

Appendix 13.5 – Agreement of Intent

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Agreement of Intent

Shared Ownership at Sandy Knowe Wind Farm, Dumfries and Galloway

among

- (1) Sandy Knowe Wind Farm Ltd (Company number 06850950) incorporated under the Companies Acts and having its registered office at company registration number 06850950, Seebeck House 1 Seebeck Place, Knowlhill, Milton Keynes, Buckinghamshire, MK5 8FR (the "Company");
- (2) The Upper Nithsdale Community Trust, based in the Upper Nithsdale region of Dumfries and Galloway, comprising Trustees from Kirkconnel and Kelloholm Community Council and Royal Burgh of Sanquhar Community Council;

CONTEXT:-

The Company is developing a wind farm of up to 24 turbines and approximately 81.6 MW installed capacity at The Rigg, near Kelloholm, Dumfries and Galloway. The Company has been in discussion with representatives of The Upper Nithsdale Trust (collectively "the Trust") to prepare a shared ownership scheme for their wind farm based on the guidelines in the Scottish Government's "Good Practice Guide for Shared Ownership of Onshore Renewable Energy Developments".

An existing Agreement of Intent is also in place with regard to the Consented Development by the Company on the same site, comprising 24 turbines and an Installed Capacity of approximately 48MW.

WE AGREE as follows:-

- (1) The Company and the Trust intend to work together to implement a shared ownership scheme for the wind farm.
- (2) The Company has properly directed the Trust to Local Energy Scotland, who manage the Scottish Government's Community and Renewable Energy Scheme (CARES) and who provide advisers to assist communities to appoint relevant professional advisers.
- (3) The Trust is now engaged with Local Energy Scotland and intends to establish an appropriate community vehicle, e.g. company or partnership, to progress discussions.
- (4) The Trust has taken independent advice and has agreed to progress to the next stage of discussions on the shared ownership scheme. In the event that Section 36 consent is granted by Scottish Ministers this agreement records

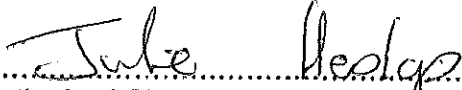
the intention of the parties to progress towards a successful shared ownership agreement. The outline of the shared ownership proposal is as follows:

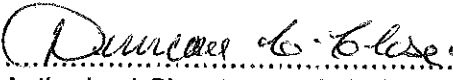
- a. The ownership model proposed is the "Shared Revenue" model. The Company has offered the Trust the opportunity to invest the equivalent of up to 1/24th of the total investment of the project in return for an equivalent share of the net profit from the project. the Trust's share will be up to 1/24th of the annual net profit of the wind farm.
 - b. The precise details of the wind farm are not yet finalised, there is currently a Consented Development for a 24 turbine 48MW wind farm, however the currently Proposed Development will seek to increase the capacity of the wind farm to around 81.6MW and this offer of Shared Ownership applies to both. As the design and construction programme are completed the Trust will be consulted by the Company and independently advised by third party consultants appointed by the Trust on the likely investment case for the wind farm, in order that they can evaluate the final investment decision with their independent advisors.
 - c. The Trust is considered to be an appropriate community vehicle to enter in to this Agreement of Intent. The Trust will also administer the additional Community Benefit Fund.
 - d. The Trust will need to raise the amount to be invested. The Trust has it's own independent advice on how to proceed in this proposal. The Trust is aware that the Company owned by ERG Power Generation SPA. The Trust is aware that the company is not authorised to offer any financial advice to the Trust.
 - e. Local Energy Scotland is engaged by the Trust as advisor to help the Community with shared ownership discussions. The Trust may apply for CARES funding for the services of its own independent advisers.
 - f. As an alternative to the Community raising the funds, ERG Power Generation SPA will consider providing the funding at market standard conditions. If ERG Power Generation SPA do so then the annual return to the Trust will be the share of the net profit from the project defined in point (a) above, less the cost of lending i.e. interest and debt repayment. The Trust is seeking its own independent advice on how to proceed in this proposal.
 - g. It is expected that any investment by the Trust will be made during or at the end of the construction programme when the operational date of the wind farm is known.
- (5) In the event that the planning application for the wind farm is approved both the Trust and the Company will progress negotiations and assuming the Trust find the final investment case to their satisfaction, the parties will negotiate binding agreements. In the event that the Section 36 application is refused

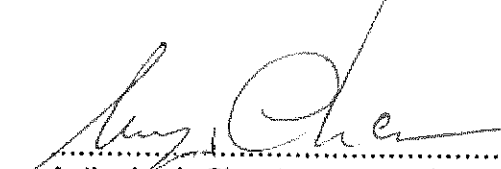
and any appropriate appeal process exhausted by the Company then the shared ownership offer will revert to the Consented Development.

- (6) Sanquhar Community Council convened on 16 July 2015 to discuss the shared ownership proposals and agreed to proceed to the next stage of discussions on the shared ownership scheme. A Minute of the decision is enclosed and the Chair of Sanquhar Community Council in their capacity as Trustee of the Trust was authorised to sign this Agreement.
- (7) Kirkconnel and Kelloholm Community Council convened on 25 June 2018 to discuss the shared ownership proposals and agreed to proceed to the next stage of discussions on the shared ownership scheme. A Minute of the decision is enclosed and the Chair of Kirkconnel and Kelloholm Community Council in their capacity as Trustee of the Trust was authorised to sign this Agreement.
- (8) The Trust and the Company consent to this Agreement being made available in the public domain and consent to its inclusion with the Section 36 application for the wind farm.

The parties agree in good faith to continue to pursue shared ownership of Sandy Knowe Wind Farm in the terms set out above.


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Authorised Signatory on behalf of **The Upper Nithsdale Community Trust** by the **Kirkconnel and Kelloholm Community Council** representative


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Authorised Signatory on behalf of **The Upper Nithsdale Community Trust** by the **Sanquhar Community Council** representative on


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Authorised Signatory on behalf of **Sandy Knowe Wind Farm Limited**

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