

RATIONALE FOR LOCAL AUTHORITY RENEWABLES

Complex financial climate

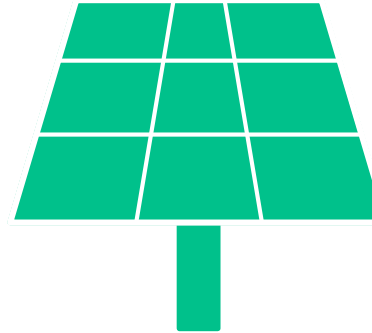
Decarbonisation agenda

Climate emergency declarations

Backdrop of austerity and reduced revenues

Large consumers of electricity

Low cost of borrowing



Identifying and securing the right funding source is key to delivering real change

ENERGY IS STRATEGIC INFRASTRUCTURE

Green project delivery is not about yield!

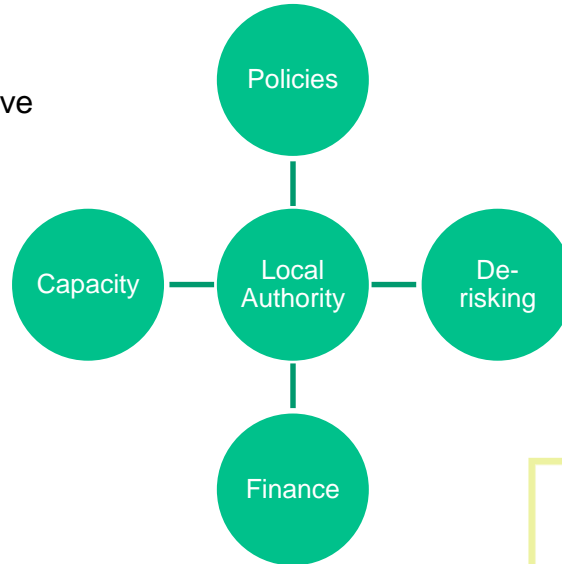
Make low-carbon energy infrastructure a priority

Investment based on the delivery of key policies rather than yield

Need to build resource and capacity

Establishing a clear pathway

Ensure politicians understand and are supportive



USING DEBT FUNDING FOR CLIMATE EMERGENCY PRIORITIES

Example of 20 MW solar PV development

Debt funding options

- Public Works Loan Board
 - Consultation outcome
- Community Municipal Investments
 - Local engagement
 - Social impact

Project risk sits with the local authority regardless

- Due diligence
- Business case and project certainty
- Reputational risk



PROJECT CONCEPT AND
FEASIBILITY

PROCUREMENT AND
CONSTRUCTION

STEADY STATE OPERATIONS

**Borrowing is against the local
authority, rather than project risks**

CONSIDERATION OF FACTORS

Example of 20 MW solar PV development – Capex £13.0m

Form of debt	Due diligence	Social	Cost of borrowing	Borrowing amount
Public Works Loan Board	<p>Extensive board and council member approval process for project</p> <p>Project risk sits with Council</p>	No local engagement	Depends on lending term - 25 Year Annuity Rate 1.54%	100% Deliberately permissible process. Loan issued within 2 working days
Community Municipal Investment	<p>CMI strategy approval from Council treasury</p> <p>Extensive board and council member approval process for project</p> <p>Project risk sits with Council</p>	Maximises local engagement and social impact	1.2% - most recent example Some initial set up costs	Initial expectation £1-5m (raised over a two month period)



Key differences – period of time to raise capital, borrowing amount