

Key points from APSE Energy Survey Responses

Ground Mounted Solar and Financial Assumptions

Surveys undertaken February - April'16

The attached points include some interpretation of comments made. .

The detailed survey responses available on request from
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10 Responses

- 4 (owner/investor) continuing to work ~ 'towards being shovel ready'
 - Flint, Warwickshire, Havering, Derbyshire
- 4 de-prioritised but still interested
 - Buckinghamshire, Nottinghamshire, Bradford MDC, Cardiff CC,
- 1 no longer pursuing
 - Peterborough

Plus ...

1 LA is still looking at the 'land-lease' option (third party developer) - North-Ayrshire

To what extent will your LA' take a decision based on social / environmental?

- financial necessity is the key driver
 - with some commentary especially where self-generation involved
- 10-15% max' for social / environmental

Is your authority clear on what % rate it wants to see to justify investment

- ‘No this is an issue that has been raised that there is technically no defined hurdle rate’
- ‘No set IRR has been given’
- ‘Depends on who you ask’
- Stated rates 6-7%, around 7%+

What range would be acceptable?

- >4%, > 6%, PWLB rate + 3%, minimum 8-10%
- ‘depends upon the risk profile

NPV – What discount rate is your LA comfortable with ...?

- Treasury green / blue book (x3)
- No rate has been stated – currently negative
- 3.5%
- 6% (4% debt charge + 2% inflation)
- Don't know (x2)

How many years is it acceptable to include for income generation?

- 20, 25 and 30 years
- Reasons - 'asset life', 'planning consent',
- 'Informally we'd expect panels to last 35 years'

Length of loan periods?

- 10, 20, 25, 30 and ...
- 'informally 35 yrs is likely to be acceptable'

Financing Routes

- Self-financing and / or use of reserves

Interest Rates

- PWLB
- 3.4% – 4.5%

Value of Electricity Sales

- 4p, 4.8p, 5.8p, 6p, 6-9p kWhr

Assumption for electricity price inflation?

- 5% quoted by majority
- 2.5%, 3% and RPI also mentioned

Commentary

- ‘... 3% although I personally believe there will be a large price spike in the next 5 years’
- 5% last year – would likely be lower at this time – may be 2.5%

Assumption for general inflation?

- 2%, 2.5% and RPI mentioned

Any other comments ...?

- Useful to understand - income levels from entering some of the National Grid ancillary services
- Interested in understanding
 - ‘Equity IRR’ as against ‘Project IRR’
 - how to make sleeving work
- Looking for guidance on current install cost – what sort of PPA might work?
- We haven’t ruled out shared investment options – eg with a community energy org’n