

SCRUTINY COMMISSION FOR RURAL COMMUNITIES	Agenda Item No. 4
16 DECEMBER 2013	Public Report

Report of the Executive Director Resources

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UPDATE ON PROPOSED GROUND MOUNTED AND WIND DEVELOPMENTS AT NEWBOROUGH, MORRIS FEN AND AMERICA FARM

1. PURPOSE

- 1.1 To provide a detailed update on the current business model compared to previous published models and the results of various studies and surveys that have since been carried out.

2. RECOMMENDATIONS

- 2.1 The Commission is asked to consider this report and feedback any comments.

3. LINKS TO THE SUSTAINABLE COMMUNITY STRATEGY

- 3.1 The project supports delivery of the Council's Environmental Capital ambitions by producing 'green energy' through the use of renewable technologies. The proposed developments will maximise energy output as well as balance environmental and community concerns whilst contributing a significant reduction of the Council's carbon footprint.
- 3.2 In addition, the energy generated can be sold to create a new and significant source of revenue to the Council that will help to close the Council's funding gap and protect its ability to continue in the provision of front line services. The Medium Term Financial Strategy approved by Full Council in March 2013 included the income generated by these proposals. If the schemes do not proceed, then the budget deficits forecast in future years will worsen.
- 3.3 The project will generate significant amounts of renewable power which can be used by the Council to safeguard its budgets against future electricity price rises and uncertain energy price inflation.

4. BACKGROUND

- 4.1 Council presented the latest financial position on ground mounted PV energy parks at the Scrutiny Commission for Rural Communities on 16th September 2013.
- 4.2 A subsequent Scrutiny Commission for Rural Communities was held on 18th November 2013 where it was requested an extraordinary meeting be held on 16th December 2013 in order for the Council to present its position based on the feedback received.
- 4.3 Key Items requested and covered in this report include:
- 4.3.1 A report on Dual Use proposals.
- 4.3.2 A report on alternative available land for the Ground Mounted Solar Panels.
- 4.3.3 Obtain details on the sensitivities around the two sites near America Farm (Oxney Grange and Flag Fen) that would be taken into detailed consideration as part of the planning process.
- 4.3.4 A report on the future of the farms estate and tenant farmers.
- 4.3.5 Clarification on what consultation had taken place with the farmers and rural community and what further consultation is planned.
- 4.3.6 Information on which reports had been commissioned in relation to ecological and biodiversity concerns and requested the release of all the unedited reports into the public domain in the interests of transparency.
- 4.3.7 The Commission agreed for the Executive Director of Resources to provide a three page detailed breakdown of the top level figures supporting options for Solar Panels and Wind Turbines covering:
- Grid connection
 - Research and development costs that had been incurred since 2012
 - Legal advice
 - Consultation fees
 - Archaeological Reports
 - Contingency

5.0 KEY ISSUES

5.1 Dual Use Proposals

- 5.1.1 Council asked AECOM to investigate further the potential for farming integration (dual use) at the three locations identified. AECOM commissioned an independent report by Dr. John Feltwell of the Wildlife Matters Consultancy Unit whose credentials include being a Chartered Environmentalist and a Chartered Biologist with a qualification in EU Law.
- 5.1.2 The report and AECOM's review of it are included in Appendix 10.1.
- 5.1.3 The findings conclude that it is feasible to integrate farming, either arable or grazing, or a joint farming package and that these practices will benefit the project in terms of increasing biodiversity, providing weed control around the panels and growing crops in between the strings of panels.
- 5.1.4 With regards to arable farming, the report believes that risk of damage to panels could be mitigated by allowing sufficient space between rows for farm workers and vehicles. The soil conditions and crop height will determine what is grown, with vegetables being the preferred option whilst wheat and red/blackcurrants are the least favourable.
- 5.1.5 The report also suggests other crops which could be grown including climbing fruit plants on security fences and fruit trees along hedgerows. These could be considered as part of the landscaping plan.
- 5.1.6 With regards grazing, the report suggests that sheep are the favoured stock with careful consideration taken into the breed. Shorter breeds are preferred and the stocking rate would be up to the competent farmer complying with welfare standards. Furthermore, the timing and rotation of grazing will need to be considered carefully to balance the biodiversity aims of the sites with the economics of sheep grazing
- 5.1.7 It should be noted that the Council has also commissioned a soil survey on each of the three sites that will be used to inform which option (arable / grazing / both) can be supported with the current condition of the land.
- 5.1.8 It should be noted that the Council has yet to assess the operational or economic constraints of dual use. It plans to do so as part of the planned consultation with the tenant farmers in the proposed Farms Estate Strategic Working Group

5.2 Alternative available land for the Ground Mounted Solar Panels.

- 5.2.1 The Council undertook a search of all of its land holdings as a first step towards identifying areas of land with the potential to accommodate large scale renewable energy development. It was decided early on in the process to exclude land not within council ownership i.e. the only alternative sites considered were those in the Council's ownership, because the additional costs and time involved in acquiring the land would be likely to have an adverse impact on financial returns and introduced too many risks to the project. Furthermore, the council does not own any land within urban areas suitable for this type of development.
- 5.2.2 The Council identified 6 possible sites within their ownership. These were:
- Nene Park,
 - Sewage Farm, Hall Lane, Wittering;
 - Splash Lane, Castor;
 - America Farm;
 - Morris Fen Farm; and
 - Farms of Newborough.

5.2.3 Each site was assessed against a basic criteria set out below based on a desk top assessment.

Those sites that met the criteria underwent a more detailed feasibility assessment to identify the potential developable area, the type of renewable energy development, i.e. solar and wind, and the energy generation output.

- Land lease issues (i.e. length of leases);
- Size of the site (in terms of its viability for large scale renewable energy projects);
- Proximity to aviation sites;
- Presence of any designated protected, landscape, conservation and heritage areas;
- Proximity to settlements; and
- A high level assessment of flood risk.

5.2.4

Of the six sites identified and using the criteria stated in 5.2.3, the three sites that presented the most viable were America Farm, Morris Fen and Farms of Newborough.

5.2.5

The other three that were discounted were done so on the following basis: Nene Park and Splash Lane are subject to a 999 year lease to the Nene Park Trust and both have several significant special designations preventing any kind of development; Sewage Farm was too small an area to justify development.

5.2.6

In addition to sites, alternative technologies were considered. In response to comments raised by consultees during the pre-planning application consultation, straw burning was also considered.

