



BEEHIVE ENERGY ASSESSMENTS

Funded Renewable Energy Solutions for Business



# Outline Proposal for Solar Photovoltaic Installation for Builders Merchants



COMMERCIAL ROOFTOP SOLAR PV PPA

# OVERVIEW

This presentation is intended to provide further detail on the following programme:

- Solar PV Energy generation on commercial buildings on a “Free to Fit” basis-full O & M- reduced priced “green” electricity for 20 years with the only increases annually based on the Retail Price Index (avg. 2-3% per annum)

# UK ENERGY POLICY UPDATE

- In recent years, an established business model has developed whereby solar project companies (operators) have taken leases of commercial building roof space and installed PV systems, supplying “green” energy for the use of the building owner/ tenant. The model has been founded on the right for the operator to register the installation for, and receive, feed-in tariff and associated export income over the life of the project (20 years or more)
- This “free to fit” commercial solar pv scheme, pre the last tariff digression, was subjected to a Power Purchase Agreement (PPA) being agreed between the operator and the client with the average PPA being approximately 6p KWh; this was paid for each KWh the client used as generated by the solar system on their roof.
- Because operator Feed-in tariffs have recently been subjected to significant cuts, reducing income for operators from around 10p/KWh to 2.7p/KWh the above PPA rate of circa 6p KWh is therefore no longer achievable, since 2.7p/KWh plus the Feed in Tariff current now is insufficient to fund the operator’s costs and ROI (Return on Investment) in the above scenario.
- A new business model has therefore had to be introduced that encompasses an increased PPA rate to enable the funder of this model to be able to achieve their desired and acceptable ROI whilst still being able to provide a free to fit system and fully maintain it for 20 years without any further cost to the client; this PPA rate is based on the yield of the system, the amount of electricity that will be used from the system and the financial standing of the client averaging out at 8.75p KWh – 9p KWh

# PPA MODEL

- Operator is granted lease for 20 years by the owner of the building
  - Assess the client's roof for the suitability of installing a Solar PV system on it
  - Operator enters agreement with the Electricity bill-payer of the building for them to use as much of the electricity generated from the PV system as they can use, subject to them paying for it at the agreed PPA rate
  - Operator (via contract with their chosen EPC) installs and maintains the system entirely at its own cost
  - Operator provides the client with regular readings from the installed meter (assuming quarterly), showing power used by the client
  - The client pays operator the PPA rate agreed price per KWH used per month
  - The lease is fully transferrable in the event of the client leaving the building
  - New tenant/owner signs a new PPA agreement at the same rate
  - It is therefore important to confirm the length of lease remaining
- In the event of a tenanted property as this will determine whether the project is do-able

# THE PPA OFFER

A fully funded model which covers the entire cost of project delivery:

- **Quality Assured works for the installation:**
  - Managed by an experienced project team
  - Delivered safely by operatives from approved main and subcontractors
  - Monitored and measure in line with our Health, Safety, Environmental and Quality System
  - DNO, Planning, CDM and Building regulations handled by the Operator
- **A future proof solutions including:**
  - Warranties and maintenance for the lifetime of the system and components
  - Real time monitoring and fault finding service
- **PPA only subject to annual increases in line with the Retail Price Index**
- **Lease is transferrable**
- **Future proofing of electricity prices**
- **Opportunity to continue with the PPA after the initial 20 year period further future proofing electricity prices**

## **Free Installation of solar systems**

- 20 year contract term with option to renew
- Reduced electricity costs to client

## **Delivering benefits to building owner**

- Improved stock SAP rating
- Carbon Reduction
- Aid to meeting CSR targets
- Reduce Carbon Tax liabilities

# NEXT STEP

- Desktop survey by Operator to identify size of system that can be installed and any shading issues
- Signed Letter of Intent to proceed from the Utility Bill-payer to the Operator
- Bill-Payer to provide last 12 months electricity bills and 12 months half hourly billing data plus full details of the business as in, days of opening, hours trading, type of business and length of time trading

Operator to apply for DNO and Council permission to install the System-cannot proceed until this is done

Structural survey undertaken by Operator

Operator needs full details of the owner of the building

What is the balance of the lease remaining if the building tenanted?

Lease signed and installation date set.