

Board Meeting Minutes

Monday 4th October 2021
10.00am via Video Conference

Present: R Gray (Chairman)
 P Johnson
 B Hastie
 K Starkey
 C Penson

	Action
<p>1. Capital Allowances and Capital Proposal</p> <p>The capital allowances proposal relating to the super deduction was presented to the Board by Mr Penson.</p> <p>The Board discussed the proposal and exercised the authority delegated to it by the Shareholder Panel at its meeting on 16th June 2021 to resolve that:</p> <ul style="list-style-type: none"> • The Company's revised capital expenditure proposal for 2021/22 of £5,307,000 (being £690,000 higher than originally budgeted) be approved; • It is satisfied that the additional expenditure is an acceleration of expenditure from future years and that bringing it forward will improve the Company's cash flows in the long term; • It is satisfied that the additional expenditure does not require a reduction in the cash dividend below the amount included in the 2021/22 budget; • It is satisfied that the additional expenditure does not lead to a reduction in capacity which would not otherwise have been incurred in 2021/22. <p>The Board noted that whilst no project is forecast to cost more than £1.0m in its own right in 2021/22 the steam generation bank tube replacement is expected to cost £2.0m in total, with advance payments of up to £0.6m potentially required in 2021/22. Consequently a separate</p>	



Recovering Energy from Waste

<p>capital proposal for this project has been prepared for the Board to approve for submission to the Shareholder Panel. As this proposal will need to be sent to the Shareholder Panel for approval, it was also agreed that Shareholder Panel approval would also be sought for the accelerated capital programme in 2021/22.</p>	K Starkey C Penson
<p>2. Electricity Trading Strategy Update</p> <p>Mr Starkey updated the Board on the current state of the market for electrical export and stated that a price of █████ per MWhr had been achieved in the September NFPA e-Power auction for G1 export in 2022/23. A forecast of approximately █████ per MWhr had been received for G2 export if it were to be sold in the October auction.</p> <p>Mr Penson provided a financial analysis of the potential impact of these prices on revenues in 2022/23 with up to █████ of additional income compared with the previous year's Five Year Plan.</p> <p>Mr Starkey and Mr Penson recommended that G2 export be sold via the NFPA e-Power auction in order to lock in the higher price, in preference to using the near curving trading approach, approved at the July Board meeting, as the future price of electricity is extremely volatile and uncertain. Mr Hastie and Mr Johnson agreed with this recommendation and the sale of G2 export via the NFPA e-Power auction was approved by the Board.</p> <p>It was further agreed that for budget and Five Year Plan purposes electrical export would be valued at more conservative historic levels for any years where a fixed price PPA had not been entered into.</p> <p>Mr Johnson and Mr Hastie also requested that any short term net cash flow gains arising from sales of electrical export at higher than usual prices in 2022/23 be returned to shareholders as dividends as soon as possible rather than spread over the Five Year Plan period.</p>	K Starkey C Penson C Penson C Penson
<p>3. Any other business</p> <p>None</p>	

There being no further business, the Chairman closed the meeting at 11.30am.

.....
Chairman