

APSE Energy

Procurement options

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Prospects for Investing in Solar Energy

Birmingham

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After the Decision to Invest

Stephen Cirell



Introduction

- The decision to invest in solar PV has been made
- Is there a specific project in mind or not?

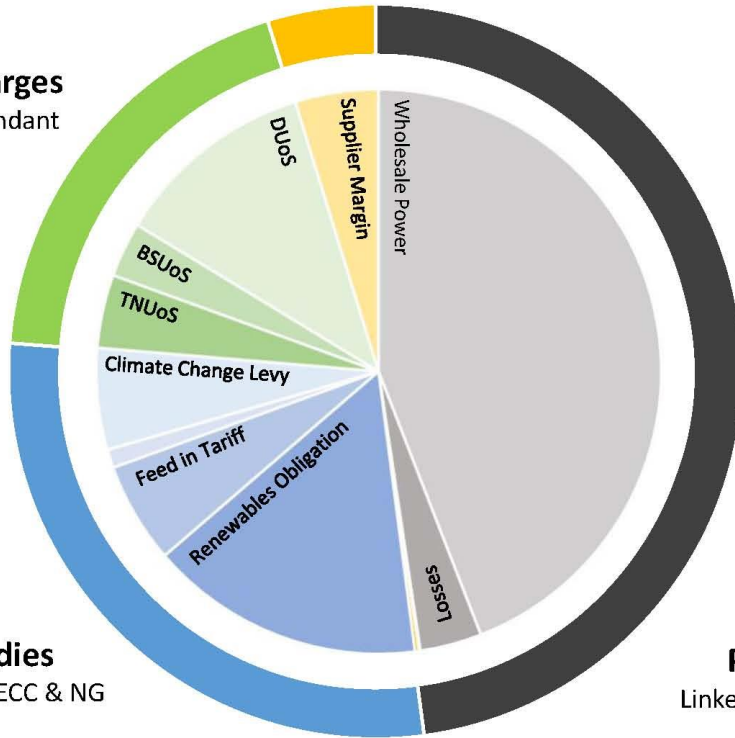


What makes up your price of grid electricity

19%

Balancing Charges

Time of Use dependant



The price of electricity delivered through the National Grid is made up of a number of costs and charges. These charges relate not only to the generation of the power, but also a number of taxes and levies, as well as charges associated to the running and balancing of the grid.

29%

Taxes & Subsidies

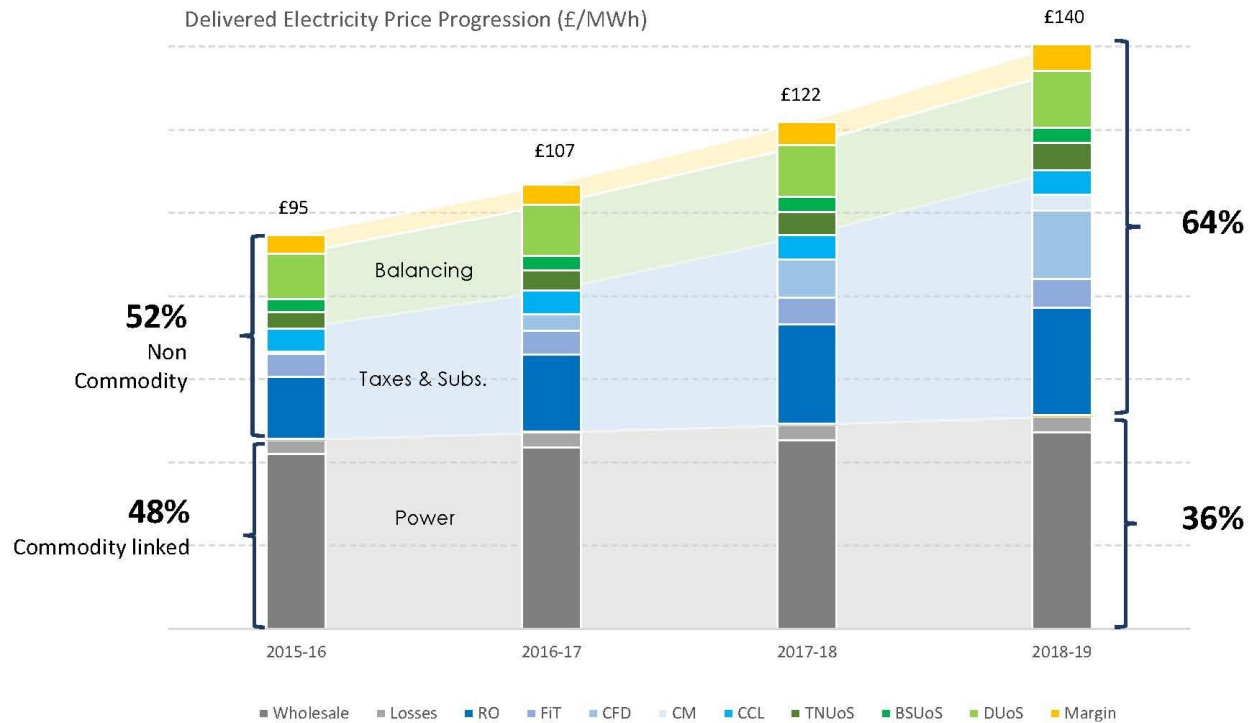
Set by Treasury, DECC & NG

48%

Power & Losses

Linked to fossil fuel price

Non Commodity Price Inflation



The wholesale power market will remain cheap in line with fossil fuels

But published rises in subsidy obligations and balancing charges will lead to a sharp increases in socket power prices

Reduced correlation with commodity prices will reduce consumers' ability to hedge / forward manage their cost of power

Developing a Strategy

- The target, goal or aim
- The route map to get there
- The projects that form the steps



Key Elements of a Strategy

- Political vision
- Senior Officer support
- Recognition of the benefits



Practical Action – Before Projects Identified

- Analyse your assets
- Draw up a long list, then a shortlist
- Visit the sites
- Prepare business cases



Practical Action – After Projects Identified (1)

- Prepare a timetable
- Develop a budget
- Appoint lead officers and members
- Agree Governance arrangements



Practical Action – After Projects Identified (2)

- Appoint a project team
- Finalise the business case
- Prepare the procurement
- Finalise the funding
- Agree the sale of the power



Conclusions

- PV projects are possible now with the right assets or sites
- Where the business case doesn't work, prepare the ground for when it does
- Monitor developments in the market, such as battery storage and electricity trading



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