

AGM Minutes

Meeting opened Quorum reached with 58 members in total - meeting started at 6:00pm

(TARYN LANE)

- “We hope everyone has had time to review the virtual AGM information pack. As a refresher, please check that you have signed in with your correct name, so we see who is participating. Today we will be using the chat, Q&A and polling functions during the webinar.
 - “The chat function is located at the bottom of your screen and we’ll be using it for motions throughout the AGM. If you wish to first or second a motion we ask that you use the chat window and type your name. To pass a motion we will be using the poll function. This poll will pop up on your screen and you will need to select either Pass”, “Oppose” or “Abstain”. We will do a poll test run shortly. We will need you to actively do the poll to ensure we have a majority of attendees that can approve.”
 - “The Q&A function is located to the right of your screen and we will be using this to answer your questions towards the end of the AGM. When you post a question, it will only be visible to other members once a panellist has answered the question.”
 - Taryn Lane invited the Chair Graham White to open and present

(GRAHAM WHITE)

- Acknowledged traditional owners:
 - *“Our wind farm stands on the traditional lands of the Dja Dja Wurrung people, and I would like to acknowledge and pay my respect to elders both past and present on all the lands that our members are joining from.”*
- Acknowledged another difficult year with Covid-19
- Acknowledged Hepburn Energy team - Directors Stuart Read, Linda Hancock, Paul Houghton, David Perry, Mark Fogarty and Justine Watson. Staff members Taryn Lane (GM), Carlena D’Arma (Membership and Admin Officer) and Marie Lakey (Project and Communications Officer), our Accountant Phillip Brown, John Franklin and Turlough Guerin.
- Acknowledged any special guests joining the meeting
 - Prior directors: Per Bernard, Simon Holmesacourt, David Wait, Kathy Richardson, Daniel Magasanik, Norm McMurray and Koos Hulst
 - Warm welcome to Ron & Natalie Liversidge the farm owners
- Members welcomed to the AGM for the 2020/21 Financial Year
- Noted that quorum was achieved (over 50 voting members).

“Marie, please let us know how many members are present”

- Marie stated that there were 42 members present plus 7 directors and 1 Taryn Lane.
- Agenda/timing was outlined - Apologies, Minutes of previous AGM, Special presentation, Financial presentation and Board report, Questions from members, Housekeeping, Closing remarks.
- A test poll was then run to ensure that attendees were able to use the poll function. ‘Marie please launch the Poll’
- Graham handed over to Taryn to give the presentation on the future directions of Hepburn Energy

Financial Year Presentation

(TARYN LANE)

- Members were reminded that their questions would be answered at the end of the presentation after the motion and that they could type their questions into the Q&A box.
- Taryn then handed back to Graham

(GRAHAM WHITE)

- “Standing Orders as outlined in the rules apply to this meeting”
- Members were notified that no voting for board positions would occur today - as the two directors that are up for resignation - Linda Hancock and Graham White re-nominated, there were no other nominations and there would be no member returns this financial year as they are assessed every two years.

Formal Proceedings: Apologies

- Board apologies received - 0
- No. of apologies received - 12
- Members were asked for any other apologies Ronda Hall, Candy Broad, Steve Davis
- Members were reminded how to motion using the chat function and to type ‘first’ and ‘second’ followed by their name
- Chair requested mover for the following motion:

“That the apologies be received.”

Moved: Richard Whitebrook Seconded: Geoff Gedge

- The motion was put to vote - ‘Marie please launch the Poll’
- The motion was carried: 43 Passed, 0 Abstained, 0 Opposed

Minutes Previous Meeting

- Members were asked for any corrections needed for 2019/20 AGM minutes
- Members were reminded to use the chat for motioning and to type 'first' and 'second' followed by their name
- Mover called for the following motion:

"That the minutes of the annual general meeting held on 21 November 2020 be confirmed as a true and correct record of the meeting and be duly signed by the Chairperson.

Moved: Hal Swerissen Seconded: Micheal Davies

- The Motion was put to vote
- The motion was carried: 34 Passed, 0 Abstained, 0 Opposed

Board and Financial Reports

(DAVID PERRY)

- David presented the annual report summary
- David reminded members to use chat for motioning and to type 'first' and 'second' followed by their name
- David passed over to Taryn to deliver the Partnership Programs, Hepburn Energy Impact Fund, Submissions and Energy & Research

(GRAHAM WHITE)

- Call 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 2021 be received."

Moved: Richard Whitebrook Seconded: Michael Davies

- Motion put to vote - "Marie please launch the Poll"
- Motion carried: 46 passed, 0 Abstain, 0 Opposed

Open for questions

- Questions opened. Members were notified that their questions would be responded to and that Taryn would be fielding these questions
- Members were reminded that the Q&A function is on the right hand of their screen and if they had not posted questions but would like to, now is the time

Name: Roger Cornell

Question: Has the board considered the value of the wind turbines on the books in relation to current replacement costs?

