

Wight Community Energy BOARD MEETING MINUTES

Riverside Centre, Newport
5 September 2017 12:00-15:00

Present:

Colin Palmer (CP) (Chair)
David Bunker (DB)
Ray Harrington-Vail (RH)
Michael Lilley (ML)
Charlotte Rayner (CR)
Laurie Tennant (LT)

In Attendance:

Nick Good (NG) (Mongoose Energy: by telephone)
Rob Rabinowitz (RR) (Mongoose Energy: by telephone)

Apologies:

None

Minutes of previous meeting:

Not presented

1. Introduction and Declarations of Interest:

The two Mongoose Energy representatives and the directors introduced themselves, providing a brief overview of their roles and experience and conflicts of interest. CP and DB both noted that they are shareholders in Mongoose Energy and have worked together for many years. ML noted that he is an Isle of Wight Councillor.

2. History of the project (Led by RR, Mongoose Energy)

RR explained how government legislation had encouraged community ownership of solar energy projects through the so called “5+5” arrangement. Mongoose had been established to acquire these projects and bring them into community ownership. Three projects developed by Anesco Ltd that included Homestead (WCE) were included. Mongoose arranged loans from Close Bros and the Isle of Wight Council and supported the sale of shares to the community.

3. Current Role of Mongoose Energy (Led by RR, Mongoose Energy)

RR explained that Mongoose grew out of Bath and West Community Energy and exists to promote community ownership of renewable energy capacity. To date, Mongoose has over £100m in assets and raised £25m from retail investors.

Mongoose provides asset management services to the projects, including financial and operational management. It helps the community groups to grow

and through MCEM, the community groups will gradually come to own Mongoose.

4. Connection issues and SSE (led by RR Mongoose Energy)

RR explained that the Homestead project had lost production in 2016 and 2017 due to loss of connection (outages) on the SSE network. Early in 2017 SSE suggested that up to 50% of annual production could be lost. After extensive lobbying and coordinating the formation of a generators' consortium on the Island, the impact had been reduced.

***It was agreed** that we must continue to engage with SSE and maintain the pressure to reduce outages. We should also seek to better understand the scope for more access to connections thus broadening our options. Ongoing task – CP and LT*

5. Prospects for refinancing the project debt (Led by RR Mongoose Energy)

The project was initially financed using short term debt provided by Close Brothers. This project start-up financing carried a higher interest rate to compensate for their risk. Mongoose are in discussions with Triodos Bank about a long-term refinancing package for all the Mongoose projects. The rate will be less than Close Bros, and fixed for most of the FIT contract period. Mongoose will seek to confirm the package before the end of 2017, with the expectation of draw-down in March 2018.

***It was agreed** that refinancing is very important for long term financial performance of WCE, and Mongoose Energy's initiative with Triodos Bank is an attractive option. To be completed by end of Q1 2018.*

6. Review of financial status (Led by CP)

CP referred directors to the briefing paper he had prepared. He noted that members had invested on the basis of the WCE Community Share Offer document, which summarises the financial performance over 5 year periods.

Experience to date suggests that the energy yield assumed (obtained from a report prepared by the consultants employed by Close Brothers) was overstated. However, costs are slightly lower than projected, nevertheless the net revenues over the first 5-year period should be reviewed. In addition, 2016 and 2017 have shown lower performance than expected, in part due to lower than average irradiance and in part due to the outages. In consequence, WCE is stretched financially. Cash flow models prepared for the board show that the company can meet its pressing liabilities, but that it will only start to generate free cash once the refinancing is in place.

7. Communication with members

***It was agreed** to circulate a members' newsletter and brief meeting minutes. Action CP.*

AoB

None

Date of next meeting : TBD (mid October) Action CP