5.2.7

It was concluded that solar and wind farms represented the best deal in terms of amount of MW per acre of land, i.e. the largest capacity plant for the least amount of land take. The findings for each technology are briefly set out below:

- Anaerobic Digestion: a 0.5MW plant would take around 2.5 acres of land and cost around £1.5m / MW. However, the Council could not guarantee the quality and regular supply of feedstock since for an AD plant, consistent and regular feedstock is required to ensure that the plant operates at optimum yield. Furthermore, the Council could not be satisfied that there would be sufficient feedstock available for multiple AD plant installations. The Council believes that there may be potential for AD plant(s) in the future once the feedstock issue has been resolved. Additionally, the returns of an AD plant are not at the same level as that of other options considered.
- Biomass CHP: Similar to AD with regards the feedstock issue and investment returns.
- Straw burning: A straw burning facility of the same comparison would require a tonnage capacity in excess of 50,000 tonnes of straw to be annually produced. To deliver a similar amount of MW per acre of land, using the 900 acres, an average 116 heston bales / per acre would need to be produced. It should be noted that the average heston bale production of an acre is about 3 / acre, hence the land take would be significant (c.35,000 acres) to generate sufficient feedstock to power a facility of the same size as that proposed.

5.2.8

An extract from the publicly available planning documentation that covers in greater detail the selection process and why the other sites were excluded is available in Appendix 10.2. It should be noted that the assumptions stated above and in the report were correct when the assessment was performed.

5.2.9

More recently, the Council has also examined the potential for developing a solar farm on existing landfill sites.

5.2.10

Four zones were identified (A to D), however none of the sites proved to be suitable due to:

- sites had to be discarded due to land owner issues
- sites are small and fragmented in remote locations
- sites were judged too remote and far away from potential grid connection points

5.2.11

The desktop assessment is included in Appendix 10.3

5.3

5.3.1 **Sensitivities around the two sites near America Farm (Oxney Grange and Flag Fen)**

5.3.2 With respect to Flag Fen, following the submission of the planning application, the Local planning Authority (LPA) undertook a wide ranging consultation, including with its own Conservation Officer, Archaeological Officer and English Heritage (EH).

5.3.3 The initial comments by Peterborough City Council's Archaeologist raised no objections to the proposal and did not raise any specific concerns about the impact on the setting of Flag Fen, although she did require more field work information before making final comments.

5.3.4 The Council's Conservation Officer did not comment on the setting of Flag Fen as his remit is principally to comment on Listed Buildings rather than scheduled monuments.

5.3.5 English Heritage took the view that the harm that will be caused to Flag Fen would be less than substantial, but recommended that the application should be deferred until further archaeological assessments were undertaken for it to be able to fully assess its impact.

5.3.6 In accordance with the National Planning Policy Framework, it would then be up to the Local Planning Authority to assess the additional information and balance any potential harm against the wider public benefits arising from the proposal, which in this case comprises the development of renewable energy to address the impact of climate change.

5.3.7 Should the LPA conclude, in conjunction with EH and PCC Archaeologist, that the harm is significant and that it is not outweighed by wider public benefits, then the Council (as developer) would need to mitigate that impact.

5.3.8 With respect to Oxney Grange, the Council's Conservation Officer has stated that the setting of Oxney Grange has been impacted on over the past 20 plus years by the eastward expansion of Fengate Industrial area towards Oxney Grange Road. This has affected the open aspect of the Fenland around Oxney Grange and its agricultural relationship with the Fens.

5.3.9 The nearest distance from the site to Oxney Grange is approximately 900 m. The solar panels would be visible from Oxney Grange as part of the wider Fen landscape. Therefore, there would be a visual impact on the setting of the Listed Buildings, but that impact is not considered to be significant.

5.3.10 It is also important to note that the associated barns are no-longer in agricultural use because they have been converted to residential accommodation. Therefore maintaining the open agricultural landscape of the Fens around the barns becomes less important.

5.4 Taking the above into account, the Conservation Officer has, in accordance with the National Planning Policy Framework, weighed the impact on the Listed Buildings against the wider public benefits arising from the proposals and concluded that the wider public benefit would outweigh any harm to the setting of the Listed Buildings and has therefore raised no objections.

5.4.1

The Future of Council Farms Estate and Tenant Farmers

5.4.2 The estate is entering a period of potentially relatively rapid change. After many years of stability, all but one tenant is in their fifties or older and most tenancies are due to end within the next 10 to 15 years. Over the past few years a bank of land let on short-term agreements has been built up to allow the formation of new, better balanced holdings suitable for letting to new tenants.

5.4.3 Developing the estate to provide the sorts of benefits outlined above relies on finding suitable

tenants as well as a willingness of the council to support the estate

5.4.4 On re-letting of land, a balance can be struck between maximising rental income and social returns. The main focus of the estate is likely to remain letting as commercially viable enterprises. These may also provide social and environmental benefits if run by progressive tenants.

5.4.5 The standard of the fixed equipment on the estate is moderate with little having been invested by the council in the properties for the past 40 years. Some investment is required to bring the farms up to the standards required for modern food production. Funding of improvements could be achieved from rental income, albeit with a corresponding reduction in the annual return to the council. A strategy for such works would need to be planned to ensure a proper balance is struck.

5.4.6 The renewable energy project and the primary agricultural use of the estate are not mutually exclusive. The project provides a strong incentive for retention of ownership of the estate and sale of land following implementation of the project could seriously hinder the long-term management of the project. There is scope for significant agricultural use of land also occupied by solar arrays.

5.4.7 The most recent government report 'The Importance of the County Farms Estate to the Rural Economy' (November 2008), states that Local Authorities should develop the wider benefits of their holding with particular regard to renewable energy, local food, public access, education, employment and the broader rural economy.

5.5 There is scope for educational interpretation of the energy park alongside the agricultural element of the estate. Furthermore, the project could act as the catalyst for revitalisation of the estate.

5.5.1

Tenant farmers strategy and strategic working group

5.5.2 The Council asked its Farm Estate's Manager to develop a strategy to manage the tenant farmers affected by the proposals and also to scope out how the proposed strategic working group would work.

5.5.3 Several farm tenancies would be affected by the proposed development. Vacant possession of the land would be required for the development to proceed. Different approaches to gaining vacant possession of the affected land have been taken depending on the type and length of tenancy and individual tenant's circumstances.

5.5.4 The Council has made considerable effort to ensure that the tenant's core farming businesses are not unduly affected by the proposed scheme.

5.5.5 Where the core businesses would be affected, and the tenants have wanted to remain in farming, the tenants have been offered terms which would leave their businesses in better respective positions than if they remained farming under their current agreements.

5.5.6 There remains only one tenant who is not prepared to accept the Council's offers of alternative land and longer term security.

5.5.7 In the event of not all of the land being required for the scheme, the land affected by relocation and surrender agreements will be unencumbered by long-term tenancies, allowing the Council freedom to utilise the land as it wishes.