Answer: (Taryn Lane) Yes, and this also happens with insurance. Every year for our insurance coverage we get an update from VESTAS around the CAPEX for replacement. We are still hamstrung by the fact that it is a small project so the economies of scale aren't there. We are limited by height, generation and our export limit so it would still be a relatively expensive project to deploy.

(Phillip Brown) That is something that gets considered in the financial reporting to make sure that the amounts that are carried as the asset represent what their value actually is on an ongoing basis.

Name: Daniel Magasanik

Question: What kind of battery will be installed? And how will the battery charging/discharging be optimised?

Answer: (Taryn Lane) For the battery feasibility studies, we looked at two extremes of batteries. One was the Tesla and one was the re-electrified battery, which is a recycled battery. We were looking at two different models essentially, though we haven't confirmed the technology yet. Then in regards to the control settings at the wind farm, as part of the REFCL upgrade, we deployed a brand new power plant manager which is SMA piece of technology and that can undertake all hybrid technologies onsite. Right now it is just operating the inverter but it can do the wind farm, the inverter, the solar and the batteries.

(David Perry) We haven't committed to the technology yet. It'll probably be lithium but we're open to things like flow batteries and any R and D projects that might come along. We are investigating other revenue sources from batteries so that if we generate more electricity than we can export we can store that and then can send that off to the grid later in the day. We can participate in what's called the FCAS market, the wholesale price arbitrage and also the interface of the community battery space where we might support the local distribution network. There are lots of different ways we could run the battery and there are lots of different ways that we could generate income. We are trying to design the planning permit and the electrical design to be as flexible as possible for whatever may come in the future.

Name: Genevieve Barlow

Question: does a geographic limit/boundary apply to your residential retail offer? if so what is that boundary?

Name: Michael Davies Melbourne Australia

Question: Will the community retailing offer be open to all members or limited to Hepburn Shire residents?

Answer: (Taryn) Under our cooperative rules one of our primary activities is to supply a residential offer to members. All members within the geographical boundaries of Flow Power will be eligible for the offer. So currently that is, Victoria and NSW. Members within those states will be able to participate and then locally for non-members the boundary will be the Hepburn

Shire.

Name: Noel Will

Question: What is the role of the website?

Answer: The role of the website is many things. One is to launch our new brand and the transition from Hepburn Wind to Hepburn Energy. Also to update all of our content, what we are doing and prepare us for this next phase of the cooperative. The website will be the main customer-facing experience that members will have. We really want to make sure the website is fit-for-purpose and also make it easier for members with logging into our share registry provider. We'll be undertaking some investigations over the coming months on how to simplify things for members as much as possible as we know that quite a few members struggle with the Link Market portal.

Name: Mark

Question: If the State Gov hardship consideration was not approved what would the impact have been to Hepburn Energy?

Answer: Anywhere from manageable to catastrophic. We put forward to the state government that the impact would be catastrophic for us. We do have some cash reserves and obviously the technology that we were able to deploy means that we save future CAPEX for the solar farm. But should we have been fully exposed and had to undertake the upgrade ourselves without that level of support, we may have looked for a different solution and that might have been a riskier approach. There were some pathways we could have taken where we tested our equipment but if our equipment blew up, and nobody knew if it would, we would have been fully exposed for all of that damage. We were stuck in the situation of needing to protect our asset but also needing the support to make sure we could deploy something appropriate. We were very lucky to have had that support from the state government.

Name: John Franklin

Question: If we had produced MWh as per last FY20, what would the reduced pricing have looked like in FY21, would we have broken even?

Answer: Essentially if you remove the REFCL program and the grant income then we would have broken if the generation has stayed static.

Name: Michael Davies Melbourne Australia

Question: If we were helped out by a grant, how could we justify a dividend?

Answer: The dividend was paid out from the previous financial year, that was our commitment to members from FY20. We had cash reserves, we'd had a good enough year, and also we had callouts from members that were experiencing hardship from COVID. That led us to do the Share Repurchase Scheme of half a million dollars to alleviate some of that hardship from our community of members. What we did differently this time with the repurchase was that all members could bid in their whole portfolio and depending on how many people bid in and the budget applied then everyone was paid pro-rata out that amount. The 189 members that

participated got around 26% of their shareholding back.

Name: Lyn Hovey

Question: Flow Energy, who owns it? Is it an Oz company?

Answer: It is an Australian company but the background investors a Canadian Superannuation Fund. No compromised investors.

Name: Mark Lycette

Question: Are there plans/discussions to enable local rooftop solar to feed into the future battery - potentially to extend the solar farm capability and enable income to rooftop solar generators? Perhaps this is what community batteries will enable?

Answer: (Taryn Lane) That is correct. That approach is more a project under the Neighbourhood Battery Initiative program that we are doing under the Community Power Hub. This program is looking at batteries between 200KW through to 5MW, located from the street scale to the small community scale. The big focus of them is unlocking more rooftop solar.

