



Solar PV

What Next - Funding New installations and Maintaining Existing

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Has the sunset on solar PV ?



- Govt review – still uncertain
- FITs – 21p or 16.8p
- Funders still around at these levels
- Rent a roof - commercially viable ?
- But at 16.8p only option likely to be self fund
- Race to 31st March 2012 ?



Overview

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- Many firms closed down their PV offering
- Number of competent contractors will reduce
- Solar business in UK will remain relatively low key – limited number of suppliers and installers
- Panel price reductions up to 50% ?
- Will your module and inverter supplier respond swiftly to warranty claims
- Expertise may not be widely available



Solar PV – The Future

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- RP's take on development role
- Part of longer term Sustainability Strategy
- Not just PV - Holistic view
- Ensure they have positive impact on value of property
- Create saleable asset



Creating a Robust Asset



- Quality of panels and installer
- Performance and testing regime
- Secure FIT licensee – Big 6?
- Robust legal agreements – installation and O&M contracts, 24 month DLP ? Lender consent
- Is the installation work linked into operation and maintenance?



Key to Effective Maintenance



- Formulate an O & M regime – reactive or preventive
- Monitoring arrangements
- Performance benchmark - pyranometers, calibrated cells
- Performance warranties – from installer, suppliers, manufacturers
- Spare parts provision ?
- Insurance – existing policy sufficient ? - business interruption, 3rd party liability, weather, vandalism



Ongoing Maintenance Costs



- Corrective and preventive maintenance
inc pyranometer calibration
- Insurances
- Sinking Fund for Inverter and panel replacement beyond warranty
- Business Rates and VAT implications of free electricity supply
- Accountancy and FIT receipts
- Monitoring – telecom costs + annual fee + staffing

£60 - 80/year?

Maintenance risks



- Cleaning
- Trees
- Voids
- Prepayment meters
- Roof repairs
- Call outs – mainly electrical
- Access
- Inverter replacement



Future Funding

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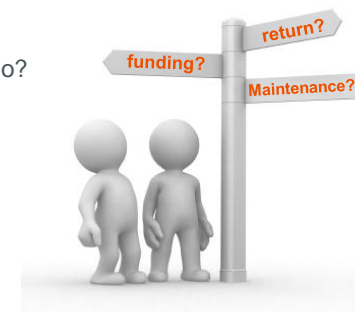
- At 21p FIT, Export tariff reducing
- Assume - £1900KWp total install cost
- Annual maintenance of £70
- Cost of funds – zero% ?
- Southern location, 3KWp, grid feed in 2700KWh/2500KWh
- IRR 9% - 7.9% BUT, geared at 5% = 19/21 year payback



Challenges Ahead

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- Do you trust the Govt not to change things again?
- Does 21p stack up?
- Annual maintenance – what do you do?
- Cost of funds?
- Net revenue to fund capital cost- is it sufficient ?



Typical Systems



Typical Systems



Typical Systems