5.5.8 With regards the proposed strategic working group, the renewable energy project has highlighted the lack of community involvement in the estate. In particular there is limited tenant involvement in the strategic planning of the estate except on an individual farm basis and there has been no Councilor interest or involvement in the estate in recent years

5.5.9 It is proposed to set up a working group which would have a positive input into the agricultural aspects of the renewable energy project and into the wider strategic planning for the estate

The initial aims of the working group would be to:

- Provide a consensus for the agricultural management of the energy project
 - Improve understanding of the farms estate by the Council and tenants, and consequently wider public
- 5.5.10 • Develop a clear strategic plan for the long-term management of the estate for adoption by the Council

5.6 Members of the Working Group would include representatives of the existing farm tenants, relevant council officers and Councillors. Contributions could be sought from outside bodies such as the relevant parish councils, the NFU, the Wildlife Trust and local residents

5.6.1

Clarification of Consultations to date and planned

5.6.2 The tables below are extracted from the Statement of Community Involvement document which details the consultations the Council has conducted to date. The full document is available in Appendix 10.4.

Public Consultations constituted the following modes of communication:

- Public exhibitions / drop-in sessions
 - Dedicated proposal website
 - Press releases and media briefings
 - Information mailings
 - Letters and email responses
- 5.6.3 • Council meetings open to the public

5.6.4 Exhibitions were held in high traffic areas and local venues in order to seek the views of the maximum possible number of residents.

On the stand there was opportunity for direct feedback via the website and a comments box. Postcards were Freepost return so as not to exclude people on a financial basis. Effort was also made to ensure materials were accessible including an audiobook and large A3 print version of the exhibition on the website.

5.6.5

5.6.6

Stakeholder Engagement including statutory consultees and stakeholders were also involved to identify and resolve specific issues that could affect the proposed developments.

Working meetings addressing largely technical matters and briefing sessions were held with stakeholders and local groups.

Consultation event	Date
June 2012	
Letter sent to tenant farmers: notifying them of plans for a Renewable Energy Project	27 June 2012
Ward Councillor Briefing Session	29 June 2012
July 2012	
Cabinet Meeting	10 July 2012
August 2012	
National Farmers Union meeting	8 August 2012
Letter sent to tenant farmers: confirming status of their tenancy and the proposed timescale for development.	16 August 2012
Letter sent to America Farm tenant	28 August 2012
September 2012	
Letter sent to Stewart Jackson MP, Peterborough Constituency	3 September 2012
Newborough Landscape Protection Group meeting	4 September 2012
Letter sent to tenant farmers: schedule for site visits and survey work	18 September 2012
National Farmers Union meeting	20 September 2012
Letter sent to tenant farmers: notification of submission of a 'Screening Opinion' to the Local Planning Authority	20 September 2012
Media Briefing with Peterborough Evening Telegraph and BBC Radio Cambridgeshire	21 September 2012
October 2012	
Radio Cambridgeshire – Interview with Leader of Council	8 October 2012
Petition received from Cllr Harrington containing 613 signatories against the proposed development and potential future wind turbine development.	10 October 2012
Full Council Meeting	10 October 2012
Meeting with Cllr Harrington, Newborough Ward	11 October 2012
Meeting with Stewart Jackson MP	12 October 2012
Newborough Parish Council meeting	15 October 2012
Press release "Council leader meets residents to discuss Renewable Energy Project"	16 October 2012
One-to-one meetings begin with directly affected tenant farmers.	Late October 2012 (ongoing)
Briefing by the Project Team to a Ward Council member and	19 October 2012

5.6.7

Events included:

- Meetings with directly affected tenants
- National Farmers Union meetings and meeting with the Tenant Farmers Association
- Councillor and MP briefing sessions
- Parish Council briefing sessions
- Pre-application meeting with the LPA
- Discussions/corresponding with statutory consultees - ongoing since August 2012 e.g. English Heritage, Natural England, Local Highway Authority, PCC Landscape Consultant).
- Meetings with newly formed local groups, including the Newborough Landscape Protection Group (NLPG) and the Newborough Young Farmers

local resident	
Letter sent to tenant farmers: notification of public release of plans and reports to inform the forthcoming Joint Committee Meeting (2 November)	25 October 2012
Press release "Cabinet asked to approve next stage of Renewable Energy Project"	29 October 2012
November 2012	
Briefing by the Project Team to Ward members	2 November 2012
Joint meeting of the Sustainable Growth and Environmental Capital Scrutiny Committee and the Scrutiny Commission for Rural Issues	2 November 2012
Cabinet Meeting	5 November 2012
TV interview on BBC Look East	6 November 2012
Media tour to a working solar farm	6 November 2012
Meeting with representatives from Newborough Landscape Protection Group and local Councillors	8 November 2012
Sustainable Growth and Environmental Capital Scrutiny Committee Meeting	19 th November
Public consultation posters and postcards hand-delivered	w/c 19 th November
Press release "Next phase of renewable energy project gets green light"	21 November 2012
Full-page public consultation advert in the Peterborough Telegraph	22 November 2012
Dedicated project website launched	23 November 2012
Public consultation: Peterborough Garden Park, Unit 8	24 November 2012, 10am-4pm
Public consultation: Peterborough Garden Park, Unit 8 (unmanned)	25 November 2012, 10am-4pm
Public consultation: Queensgate Central Square	26 November 2012, 9am-6pm (manned 12 noon - 5pm)
Public consultation: Queensgate Central Square (unmanned)	27 November 2012, 9am-6pm
Public consultation: Crowland Snowden Pavilion	28 November 2012, 4pm-8pm
Meeting with representatives from Newborough Parish Council, Project Team and Leader of the Council	29 November 2012
Public consultation: Bedford Hall, Thorney	29 November 2012, 4pm-7pm
Public consultation: Peterborough Town Hall, Bridge Street	30 November 2012, 9am-5pm
December 2012	
Public consultation: Newborough Village Hall	1 December 2012, 10am-2pm
Public consultation: Public tour to a working solar farm	1 December 2012, 9.45-10.30am
Public consultation: Eye Community Centre	2 December 2012, 4pm-8pm
Full Council meeting	5 December 2012
Thorney Parish Council meeting	10 December 2012
Meeting with Newborough Young Farmers, Ward Councillor, Project Team and Leader of the Council	11 December 2012
Meeting with Tenant Farmers Association	13 December 2012
Public consultation: Public tour to a working solar farm	17 December 2012

5.7

5.7.1

Details of reports commissioned in relation to ecological and biodiversity concerns

- 5.7.2 As part of the planning application, an environmental statement was provided which stated the results of the surveys conducted as part of the environmental impact assessment performed. Due to the size of these documents, these are not included in the appendices, but are available on the planning portal.
- 5.7.3 An ecological impact assessment has been undertaken which considered the effects of the proposed development on sites of nature conservation importance, habitats, plants (flora) and animals (fauna). Particular consideration was given to potential effects on species and habitats
- 5.7.4 which are protected by law or important (notable) for their inherent nature conservation value.

