



SOCIAL POWER

POWER FOR THE PEOPLE

Where renewables and social housing go next

30th September 15

Social Power Partnerships

Working hand in hand with UK Housing Associations

Social Power Partnerships: An introduction

SPP looks to build partnerships with HA's, charities and community groups and bring these groups together for symbiotic benefits.

With an experienced management team, and leading manufacturing and technology partners...

Social Power Partnerships offers a holistic and tailored project solution, from conceptualisation, to funding, through to delivery.



How the landscape has changed? Dramatically!

FiT
slashed
87%

Pre-accreditation

Green
Deal

SCRAPPED

SCRAPPED

100MW+ ground mount
Solar



ROCK

SCRAPPED

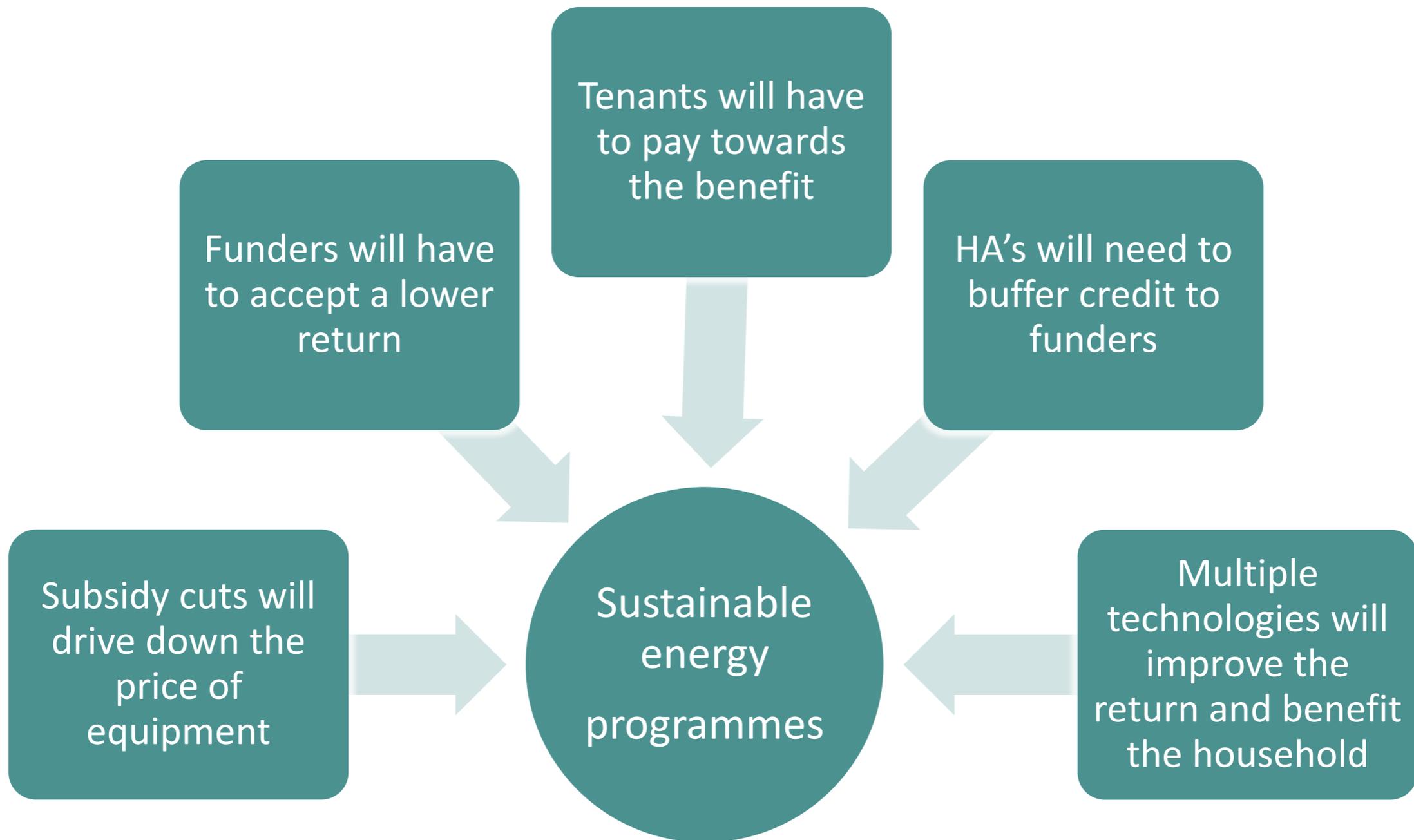
Onshore wind

BANNED

CONTRACT
SUPPORT
DIFFERENC
E

SUSPENDED

So what next? A change in expectations



No subsidies? A more competitive market

Equipment

Last week 21 Solar associations from 19 EU countries lobbied Brussels for an end to the minimum import price for Chinese suppliers. Sterling is 8% stronger than in April yet panel prices remain unchanged.

