



Hepburn Wind 2019 AGM Minutes

Meeting opened

- Acknowledgement of traditional owners:
I would like to acknowledge that this meeting is being held on the traditional lands of the Dja Dja Wurrung people, and pay my respect to elders both past and present.
- Acknowledgement of any special guests:
 - Ron Liversidge our landowner
 - Simon Holmes à Court our founding chair
 - Ex-directors: Norm McMurray
 - Phillip Brown our management accountant
- Members welcomed (and guests) to the AGM for the 2018/19 Financial Year
- Quorum achieved (65)
- Board introduced - David Perry, Mark Fogarty, Stuart Read, Paul Houghton,
- Two board members (Justine Watson and Linda Hancock) were apologies
- Agenda/timing outlined
- “Standing Orders as outlined in the rules apply to this meeting”
- Declared passed
- Attendees asked to leave questions of directors till after the presentation of the board and financial reports have been completed
- Members are notified that no vote will occur as there were no external nominations, and existing director Stuart Read has re-nominated and independent directors who were appointed by the board - Mark Fogarty (independent director) and Justine Watson have nominated.

Formal Proceedings: Apologies

- Attendees requested to speak up with their name when moving/seconding motions
- 35 apologies were received
- Members were asked for any apologies
- Graham requested mover for the following motion:

“That the apologies be received.”

Moved - Susan Davies

Seconded - Kingsly Slipper

- Motion put to vote
- Motion carried

Minutes Previous Meeting

- Members were requested for any corrections needed for the minutes for the 2017/18 AGM minutes
- Mover called for the following motion:

“That the minutes of the annual general meeting held on 3 November 2018 be confirmed as a true and correct record of the meeting and be duly signed by the Chairperson.

Moved - Eddie Beachman

Seconded - Pauline Ferguson

- Motion put to vote
- Motion carried

Solar Presentation

- Taryn Lane presents on solar
- Taryn noted relevance of solar farm to special resolution rule change
- Purpose: Deliver long term security
 - Economies of scale, utilising existing grid infrastructure
 - Securing a long-term purchase agreement
 - Will only go ahead if it secures reasonable returns
 - Low cost development through securing pro-bono/low-bono technical services
 - Community Energy Target with Feed in Tariff is being lobbied for to ensure fair price
 - Best practice/sensitive design
 - Summary of work to date, \$200,000 of low bono/pro bono works
 - Renewable Communities Grant - \$500,000
 - Grant has milestones and exit points so we can stop at any time (if needed)
 - If development is favorable for member returns construction to begin late 2020-21
 - Technology optimisation considerations outlined ie generation profile, cost, land use
 - Scale is defined by export limits and funding opportunities
 - ~5MW of solar producing 6,500 - 9,500MW per annum
 - Investigating a mixture of cash and debt finance
 - Timeline:
 - Nov-Feb: Planning
 - Feb-Sep: Approvals/pre-construction,
 - Sep: Construction/ commissioning
- Graham encourages members to join a committee or nominate for the board next year, encourages women to apply.

Board and Financial Reports (Board)

- Members reminded that the following reports are for the year ended 30 June 2019
- Graham presented the annual report summary

- Payment of first dividend
- 72% reduction in unscheduled outages
- Cameron Robins artist residency
- LGC price drop, all-in price to \$142
- Presented predicted vs actual all-in price
- Renewable energy target has been met, LGC's will reduce further
- BAU in initial prospectus was far more than possible in current context
- Solar is a project which may help boost income over the next 20 years
- HW lobbying for a Community Energy Target, 100MW of Community Energy by 2025 - a carve out of the VRET. Mechanism to deliver = Feed in Tariff of 6-7c per kWh.
- Mark Fogarty presented Financial summary
 - Mark - Introduced himself. Described the context we are operating in.
 - LGC's down, generation income was up over the course of 2018/19
 - Admin costs were up \$5,900
 - Personnel expenses increased by \$11,384
 - Net profit after tax is down 21% from 2018
 - Dividend delivered of \$251,024.89 (2.6%) fully franked.
- David Perry presented operational summary
 - Provided a quick overview of monthly electricity income
 - Few hours of generation = high % of our revenue due to high wind and drop out of other generation (coal plants).
 - Monthly average LGC price - trend of decrease
 - Wind speed drops in summer months - solar could compliment this profile
 - Disclosure statement provided.
 - CER revised rules in such a way that LGC's dropped
 - Senvion administration announced
 - REFCL - Hardship grant applied for
- Stuart Read presented on community and communications summary
- Graham called for a mover of the following motion:

"That the reports from the board and auditors on the affairs of the co-operative for the year ended 30 June 2019 be received."