A Flood Risk Assessment (FRA) was required as the development site is located within Flood

Zone 3a (as defined by the Environment Agency and PCC Strategic Flood Risk Assessment (SFRA) and is therefore at high risk of fluvial or tidal flooding.

5.7.5 To manage any surface water run-off from the solar panels, switching station and access tracks, infiltration drainage will be designed in accordance with industry standards and grass will be established beneath the solar panels. Due to the nature of the proposed development, the limited human occupancy rates and the continual inspection and maintenance of flood defences the residual risk of flooding is assessed to be low.

5.7.6 Excavation of soil will be required during the construction of cable trenches and the foundations of the switching station building and ancillary structures. This will result in the sterilisation of a very small footprint of high quality agricultural soils and the generation of soil quantities that will need to be managed. During the operational lifetime of the development, the agricultural soils within the development site could be managed as grassland and as a result its quality will improve.

It should be noted that additional soil surveys have been commissioned which the Council expects to have the results of, at the end of December 2013. Details can be found in Appendix 10.5.

5.7.8 A landscape and visual impact assessment was also carried out. Eight representative viewpoints were then identified in consultation with Peterborough City Council. The extent to which the existing view from each point would be altered by the Development was then evaluated. Photographs were taken from the eight agreed viewpoint locations during both summer and winter and illustrative photomontages were constructed from three of these viewpoints

5.7.9 There will be direct loss of open agricultural land within the development site for the duration of the proposed development and this is predicted to have a significant impact on the landscape. It is important to note however that this is reversible in the long term once the proposed development has been decommissioned. This issue like all other planning issues, needs to be balanced against the wider public benefits of delivering a renewable energy scheme.

5.7.10 The design has been developed such that the loss of habitat is minimised and key elements such as existing vegetation and drains will remain intact. The proposed mitigation planting will be sympathetic to the existing landscape structure and character and enhance the development site's appearance for future benefit.

5.7.11 With this mitigation in place, the proposed development is not predicted to have a significant effect on landscape character. It may intrude into existing views experienced by users of the study area. None of the eight viewpoints or five property receptors assessed were predicted to experience significant residual effects.

5.7.12 A separate detailed Contamination Assessment Report was carried out and is included in Appendix 9.1 of the Environmental Statement which forms part of the planning application and is publicly available on the planning portal.

5.7.13 In summary, the Environmental Statement has determined that there would be impacts on the local environment as a result of the proposed development but these are not considered to be significant or long-term. More details can be found in the Environmental Statement: Non-Technical Summary, which are on the planning portal.

Where impacts have been identified these have been mitigated as far as possible as part of the design in particular through the use of buffers from sensitive features such as residential properties and drains.

6. IMPLICATIONS

6.1 Detail Summary November 2012 to September 2013 position: Option 1 All Solar, No delay scenario

Ground Mount Solar	November 2012				September 2013 NO DELAY				Difference			
	AF Solar	NF Solar	MF Solar	Total	AF Solar	NF Solar	MF Solar	Total	AF Solar	NF Solar	MF Solar	Total
MW Installed	8.0	49.0	27.0	84.0	7.2	49.0	25.5	81.7	-1	0	-1.5	-2.3
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Capital Costs	13.8	80.3	47.3	141.3	10.6	57.4	33.8	101.8	-3	-23	-13	-39
- Install Costs	12.0	73.5	40.5	126.0	6.5	44.1	23.0	73.5	-5.5	-29.4	-17.6	-52.5
- Grid Connection	1.5	5.0	5.0	11.5	1.8	4.0	4.3	10.0	0.3	-1.0	-0.7	-1.5
- Development Costs	0.3	1.8	1.8	3.8	0.4	1.8	1.1	3.2	0.1	-0.0	-0.6	-0.5
- Contingency					1.9	7.6	5.5	15.1	1.9	7.6	5.5	15.1
Operating Costs												
- O&M	7.2	45.2	24.7	77.0	6.6	46.1	23.8	76.6	-0.5	1.0	-0.9	-0.4
- Insurance	1.5	9.0	5.2	15.7	1.2	6.6	3.8	11.5	-0.3	-2.5	-1.3	-4.2
- Business Rates	1.1	6.9	3.8	11.8	1.0	7.2	3.7	12.0	-0.1	0.3	-0.0	0.3
- Land Drainage Levy & Contingency					1.1	7.8	3.9	12.8	0.0	0.0	0.0	0.0
					1.1	7.8	3.9	12.8	1.1	7.8	3.9	12.8
Interest	8.4	48.6	29.2	86.2	7.0	42.6	24.6	74.3	-1.3	-5.9	-4.6	-11.9
Total Expenditure	31.9	189.9	110.1	331.9	27.5	167.9	93.7	289.1	-4.4	-22.1	-16.4	-42.8
Income - ROC	11.8	72.3	40.7	124.9	12.02	75.25	40.0	127.3	0.2	2.9	-0.7	2.4
Income - PPA	22.8	139.3	78.4	240.6	17.1	115.9	61.5	194.5	-5.7	-23.4	-17.0	-46.1
Total Income	34.6	211.6	119.2	365.5	29.1	191.2	101.5	321.7	-5.6	-20.5	-17.7	-43.7
Net Project Income	2.7	21.7	9.1	33.5	1.5	23.3	7.8	32.7	-1.2	1.6	-1.3	-0.9
Loss of Rental Income	0.3	1.7	0.9	2.9	0.3	1.8	1.1	3.2	-0.0	0.1	0.2	0.3
Net Income to PCC	2.4	20.0	8.2	30.7	1.3	21.5	6.7	29.5	-1.2	1.5	-1.5	-1.2
Net Present Value	1.6	10.9	5.2	17.7	0.7	10.2	3.9	14.8	-0.8	-0.7	-1.3	-2.9

- 6.1.1 The contingency item under capital costs includes cover for:
- upward movement in the installation costs (such as needing to provide a particular frame specification such as black anodised and 2m in height)
 - any potential uplift in grid connection costs
 - any potential uplift in development costs which covers all adviser fees, cost of surveys such as archaeology, soil grading, council staff time, planning, procurement and development costs
- 6.1.2 The land drainage levy and contingency line within operating costs includes cover for:
- land drainage levy
 - community benefit fund
 - compensation to tenant farmers
- 6.1.3 The reasons for the reduction of the capital costs are:
- MW installed capacity has been revised downward to accommodate planning conditions around ecological buffer zones and grid connection substation placement
 - Installation costs rates dropping from an initial £1.5m / MW to sub £1m / MW
 - As a result of capital costs coming down, interest costs have revised down.
- 6.1.4 The reasons for the reduction in the forecast income are:
- ROC and PPA pricing are now based on market rates as of Q4 2013
 - Community benefit fund rate now incorporated
 - Higher assumptions for loss of rental income
- 6.1.5 Further detail of the individual plant cost breakdown is provided for in Appendix 10.6.

