposal to appoint an accountant was passed unanimously. ***Proposed Paul Buckingham, seconded Pat Lonergan.***

Election of directors: Pat Lonergan.

According to company rules one third of the longest serving directors must stand down each year. This year were Martin Bowes, Paul Buckingham and Richard Riggs. All were willing to stand again. Deryck Silk and Jon Bentley have decided to stand down. There are 3 new candidates. Penny Clover, Frank Woods and Ben Harding. Introductions to the new candidates had been circulated previously. The existing directors judge that there is enough room on the board to accept them all and so, there being no objections, all were declared elected.

Looking ahead.

Getting it built: Geoff Homewood and Tim Leigh (Ridge Partners).

Geoff explained that now Abingdon Hydro needed professional advice in order to choose contractors and cost the scheme and so Ridge Partners, a local firm, had been appointed. He introduced Tim Leigh from Ridge who gave a presentation of what they had done so far and what needed to be done in order to choose the best contractors and to cost the scheme.

Tim said they had been very impressed with what Abingdon Hydro had achieved so far. He listed

the next steps including reapplying for the abstraction licence etc. Ridge's initial costing for the scheme was £1.4m which was higher than Abingdon Hydro's target figure, but this was normal with construction schemes. They had used the drawings supplied with the planning application which had the original fish pass rather than a shorter design from Fishtek. Other cost reductions should be possible on, for example, the access route. He estimated that the cost for Ridge to take the scheme to the stage of choosing contractors would be in the order of £35,000. The presentation was followed by a question and answer session.

Modelling the electricity generation and the finances: Richard Riggs

Richard Riggs gave a presentation putting data into a financial model and showing the variations in output and income to members and the community fund for different conditions. This showed that the cost needed to come down and that we could not afford a large loan. A lively discussion followed.

Making ends meet: Penny Clover and Ben Harding

Penny Clover stated that the investment in Abingdon Hydro so far was very encouraging and described ways of attracting investors from a wider area, by putting the share offer onto various websites for investors. It will be put onto the Trillion website. This has 15,000 potential investors interested in green and ethical investments and another hydro scheme has recently raised approx £50,000 through this site. She also said that directors were intending to apply for various grants from, for example, WREN and TOE2 to pay for peripheral items like the walkway which were essential parts of the whole scheme, but not required for the electricity generation. Ben Harding spoke of possible funding sources that he had been researching.

Proposal to go ahead: Penny Clover.

Penny ended by saying that all the members had achieved a great deal so far and that she was confident that sufficient money could be raised to enable the scheme to go ahead. If the scheme proved to be too costly or not enough funds were raised an EGM will be called and all members would be kept informed via e mail, the website or letter.

She explained that members already understood from the prospectus that up to 3% of their money could be spent on preliminary costs and that if the scheme did not go ahead they may not get all the money back. It now seemed that the next stage of work needed to minimise the risks, confirm the financial target and start construction in 2015 may be more than 3%. Her proposal was:

“That investors confirm their acceptance that up to 5% of their investment may be used, if required, to further the scheme in 2015. This will apply to all current and future investors.

Providing the total funding of the scheme is achieved and sufficient to meet the expected costs of development, the Directors propose to proceed with the project in 2015.

If there are insufficient funds and/or the construction costs are too high in relation to the overall financial budget, the Directors will call an EGM to present the findings and ask investors for their decision on the future of the scheme at that time.”

Seconded by Richard Riggs. During the ensuing discussion several members expressed their enthusiasm for the scheme and member David Fordham pointed out that in view of the cost quoted by Ridge in order to further the scheme to the tender process, maybe 5% would not be sufficient and he proposed that 10% should be allowed. This amendment was accepted and the proposal was accepted unanimously.

Any other business: Pat Lonergan

One member thanked all the directors for their work in getting the scheme this far and he urged all members to persuade all their friends and family to invest as much as possible.

Close: Pat Lonergan

Pat closed by reminding all members that the 30% EIS tax relief was still available for all investment but only until the next budget. The meeting closed at approximately 9.30pm.