Moved - Simon Holmes à Court

Seconded - Norm McMurray

- Motion put to vote
- Motion carried

Member questions

Dallas Kinnear

Q: Would crops be a better alternative to animals to help store carbon for the potential solar farm?

Taryn Answered: It's multifaceted, we are looking at pastures and animals and what would best partner with the solar technology we adopt. Once we have selected the technology we will create a holistic system around that.

Dallas Kinnear

Q: Is the grid connection flexible? Do we have the capacity to install more solar if the grid is improved in the future?

Taryn answered: Individual households and projects like ours face export limits for solar. We are considering dynamic connection agreements, which could be flexible and tailored to address variable grid capacity. Currently we are looking at a fixed connection with Powercor but we are investigating dynamic connection agreements for the future. We are also working with Powercor to enable more household solar uptake.

Susan Davis

Q: I'm not from here, I support the ZNET target. The impact for reducing emissions in the region is great. This requires government subsidies. Other community energy projects have provided a return on investment and have a designated path to return capital to investors. Now having paid down debt to the bank, how will Hepburn wind pay down its debt to investors? Particularly those from outside the region who do not receive local benefits. Should we be open in the fact that people have made a considerable donation?

Graham answered: What was predicted in the initial share offer is very different to the context and reality we face. We don't have many options. That's why our strategy is to boost our generation. In order to do that, we need additional income, which could be delivered by a Community Energy Target with a Feed in Tariff. The other option is to sell through a retailer directly to home owners who can't afford to install solar - a virtual solar model. We are also talking to the Hepburn Shire Council to purchase some of our output with a slight premium. We don't have a guaranteed solution to return capital and a dividend. All we can do is work with the reality we are in.

Taryn answered also: We are also investigating how we can reduce costs as well. We are looking at reducing our wind farm operations and management contract through long term contracting. When we are modelling the solar farm, we are modelling on a 5% return not the original 15% return predicted in the initial share offer.

Jenny Beechman

Q: I am interested in the arrangements you used for delivering dividend options. Were you happy with the outcome of enabling shareholders to choose?

Taryn answered: Yes, but there was some confusion. We had an initial survey and some people thought this was the actual choice. Some people got paid but they wanted to donate. Going forward we will have to be very explicit about that. By law we can not make it opt-in to a donation or re-investment automatically, the members have to choose if they wish to do something other than receive the dividend.

Noel Will

Q: You have talked about opposition to solar and farming, could you discuss?

Taryn answered: We haven't seen it in our shire but in areas where there is a lot of agricultural land with large scale solar, there has been some opposition. Communities are concerned about land being used for solar when it could be used for farming. But that is partly because the developers are not sophisticated in considering environmental and social benefits for their solar farms. There are some good examples. There is a French developer using solar with lambing paddocks, the animals benefit from the solar because it provides shade. The wind industry has learnt a lot over the past decade, the solar industry is far newer. We are seeing more agricultural solar approaches in Australia.

David Hughs

Q: Seems that there is a glut of solar mid-day, over voltage in the grid, everyone's meters are running too fast. My question is a) what would be the return on solar with a giant battery and b) is there potential for pumped hydro in the Hepburn Shire?

Graham answered: We have been monitoring the solar resource at the farm and it is reasonable. We have paid for a grid connection with a certain capacity and we are not using it at the moment. There is potential to create more energy without having to pay more for our grid connection.

Taryn answered: Regarding the pumped hydro opportunities in the Hepburn Shire, ANU has done modelling across all of Australia. They have found something like 13,000 potential sites and unfortunately none of these are in our local area.