**6.2 Detail Summary November 2012 to September 2013 position:
Option 1 All Solar, Delayed scenario**

Ground Mount Solar	November 2012				September 2013 DELAYED				Difference			
	AF Solar	NF Solar	MF Solar	Total	AF Solar	NF Solar	MF Solar	Total	AF Solar	NF Solar	MF Solar	Total
MW Installed	8.0	49.0	27.0	84.0	7.2	49.0	25.5	81.7	-1	0	-1.5	-2.3
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Capital Costs	13.8	80.3	47.3	141.3	10.6	57.8	34.0	102.4	-3	-23	-13	-39
- Install Costs	12.0	73.5	40.5	126.0	6.5	44.1	23.0	73.5	-5.5	-29.4	-17.6	-52.5
- Grid Connection	1.5	5.0	5.0	11.5	1.8	4.0	4.3	10.0	0.3	-1.0	-0.7	-1.5
- Development Costs	0.3	1.8	1.8	3.8	0.4	2.1	1.3	3.8	0.1	0.3	-0.5	-0.0
- Contingency					1.9	7.6	5.5	15.1	1.9	7.6	5.5	15.1
Operating Costs												
- O&M	7.2	45.2	24.7	77.0	6.8	47.2	24.5	78.4	-0.4	2.0	-0.2	1.4
- Insurance	1.5	9.0	5.2	15.7	1.2	6.7	3.9	11.8	-0.3	-2.3	-1.2	-3.9
- Business Rates	1.1	6.9	3.8	11.8	1.1	7.4	3.8	12.3	-0.0	0.5	0.1	0.6
- Land Drainage Levy & Contingency					1.2	7.7	4.0	12.8	1.2	7.7	4.0	12.8
Interest	8.4	48.6	29.2	86.2	7.9	44.6	26.3	78.8	-0.5	-3.9	-2.9	-7.4
Total Expenditure	31.9	189.9	110.1	331.9	28.7	171.4	96.5	296.6	-3.2	-18.5	-13.6	-35.3
Income - ROC	11.8	72.3	40.7	124.9	11.42	71.04	37.9	120.4	-0.4	-1.3	-2.8	-4.5
Income - PPA	22.8	139.3	78.4	240.6	17.6	119.2	63.6	200.4	-5.2	-20.1	-14.8	-40.1
Total Income	34.6	211.6	119.2	365.5	29.0	190.3	101.6	320.8	-5.6	-21.4	-17.6	-44.6
Net Project Income	2.7	21.7	9.1	33.5	0.3	18.9	5.0	24.2	-2.4	-2.8	-4.1	-9.3
Loss of Rental Income	0.3	1.7	0.9	2.9	0.3	1.8	1.2	3.3	-0.0	0.1	0.3	0.4
Net Income to PCC	2.4	20.0	8.2	30.7	0.0	17.1	3.8	21.0	-2.4	-3.0	-4.3	-9.7
Net Present Value	1.6	10.9	5.2	17.7	0.2	7.9	2.4	10.5	-1.4	-3.0	-2.8	-7.3

When compared with the model in 6.1:

- 6.2.1 The contingency item under capital costs now includes additional costs for the public inquiry causing an uplift in the capital costs total.
- 6.2.2 Operating costs across the board have increased due to inflationary increase on these costs arising from the delayed completion.
- 6.2.3 Similarly, interest costs have increased due to upward inflationary pressure because of the delayed completion.
- 6.2.4 All of which contributes to an increase in the total expenditure by some £4.5m because of the delay to completion and public inquiry costs.
- 6.2.5 ROC income is down as the public inquiry delay (assumed to be a year) would result in the plant achieving a lower ROC banding.
- 6.2.6 PPA income is up because of inflation increases from the year delay.
- 6.2.7 However, the total income position of the project is down £1.7m when compared to the non-delay scenario in 6.1.
- 6.2.8 Further detail of the individual plant cost breakdown is provided for in the Appendix 10.7.
- 6.2.9 It should be noted that in the table above, America Farm is shown as breaking even (i.e. a Net

income of £0 to PCC) however, in the appendix, the actual position is a loss of £60,000.

6.2.10 This is a rounding error that is in the table above, whilst Appendix 10.7 shows the detailed position assuming that the contingency has to be used and hence the loss.

6.2.11 Profit and Loss Summary: All Solar, Option 1, No Delay

		1	2	3	4	5	6
Expenditure	Total	2012.13	2013.14	2014.15	2015.16	2016.17	2017.18
Capital Costs:	£m	£m	£m	£m	£m	£m	£m
- Install Costs	73.5	0.0	0.0	15.7	57.9	0.0	0.0
- Grid Connection	10.0	0.0	0.0	3.5	6.5	0.0	0.0
- Development Costs	3.2	1.1	0.8	1.3	0.0	0.0	0.0
- Contingency	15.1	0.0	0.0	4.1	10.9	0.0	0.0
Total Capital Costs	101.8	1.1	0.8	24.6	75.3	0.0	0.0
Revenue Expenditure:							
- O&M	76.6	0.0	0.0	0.0	0.9	2.3	2.3
- Insurance	11.5	0.0	0.0	0.0	0.1	0.3	0.4
- Business Rates	12.0	0.0	0.0	0.0	0.1	0.4	0.4
- Land Drainage Levy & Contingency & Contingency	12.8	0.0	0.0	0.0	0.1	0.4	0.4
Total Revenue Expenditure	113.0	0.0	0.0	0.0	1.3	3.3	3.4
Income:							
Income - ROC	127.3	0.0	0.0	0.0	2.3	5.5	5.5
Income - PPA	194.5	0.0	0.0	0.0	2.2	5.6	5.8
Total Income	321.7	0.0	0.0	0.1	4.4	11.1	11.4
Net Revenue Position	208.8	0.0	0.0	0.1	3.2	7.8	8.0
Financing Costs:							
Principal Repayment	101.8	0.0	0.0	0.0	0.3	2.2	2.3
Interest Costs	74.3	0.0	0.0	0.4	3.0	4.7	4.6
Total Financing Costs	176.1	0.0	0.0	0.4	3.3	6.9	6.9
Lost Income:							
Rental Income	3.2	0.0	0.0	0.0	0.1	0.1	0.1
Net Profit & Loss	29.5	0.0	0.0	-0.4	-0.2	0.7	0.9

