Summary of Chairman's report for AGM on 22 October 2020

In terms of plant performance and output, this has been another outstanding year in which we generated just short of half a gigawatt of electricity. The output figures for our five full financial years of operation are as follows:

Year to end May 2020	496,000 kWh	+44%
May 2019	297,000 kWh	-14%
May 2018	503,000 kWh	+46%
May 2017	382,000 kWh	+11%
May 2016	362,000 kWh	+ 5%

The percentages are comparisons with our benchmark output of 345,000 kWh expected with an average year's rainfall and river flow, based on over 40 years of Environment Agency records.

Cleaning the screens goes on all year round relying on the directors and other committed volunteers. While the volume of leaves and other vegetation remains a constant problem especially in Autumn, the quantity of plastic rubbish we retrieve from the screens has steadily diminished for a few years now, probably as a result of the 5p plastic bag charge.

A significant plant problem arose in June this year when low river levels gave rise to an algal growth of 'blanket weed' in stagnant areas of the river. Subsequent heavy rain dislodged it and it built up rapidly on the screens. On the inlet screen the weed forms a fairly impervious barrier and causes a serious loss of output. On the outlet screen the weed acts similarly; then as the screw turns it discharges a heavy pulse of water of as much as 10-12 tonnes to pound the screen on every revolution, i.e. every few seconds. This pounding caused the outlet screen to buckle necessitating a significant repair. Fortunately we have enough engineering knowledge and experience in-house and the screen has been repaired by directors Bill and Russell during the course of the summer.

Financially we are in a strong position and in view of the outstanding year's results, we recommended an interest payment at the top of our permitted range, i.e. of 5%. Also we increased the sum devoted to community benefit schemes to £25,000, although the directors will use their discretion if it is necessary to exceed this by a small margin should a suitable scheme require it. Surprisingly, suitable carbon saving schemes that meet our criteria are not as easy to find as one might think.

During the period 1/06/19 to 31/05/20 four community benefit schemes fully funded by Whalley Hydro that were presaged in last year's report, were completed, namely:

1) A 12kWp solar pv system for St James Primary School, Read that is projected to save 10,525kW, i.e. 6,315kg CO_2 pa at a cost of £11,810.

2) A 12kWp solar pv system for St Peters Primary School, Simonstone that is projected to save 10,203kW, i.e. 6,122kg CO_2 pa at a cost of £12,406.
3) LED lighting for St James Primary School, Read that is projected to save 19,242kW or 10,775kg CO_2 pa at a cost of £7,008.
4) LED lighting for St Peters Primary School, Simonstone projected to save 7,942kW or 4,447kg CO_2 pa at a cost of £3,008

The expenditure on these schemes brings the total spent on community benefit schemes to £71,293. The total electrical saving of the above schemes amounts to 47,912kW, equivalent to 27,659kg CO_2 per annum and this increases the total saving of all community benefit schemes to date to 101,035kW per annum, i.e. a reduction in CO_2 emissions of 53 tonnes per annum. This equates to approximately 25% of the annual output of the Whalley Hydro scheme.

Carbon saving schemes being progressed for 2020/2021 include:
- Solar pv and LED lighting for St Leonards, Langho (now completed)
- Solar pv for Billington and Langho Community Hall. (now completed)
- LED lighting for St Mary's Church, Whalley (now completed)
- Electric vehicle charging points in RVBC car parks

Our Balance Sheet shows that called up share capital has reduced by a further £25,500 this financial year to stand at £661,400. In the past three years we have met total share redemptions of £89,600 from 16 shareholders. We need to anticipate the situation in 2034 when our income will drop substantially by around 75% as the feed-in-tariff ends. Annual rates of inflation remain low and more renewables such as off-shore wind are being developed, so it looks unlikely that a rising electricity price will do as much to offset the loss of the feed-in-tariff as was anticipated in our share offer document in 2014. Share redemptions represent a prudent and necessary use of our currently very healthy cash reserves in the light of this longer term revenue projection. At the moment the rate of redemptions is slow. Fourteen years may seem a long time ahead, but unless we redeem a lot more shares by then, we would certainly not be able to pay a dividend at the current rate, or fund as many community schemes, or both.

We have no means of compelling members to redeem their shares and nor would we ever want to, but have asked shareholders to give the matter some thought. One suggestion is that shareholders be allowed to redeem a proportion of their shares. This might help to speed up the pace of redemptions, but would not reduce the total number of shareholders. We see a wide and diverse range of shareholders as an important aspect of our community-based philosophy. We envisage that members could reduce down to a minimum shareholding of £250.

Graham Sowter / October 2020