Workforce

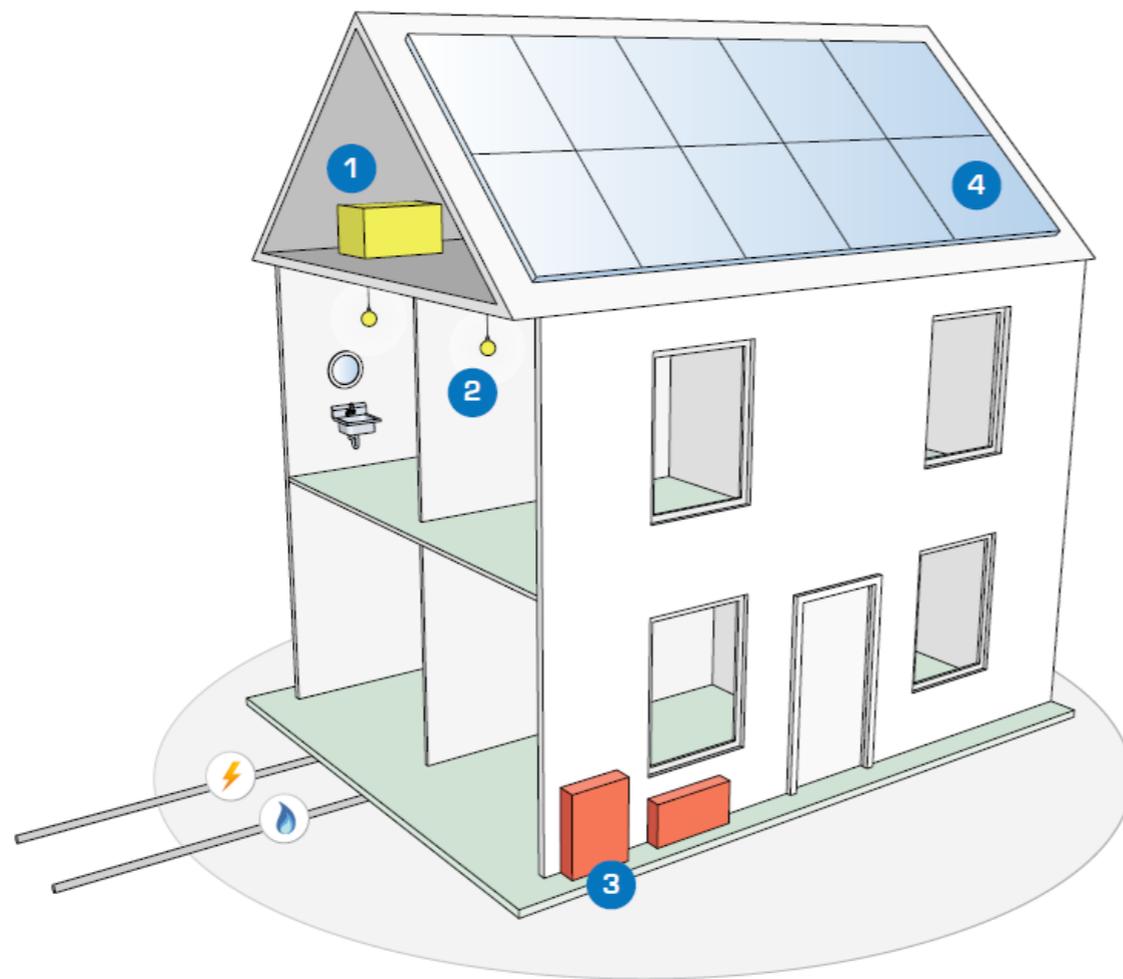
30 000 people work in the UK solar industry. The cuts will ensure greater competition for projects.

Funders

Funders wanted 15% returns when solar was competing with on shore wind. Roof mount schemes then needed to compete with large scale ground mount at 12%. Post ground mount that number fell to 8%. Initial whisperings are that post subsidy funds will take a 4-6% index linked return on investment.

How can the numbers work? A multiple technology approach

The following illustrates the various technologies available to complement each other in order to drive down customer's energy bills.