6.2.12 Profit and Loss Summary: All Solar, Option 1, Delayed

	Total	1 2012.13	2 2013.14	3 2014.15	4 2015.16	5 2016.17	6 2017.18
Expenditure							
Capital Costs:		£m	£m	£m	£m	£m	£m
- Install Costs	73.5	0.0	0.0	0.0	15.5	58.1	0.0
- Grid Connection	10.0	0.0	0.0	0.0	3.0	7.0	0.0
- Development Costs	3.8	1.1	0.8	1.5	0.4	0.0	0.0
- Contingency	15.1	0.0	0.0	0.0	3.8	11.3	0.0
Total Capital Costs	102.4	1.1	0.8	1.5	22.7	76.3	0.0
Revenue Expenditure:							
- O&M	78.4	0.0	0.0	0.0	0.0	1.0	2.3
- Insurance	11.8	0.0	0.0	0.0	0.0	0.2	0.4
- Business Rates	12.3	0.0	0.0	0.0	0.0	0.2	0.4
- Land Drainage Levy & Contingency & Contingency	12.8	0.0	0.0	0.0	0.0	0.1	0.4
Total Revenue Expenditure	115.4	0.0	0.0	0.0	0.1	1.4	3.4
Income:							
Income - ROC	120.4	0.0	0.0	0.0	0.1	2.3	5.2
Income - PPA	200.4	0.0	0.0	0.0	0.1	2.5	5.9
Total Income	320.8	0.0	0.0	0.0	0.2	4.8	11.0
Net Revenue Position	205.4	0.0	0.0	0.0	0.1	3.4	7.6
Financing Costs:							
Principal Repayment	102.4	0.0	0.0	0.0	0.0	0.3	2.2
Interest Costs	78.8	0.0	0.0	0.1	0.4	3.1	5.0
Total Financing Costs	181.2	0.0	0.0	0.1	0.4	3.4	7.1
Lost Income:							
Loss of Rental Income	3.3	0.0	0.0	0.0	0.0	0.1	0.1
Net Profit & Loss	21.0	0.0	0.0	-0.1	-0.4	-0.2	0.4

6.2.13

6.3

6.3.1

Interest costs are incurred in early years but are small and therefore not apparent in the above tables.

Detail Summary November 2012 to September 2013 position:

Option 2: Solar and Wind, No delay Scenario

It should be noted that only solar farms are delayed and the wind farms are assumed not.

6.3.2

6.3.3

6.3.4

6.3.5

Combined	November 2012						September 2013 NO DELAY						Difference					
	AF Solar	NF Solar	MF Solar	NF Wind	MF Wind	Total	AF Solar	NF Solar	MF Solar	NF Wind	MF Wind	Total	AF Solar	NF Solar	MF Solar	NF Wind	MF Wind	Total
MW Installed	8.0	31.0	18.0	27.0	9.0	93.0	7.2	37.0	26.5	12.3	6.2	89.2	-0.8	6	8.5	-14.7	-2.9	-3.8
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Capital Costs	13.8	50.5	27.8	44.5	15.3	151.9	10.6	45.4	34.8	17.3	8.6	116.7	-3.2	-5.1	7.0	-27.2	-6.7	-35.2
- Install Costs	12.0	46.5	24.0	40.5	12.0	135.0	6.5	33.3	23.9	14.0	7.0	84.6	-5.5	-13.2	-0.1	-26.5	-5.0	-50.4
- Grid Connection	1.5	2.5	2.5	2.5	2.5	11.5	1.8	4.0	4.3			10.0	0.3	1.5	1.8	-2.5	-2.5	-1.5
- Development Costs	0.3	1.5	1.3	1.5	0.8	5.4	0.4	1.8	1.1	1.3	0.6	5.1	0.1	0.2	-0.2	-0.2	-0.2	-0.3
- Contingency							1.9	6.4	5.6	2.0	1.0	17.0	1.9	6.4	5.6	2.0	1.0	17.0
Operating Costs																		
- O&M	7.2	28.6	10.3	24.7	5.2	75.9	6.6	34.8	24.7	9.7	4.8	80.7	-0.5	6.3	14.4	-15.0	-0.3	4.8
- Insurance	1.5	5.6	2.2	4.9	1.2	15.5	1.2	5.1	3.9	1.9	1.0	13.1	-0.3	-0.5	1.7	-2.9	-0.2	-2.3
- Business Rates	1.1	4.4	6.6	3.8	3.3	19.1	1.0	5.5	3.9	6.5	3.2	20.1	-0.1	1.1	-2.7	2.7	-0.0	1.1
- Land Drainage Levy & Contingency							1.1	6.4	4.0	2.6	1.3	15.3	1.1	6.4	4.0	2.6	1.3	15.3
Interest	8.4	30.6	14.2	27.5	7.9	88.6	7.0	33.7	25.4	13.4	6.7	86.1	-1.3	3.1	11.1	-14.2	-1.2	-2.4
Total Expenditure	31.9	119.7	61.2	105.3	32.8	351.0	27.5	131.0	96.7	51.3	25.6	332.2	-4.4	11.3	35.6	-54.1	-7.2	-18.7
Income - ROC	11.8	45.8	34.8	40.7	17.4	150.5	12.02	56.82	41.6	43.1	21.6	175.1	0.2	11.1	6.8	2.4	4.2	24.5
Income - PPA	22.8	88.1	85.4	78.4	42.7	317.5	17.1	87.5	63.9	111.0	55.5	335.0	-5.7	-0.6	-21.5	32.5	12.8	17.4
Total Income	34.6	133.9	120.2	119.2	60.1	468.1	29.1	144.3	105.5	154.1	77.0	510.0	-5.6	10.4	-14.7	34.9	16.9	42.0
Net Project Income	2.7	14.2	59.1	13.8	27.3	117.1	1.5	13.3	8.8	102.8	51.4	177.8	-1.2	-0.9	-50.3	89.0	24.1	60.7
Loss of Rental Income	0.3	1.7	-	0.9	-	2.9	0.3	1.8	1.1	-	-	3.2	-0.0	0.1	1.1	-0.9	0.0	0.3
Net Income to PCC	2.4	12.5	59.1	12.9	27.3	114.2	1.3	11.6	7.6	102.8	51.4	174.7	-1.2	-1.0	-51.4	89.9	24.1	60.4
Net Present Value	1.6	7.1	26.4	7.3	12.1	54.4	0.7	5.8	4.3	36.0	18.0	64.9	-0.8	-1.3	-22.1	28.7	5.9	10.4

Total expenditure is down overall because:

- Total wind capacity has been reduced hence reducing the installation and Operation & Maintenance costs for the wind farms

- 6.3.6
- To maximise the potential energy generated, solar capacity has been increased leading to an increase in O&M costs

The contingency item under capital costs include:

- upward movement in the installation costs (such as needing to provide a particular frame specification such as black anodised and 2m in height) for the solar farms
 - potential uplift in grid connection costs which are “front loaded” onto the solar farms and hence there is no grid costs for the wind farms.
 - any potential uplift in development costs which covers all adviser fees, cost of surveys such as archaeology, soil grading, council staff time, planning, procurement and development costs
- 6.4

The land drainage levy and contingency line within operating costs includes cover for:

- land drainage levy
- community benefit fund where the wind and solar have different rates, the former generating more than the latter as wind farms generate more power on average than solar farms
- compensation to tenant farmers

Total income is increased overall because:

- the solar farms increase in capacity exceeds the reduction in capacity of the wind farms
- the reduction in wind farm capacity has been compensated somewhat due to the turbine size generating a more optimum performance yield at the wind speeds available

Further detail of the individual plant cost breakdown is provided for in Appendix 10.8.

