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NextEnergy invests in 'subsidy-free' UK solar projects



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14 June 2017

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Company says portfolio of four development projects could be "remunerated without subsidies", as costs across the industry continue to fall

market, NextEnergy Solar Fund Ltd (NESF) has this week announced it has acquired a portfolio of projects it intends to develop "without subsidies".

The company confirmed earlier this week that it has acquired a portfolio of three operating solar plants boasting nearly 15MW of capacity, a Community Interest Company project with 1.7MW of capacity, and four development projects totalling nearly 60MW. Financial details for the deals were not disclosed.

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The three operating solar plants in Nottinghamshire and Wiltshire are accredited under the Renewables Obligation scheme, while the community project receives incentives through the feed-in tariff scheme.

However, in an encouraging sign for a UK solar market that has stalled in the wake of steep subsidy cuts, NextEnergy said the development projects were designed to be "remunerated without subsidies by selling the electricity generated into the market or via power purchase agreements with individual off-takers".

The company said three of the four development projects have planning permission and grid connections approved, while the acquisition of the fourth is subject to it securing full planning permission.

"The seller of the projects will work with NESF to extend the relevant project rights to maximise the time frame during which NESF can commence construction of the plants," the company said. "NESF will initiate construction of each individual asset only once the financial returns are sufficiently attractive."

However, it added that it was confident a point would soon be reached when the projects become viable investments.

"The company's investment advisor expects subsidy-free solar plants to become financially viable in the UK over the next 12- to 24-month period as investment values and operating costs continue to decline significantly," it added in a statement. "NextEnergy Capital is at present working with suppliers to drive investment values and operating costs down to sustainable levels."

The fund also announced this week that it is proposing a share issue to raise a further £100m in support of pending transaction activity.

The UK's solar market has contracted sharply in the past year in the wake of the closure of the Renewables Obligation scheme, cuts to the feed-in tariff scheme, and the failure of the government to allow solar farms to bid for clean energy price support contracts.

However, industry insiders are growing increasingly optimistic that where projects can secure a power purchase agreement or a private wire connection that allows power to be used on site they could deliver subsidy-free solar.

In related news, UK-based green investment specialist Ingenious has unveiled ambitious plans to boost the development of the Australian solar sector through the formation of a new A$200m backed joint venture.

Ingenious announced yesterday that it has formed a joint venture with Australian solar developer Stellata Energy that will fund a pipeline of major solar farm projects, including a glagship 120MW development.

The companies said they were well placed to support the Australian government's new goal of doubling the capacity of large scale renewables projects to 33,000GWh by 2020.

Australia-based Stellata has developed 600MW of ground and roof-mounted solar projects across Europe, while Ingenious has emerged as one of the leading renewables investors in the UK and Ireland, mobilising £500m of investment in recent years.

"As a West Australian company, we are very excited to be partnering with Ingenious in our quest to bring utility scale solar power to our state," said Troy Santen, director at Stellata in a statement. "Our collaboration will drive forward the development of solar PV projects, as well as the creation of jobs in local communities."

Sebastian Speight, managing director at Ingenious Infrastructure, said the venture would build on the companies' successful track record of working together on previous projects. "Australia has huge potential to benefit from solar energy, due to its geographical positioning and high levels of irradiation, and we are confident that Stellata can fully capture the rewards this technology can offer," he added.

In other industry news, the Global Solar Council announced today that Jodie Roussell has been appointed as the organisation's new chief executive. She will take up the post from April 1st, having previously worked as head of public affairs for Trina Solar in Europe, Africa & Latin America.

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