David answered: Battery is something we are actively considering for the future. The solar inverters do have terminals that would make it simpler to install battery. From the market arbitrage side, they would not make sense. The incentives are on Powercor's side to do that. Battery prices could drop or half in 5 years and we will continue to review this over the years.

Tim Isaacson

Q: What is the CAPEX for the solar. Where will the cash come from. What is the actual amount of solar the farm is likely to generate vs the income it would generate?

Taryn answered: We are modeling a 5% return. We think that is achievable. CAPEX is between 6 to 8 million and Bendigo Bank would finance this. We would look to other finance partners to make sure it is the best option. We won't need a bank guarantee now after paying back our first loan.

Q: What is CAPEX

A: It is the capital costs of production/construction.

Susan Davis

Q: With the solar farm, will you invite more shareholders?

Taryn answered: We are modelling out a few options. The intent is to benefit existing members. If we looked at the Virtual Solar Model there could be an option to open up for new investment. We are also modelling CCU's Cooperative Capital Units. Currently our favorite is simple bank finance.

Noel Will commented: Keep explaining this model to the shareholders so we understand.

Special Resolution rule change

- Motion to approve the rule change

Moved - John Kurtin

Seconded - Noel Will

"The Hepburn Wind board seeks to pass the following rule change for Appendix 2, Part 2 - Primary activity, to state that:

The primary activities of the Hepburn Community Wind Park Co-operative Limited are to:

- a. develop, own, operate and manage an energy and agribusiness farm or farms;*
- b. generate and supply energy;*

- c. undertake any activities associated with the co-operative farm or farms;
- d. provide advice and assistance to its members to reduce energy usage and increase members energy efficiency;
- e. raise community awareness of the benefits of sustainable and renewable energy.

- Attendees asked for questions
- Taryn notified members that the Cooperative Rules have reached a threshold where they will need to be updated fully. Staff were hoping to bring this to the AGM but were unable to due to time constraints. Members will be notified when the CAV passes the updated rules.

Susan Davis

Q: Why is it just for members? (in regards to point d.) Shouldn't it be for community?

Taryn answered: We have a distinct focus on member benefit. We also participate in several partnership programs for the community where we provide this assistance, and raising awareness of sustainability and renewable energy is raised in point e.

Colin Lambie

Q: Develop, own, operate, manage - I assume that you would only consider this on property that we own? Not other peoples property?

Taryn answered: It's intended to provide us with a range of full options. We don't have to do them at one site.

- The proposed rule change was voted on
- Vote carried
- Resolution passed

Housekeeping

Remuneration of Directors

- The board recommended that directors receive remuneration for their services as director's for the coming year (remuneration goes to travel expenses etc)
- Call for a mover for the following motion:

"That directors may receive up to \$500 per director for remuneration for their expenses as a director for the coming year."

Moved - Susan Davies

Seconded - Noel Will

- Questions were invited from the floor
- Motion was voted on
- Motion carried

Declaration of dividends

- The board recommended that no further dividend, bonus shares or rebates be paid to members for

the year ended 30 June 2019.

- A mover was called for the following motion:

“That no further dividend, bonus shares or rebates be paid to members for the year ended 30 June 2019.”

Moved - Noel Will

Seconded - John Curtis

Simon Holmes a` Court

Q: Is there an intention to pay a dividend in the coming year?

Graham answered: No, we have decided to keep admin costs down by paying dividends every second year. Next dividend will be in 2021 depending on the financial position of the co-operative at this time.

Andrew Fleming

Q: It says no dividend for the year ended 30 June 2019, but we had one this year?

Graham answered: Its because we had an interim dividend.

One member commented on the intergenerational benefits of the wind farm.

- Motion was put to vote
- The motion was carried
- Graham thanks everyone and hands over to Paul for closing remarks

Closing remarks

- Thank you to:
 - Directors, Taryn, Jess, Marie
 - Ron and Nathalie Liversidge
 - Powershop & Meridian
 - Bendigo and Adelaide Bank
 - Senvion
 - PPT accounting
 - Latitude
 - Melbourne University
 - Cam Saunders for taking care of our sound
 - Spade to Blade for the catering
 - and of course our members
- It was declared that there is no further business. Meeting closed.