Name: Janet Wheatley

Question: When we are retailing our own energy via Flow, and we want to match use to our own generation, can we look and see Gale and Gusto moving and know that we are generating then and go and use power right that second?

Eg. Can I go out and look at the turbines from the backyard and know we are generating? Is that correct?

Answer: Yes you can. You can also look at the app.

Name: Andrew Fleming

Question: Question. David...any plans to write off the remaining value on the asset that was replaced by the REFCL?

Answer: (Phillip Brown) Certainly from the tax ride off side of things there's various reasons, with the way cooperative works, that we were actually better off using a similar approach for tax purposes as we use for book purposes with the depreciation. Where assets are disposed of they are written out of the books. This has really been a significant upgrade so there has been a significant increase in the asset that is held which affects that depreciation charge.

Name: Geoff Gedge

Question: Taryn, is there an update on the timing for the solar (or did I miss that?)

Answer: The current timing we are looking at for construction, should everything line up with our lobbying with the state government and the deployment of a financial mechanism, is Q3 and Q4 next year.

Name: Richard Whitebrook

Question: Can you outline the total costs of the solar project - you've only shown the grant inputs? I see the grant income - but what's the project cost?

Answer: This was on the first infographic though I didn't fully state it.

The solar farm is a \$6million dollar project. The contribution from the state government is half a million dollars, our contribution is to match that with half a million dollars. So the balance of the project is approximately \$5 million.

Name: Daniel Magasanik

Question: is Redflow's zinc-bromine also being considered?

Answer: (David Perry) Not that specific make and model. It will probably be lithium but we are open to considering other technologies as well.

Name: Nea Gyorffy

Question: Have you considered a salt tower for storing energy? as in SA

Answer: No we haven't. We're a really small scale site, so we need to go with cost-effective and highly validated technologies on site. So that's why solar and also the battery storage facilities are appropriate for our site and context. We're also not out in a desert-like those projects are.

Name: Noel Will

Question: What does the board see to be our major threats going forward?

Answer: (Taryn) In regards to the solar farm development; it is the implementation of the Community Energy Target and a financial mechanism in order to unlock the solar farm. In regards to the market conditions; it is the ongoing volatility we are exposed to. Our new retail product and getting as many sign-ons as possible will help to stabilise that income.

We have many threats, but we are trying to corner all of them off with different projects and programs. Having an aging asset is also a major issue, but the REFCL upgrade has significantly reduced that threat going forward.

(Graham White) The energy market is currently very volatile. The wholesale market price can go from negative to hundreds of dollars each week. One of the issues we are going to have to grapple with is to be able to turn the wind farm and solar farm off if the negative pricing gets too high.

(David Perry) Although on the plus side maybe we can pay you to use energy in the middle of the day if the retail offer comes together the way we'd like.

Name: Richard Whitebrook

Question: 5M :0 How do we justify that on our income?

Answer: The whole point of the solar farm is to increase our economies of scale, increase our income in the long term and provide more securities to the cooperative. The wind farm is fairly exposed, we can tie up as much generation as possible through our retailing offer and through

some micro PPA offers. We are looking for 15 confirmed years of income which we hope will be made possible through the solar farm development. So the \$5 million will be about unlocking that opportunity and we are looking at debt finance for that which is currently quite affordable.

Name: Steve Phillips

Question: If you haven't made a decision on the battery technology yet, then the \$6 million capital cost presumably doesn't include the battery component?

Name: Richard Whitebrook

Question: Does the 5 million include the battery cost?

Answer: No, does not include the batteries, just the solar farm at this point

Name: Richard Whitebrook

Question: What are the chances of another buyback anytime soon?

Answer: The board looks at member returns every second year so this year there is no consideration of a member return. At the end of the next financial year it will be looked at again and whatever is financially prudent to be done will be delivered.

Housekeeping

- Members were notified of the move to discuss housekeeping

Remuneration of Directors

- Board recommended directors receive remuneration for their services as director's for the coming year (remuneration goes to travel expenses etc)
- Reminded members that to use chat for motioning they needed to type 'first' and 'second' followed by their name
- Called 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: John Englart

Seconded: David Koroly

- Questions invited
- Motion put to vote
- Motion carried/failed (40 Pass, 0 Abstain, 0 Oppose)

Closing remarks

- Thank you to:

- Directors, Taryn, Carlena, Marie
 - Ron and Nathalie Liversidge
 - Powershop & Meridian
 - Bendigo and Adelaide Bank
 - Vestas
 - DNV GL
 - Laser Electrical
 - Middleton Group
 - Hepburn Shire Council
 - PPT accounting (Phillip Brown)
 - Latitude
 - Our additional subcommittee members: Karen McAllon, John Franklin and Turlough Guerin
 - and of course our members
-
- The chair sent well wishes and declared no further business
 - The meeting closed.