Detail Summary November 2012 to September 2013 position: Option 2: Solar and Wind, Delayed Scenario

Combined	November 2012						September 2013 DELAYED						Difference					
	AF Solar	NF Solar	MF Solar	NF Wind	MF Wind	Total	AF Solar	NF Solar	MF Solar	NF Wind	MF Wind	Total	AF Solar	NF Solar	MF Solar	NF Wind	MF Wind	Total
MW Installed	8.0	31.0	18.0	27.0	9.0	93.0	7.2	37.0	26.5	12.3	6.2	89.2	-0.8	6	8.5	-14.7	-2.9	-3.8
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Capital Costs	13.8	50.5	27.8	44.5	15.3	151.9	10.6	45.8	35.0	17.3	8.6	117.3	-3.2	-4.7	7.2	-27.2	-6.7	-34.6
- Install Costs	12.0	46.5	24.0	40.5	12.0	135.0	6.5	33.3	23.9	14.0	7.0	84.6	-5.5	-13.2	-0.1	-26.5	-5.0	-50.4
- Grid Connection	1.5	2.5	2.5	2.5	2.5	11.5	1.8	4.0	4.3			10.0	0.3	1.5	1.8	-2.5	-2.5	-1.5
- Development Costs	0.3	1.5	1.3	1.5	0.8	5.4	0.4	2.1	1.3	1.3	0.6	5.7	0.1	0.6	-0.0	-0.2	-0.2	0.3
- Contingency							1.9	6.4	5.6	2.0	1.0	17.0	1.9	6.4	5.6	2.0	1.0	17.0
Operating Costs																		
- O&M	7.2	28.6	10.3	24.7	5.2	75.9	6.8	35.6	25.4	9.7	4.8	82.4	-0.4	7.1	15.1	-15.0	-0.3	6.4
- Insurance	1.5	5.6	2.2	4.9	1.2	15.5	1.2	5.3	4.0	1.9	1.0	13.4	-0.3	-0.4	1.8	-2.9	-0.2	-2.1
- Business Rates	1.1	4.4	6.6	3.8	3.3	19.1	1.1	5.6	4.0	6.5	3.2	20.4	-0.0	1.2	-2.6	2.7	-0.0	1.3
- Land Drainage Levy & Contingency							1.2	6.3	4.1	2.6	1.3	15.4	1.2	6.3	4.1	2.6	1.3	15.4
Interest	8.4	30.6	14.2	27.5	7.9	88.6	7.9	35.3	27.1	13.4	6.7	90.3	-0.5	4.8	12.8	-14.2	-1.2	1.7
Total Expenditure	31.9	119.7	61.2	105.3	32.8	351.0	28.7	133.9	99.6	51.3	25.6	339.1	-3.2	14.2	38.5	-54.1	-7.2	-11.8
Income - ROC	11.8	45.8	34.8	40.7	17.4	150.5	11.42	53.64	39.4	43.1	21.6	169.1	-0.4	7.9	4.6	2.4	4.2	18.6
Income - PPA	22.8	88.1	85.4	78.4	42.7	317.5	17.6	90.0	66.1	111.0	55.5	340.2	-5.2	1.9	-19.3	32.5	12.8	22.7
Total Income	34.6	133.9	120.2	119.2	60.1	468.1	29.0	143.7	105.5	154.1	77.0	509.4	-5.6	9.8	-14.7	34.9	16.9	41.3
Net Project Income	2.7	14.2	59.1	13.8	27.3	117.1	0.3	9.8	5.9	102.8	51.4	170.2	-2.4	-4.4	-53.2	89.0	24.1	53.1
Loss of Rental Income	0.3	1.7	-	0.9	-	2.9	0.3	1.8	1.2	-	-	3.3	-0.0	0.1	1.2	-0.9	0.0	0.4
Net Income to PCC	2.4	12.5	59.1	12.9	27.3	114.2	0.0	8.0	4.7	102.8	51.4	166.9	-2.4	-4.6	-54.3	89.9	24.1	52.7
Net Present Value	1.6	7.1	26.4	7.3	12.1	54.4	0.3	4.1	2.8	36.0	18.0	61.1	-1.3	-3.0	-23.7	28.7	5.9	6.7

When compared with the model in 6.3:

Total expenditure has increased because of:

- Interest costs increasing due to the delay of the public inquiry
- O&M and insurance costs have increased due to inflation over the duration of the delay

- Development costs have increased to cover the public inquiry

However in relation to the November 2012 position, this scenario represents an overall decrease in total expenditure.

6.4.7 In terms of total income this has decreased slightly due to a drop in the ROC banding for the solar farms. This has been compensated in part by the wind farm revenue generated and the inflationary uplift on the PPA for the solar farms over the duration of the delay.

Further detail of the individual plant cost breakdown is provided for in Appendix 10.9.

It should be noted that in the table above, America Farm is shown as breaking even (i.e. a Net income of £0 to PCC) however, in the appendix, the actual position is a loss of £60,000.

This is a rounding error that is in the table above, whilst Appendix 10.9 shows the detailed position assuming that the contingency has to be used and hence the loss.

Profit and Loss Summary: Solar / Wind , Option 2, No Delay

	Total	1	2	3	4	5	6
Expenditure	Total	2012.13	2013.14	2014.15	2015.16	2016.17	2017.18
Capital Costs:	£m	£m	£m	£m	£m	£m	£m
- Install Costs	84.6	0.0	0.0	16.0	47.6	21.0	0.0
- Grid Connection	10.0	0.0	0.0	3.5	6.5	0.0	0.0
- Development Costs	5.1	1.5	1.3	2.0	0.4	0.0	0.0
- Contingency	17.0	0.0	0.0	4.2	9.8	3.0	0.0
Total Capital Costs	116.7	1.5	1.3	25.7	64.3	24.0	0.0
Revenue Expenditure:							
- O&M	80.7	0.0	0.0	0.0	0.9	2.1	2.4
- Insurance	13.1	0.0	0.0	0.0	0.1	0.3	0.4
- Business Rates	20.1	0.0	0.0	0.0	0.1	0.4	0.6
Land Drainage Levy & Contingency	15.3	0.0	0.0	0.0	0.1	0.5	0.5
Total Revenue Expenditure	129.3	0.0	0.0	0.0	1.2	3.2	3.9
Income:							
Income - ROC	175.1	0.0	0.0	0.0	2.1	5.4	7.4
Income - PPA	335.0	0.0	0.0	0.0	2.0	5.8	9.0
Total Income	510.0	0.0	0.0	0.1	4.1	11.2	16.4
Net Revenue Position	380.7	0.0	0.0	0.1	3.0	7.9	12.5
Financing Costs:							
Principal Repayment	116.7	0.0	0.0	0.0	0.3	2.0	2.6
Interest Costs	86.1	0.0	0.0	0.5	2.8	4.9	5.4
Total Financing Costs	202.9	0.0	0.0	0.5	3.1	6.9	8.0
Lost Income:							
Loss of Rental Income	3.2	0.0	0.0	0.0	0.1	0.1	0.1
Net Profit & Loss	174.7	0.0	0.0	-0.4	-0.2	1.0	4.4