KEY

-  Electricity supply – commercial basket
-  Gas supply – commercial basket
-  Lobils PV – maximises PV generation
-  LED Lighting – reduced energy demand
-  Heat pump / Thermal store
-  PV system

Do the economics stack up? With tenant contribution, yes.

- As the table below shows, by getting tenants to give back 50% of the benefit and by installing 3 technologies rather than one, an investment case can be made.
- Without these steps solar PV would be uneconomic for third party investors.

Profile	Customer Savings	Customer contribution	IRR
Solar no contribution			Negative
Solar + contribution	£75.60	£75.60	2.2%
Solar+ LED+ Lobils PV + contribution	£157	£157	4.75%

How can I charge my tenant? Through SAP improved rent adjustments

- INCREASE RENTS through SAP improvements. The Welsh government allows HA's to increase rents by 0.5% on improvements up to a threshold of 65 and 0.3% thereafter.
- Assuming a home is installed with a 3kwp solar system, Lobbills PV and LED lights. This could give approximately a 13 point uplift in the properties SAP rating.
- On an assumed rent £85 on a 65+ rated property, this would equate to a 3.9% rent increase, £3.32 per week. £172.38 per year. If recycled into a funding option, this is enough to generate a 5.4% IRR.

Solution	SAP Rating Uplift
Solar PV	5-19
LED	2
Solar water heating	1

What are our funding options? The market is evolving.

- **SELL LEGACY PORTFOLIO**
 - Recycle the money into the next phase of a renewables programme.
 - Perfect time as pension funds compete for the last of the high FiT portfolios.
- **PENSION FUNDS**
 - Still be attracted to this space, as these investments give a higher return than the bond market while still giving RPI indexation.
 - The HA market credit rating will be added attraction.
- **GREEN ISA'S**
 - Will allow tax free funding into vehicles that offer financial, environmental and social returns.
 - Twenty three million people invest £443bn into ISA's, so the potential is huge.
- **COMMUNITY ENERGY GROUPS**
 - Have unique access to a number of funds that could help deliver projects to reduce fuel poverty.
 - The Urban and Rural Community Energy Funds have a combined £25m backing
 - Pure Leapfrog has just announced Leapfrog Finance, an innovative bridging facility to allow CEG's time to raise funds while the project is being built.
- **SOCIAL IMPACT FUNDS and SOCIAL LENDING** are both increasing access to cheap capital.
 - Many banks run the own social funding schemes
 - Others lend margin free through Community Development Finance Institutions (CDFI'S).

The future? Just around the next corner

- STORAGE
 - A game changer for renewables allowing homes to capture and consume all micro generation and delay usage to peak times.
 - Recent research by the Australian government suggests that battery prices could halve in the next two years.
- DEMAND SIDE RESPONSE.
 - With Government's Capacity Payment system under legal challenge as anti competitive, it may be forced into offering better deals to DSR advocates.
 - Similar supply side measures such as STOR pay suppliers up to £20k per MW insurance for availability. On a 2kWp DSR system that would be an additional £40 income per year (which would increase the IRR on our example to 7.2%).
- SMART METERING
 - Ultimately will lead to half hourly pricing and the ability to buy and sell back to the grid through an automated system. Companies who can avoid the 3 TRIAD periods of the year can save 15% off of their electricity bills.
- SOLO GAS CHP
 - Offer individual homes the ability to generate electricity and heat through their gas supply at 95% efficiency.
- SMART GRID and VIRTUAL NETWORKS
 - Taking control of our own energy needs.

Social Power management team

Toby Costin: CEO

Toby@social-power.co.uk

- 14 years experience in the energy markets trading and advising of gas power and coal, including running 3 power stations while at RWE
- 3 years experience of funding and advising on green energy ventures

Chris Harris FCA: Finance & Commercial Director

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- 28+ years in the energy, finance and commodity markets (power, coal, oil & gas, and metals).
- Principal investor and directorships in multiple investments, including start-ups, including a 5year directorship of a mid-sized UK power utility.

David Eyre: Technical Director

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- Over 9 years experience of evaluating and developing renewable energy projects in the UK and Africa, including large scale roof top PV projects.
- Early training and competency development undertaken at Zurich Financial Services and Misys Financial Systems.

Michael Eyre: SPP Advisor

- Formerly responsible for engineering quality within UK's CEGB and later National Power.
- Extensive experience, have delivered \$30Bn+ (current & former roles) large scale energy projects in UK and over 10 international locations.

Nigel Haig Brown FCA: Finance Controller

- Qualified chartered accountant. 23 years in audit & consultancy advising wide range of businesses.
- Last 17 years as finance manager, running accounting departments, with focus on the SME sector.