Profit and Loss Summary: Solar / Wind , Option 2, Delay

		1	2	3	4	5	6
	Total	2012.13	2013.14	2014.15	2015.16	2016.17	2017.18
Expenditure							
Capital Costs:		£m	£m	£m	£m	£m	£m
- Install Costs	84.6	0.0	0.0	0.0	14.6	70.1	0.0
- Grid Connection	10.0	0.0	0.0	0.0	3.0	7.0	0.0
- Development Costs	5.7	1.5	1.3	2.1	0.8	0.0	0.0
- Contingency	17.0	0.0	0.0	0.0	3.7	13.3	0.0
6.4.9 Total Capital Costs	117.3	1.5	1.3	2.1	22.1	90.3	0.0
Revenue Expenditure:							
- O&M	82.4	0.00	0.0	0.0	0.0	1.0	2.4
6.5 - Insurance	13.4	0.0	0.0	0.0	0.0	0.2	0.4
- Business Rates	20.4	0.0	0.0	0.0	0.0	0.2	0.6
6.5.1 - Land Drainage Levy & Contingency	15.4	0.0	0.0	0.0	0.0	0.2	0.5
Total Revenue Expenditure	131.6	0.0	0.0	0.0	0.1	1.6	3.9
Income:							
6.5.2 Income - ROC	169.1	0.0	0.0	0.0	0.1	2.7	7.1
Income - PPA	340.2	0.0	0.0	0.0	0.1	3.2	9.0
6.5.3 Total Income	509.4	0.0	0.0	0.0	0.2	5.9	16.1
Net Revenue Position	377.8	0.000	0.0	0.0	0.1	4.3	12.2
Financing Costs:							
6.5.4 Principal Repayment	117.3	0.0	0.0	0.0	0.0	0.3	2.5
Interest Costs	90.3	0.0	0.0	0.1	0.5	3.5	5.7
Total Financing Costs	207.6	0	0.0	0.1	0.5	3.9	8.2
Lost Income:							
6.5.5 Loss of Rental Income	3.2	0.0	0.0	0.0	0.1	0.1	0.1
Net Profit & Loss	167.0	0.0	0.0	-0.1	-0.5	0.3	3.9

6.5.6 Interest costs are incurred in early years but are small and therefore not apparent in the above tables.

Financial Model Robustness

6.5.7 The outputs presented in this report and in the appendices show how through the process of development, greater detail has been secured with regards pricing of power and incentives.

6.6 Council has also included a generous contingency to cover any unforeseen circumstances that may impact the development and the scheme remains viable.

6.6.1 In addition, the Council has responded to feedback from the Local Planning Authority and amended the scheme as evidenced by the reduction in capacity of the wind farms and the solar farm on America Farm.

6.6.2 The reduction in capacity has been mitigated somewhat by the fall in installation prices for both wind and solar technology of late. This has contributed to the ongoing viability.

6.6.3 With regards sensitivity analyses, Council continues to test the model on a regular basis covering areas such as price volatility around installation rates, power purchase, community benefit fund, indexation / inflation. All of which contributes to the continued robustness of the model.

The P&L positions provided for

- 6.6.4 • Option 1 delayed and non-delayed scenarios (see section 6.2.11 and 6.2.12)
- Option 2 delayed and non-delayed scenarios (see section 6.4.7 and 6.4.8)

6.6.5 Show that in the latter, the projects will start to be cashflow positive within year 4 of the development. In the case of the former, this is extended an extra year due to the hiatus in development activity whilst the proposals go through the public inquiry process.

Financial Risk: Market Volatility

6.6.6 Over the timeframe of the development of these schemes, the energy sector is likely to

experience volatility across the pricing of power and the incentive regime is due to change from ROC to Contract for Difference (CfD).

6.7

6.7.1 With respect to power price risk, as more renewable generation is built, the price of green power will experience greater competition and counterparties will likely revise their pricing terms both in price and length of contract.

6.7.2 To mitigate this particular risk, Council has been in commercial discussions with a variety of counterparties ranging from utility companies to green power companies to end users such as blue chip retailers. The pricing used in the model reflects the current market rates.

6.7.3 With respect to changes in the incentive regime, the CfD is still in its early days of inception and is not due to come into force until 2017, though this date is not fixed. At the same time, ROC will be phased out.

6.7.4 Developers of generating plant currently, such as the Council, will need to continuously monitor the regulatory landscape, and revise its financial models, in order to assess which incentive regime represents the best combination of stability and return.

6.7.4 Planned announcements to be made during the production of this report, by the Chancellor with regards the CfD pricing regime will be reviewed closely by the Council.

Planning Conditions Update: Archaeology

6.7.5 As part of the preplanning assessment of the three solar schemes, English Heritage asked the Council to carry out a set of archaeological assessments to better inform them of potential archaeology on site. Work commenced in October 2013 by Wessex Archaeology at Newborough and America Farm.

6.7.6 The intention was to combine the evaluation trenching and bore hole surveys to produce enhanced site interpretation and data. This was to provide PCC and English Heritage with sufficient baseline information on which to determine the significance of any heritage assets present within the sites and allow for a tailored mitigation strategy to be formulated.

6.8

6.8.1 The results at America Farm suggest whilst palaeoenvironmental deposits are present, anthropogenic activity is limited. There may be further evidence sealed within and below the palaeoenvironmental deposits. However, it is unlikely these will be affected during construction.

6.8.2 At Newborough, the investigation has uncovered evidence of probable prehistoric Roman settlement, medieval and post-medieval activity. The main focus of the archaeological interest lies to the north of Hill Farm where a small nucleated Roman farmstead has been found. A date is yet to be established for the potentially prehistoric features requiring further laboratory assessments by Wessex Archaeology. Council is waiting for an interim statement for the bore hole surveys by Wessex Archaeology.

6.8.2 The next stage of the archaeological investigations will be determined by PCC and English Heritage following meetings with them in January 2014. Additional details on the methodology used for the Archaeological Surveys can be found in Appendix 10.8

6.8.3 It should be noted that no archaeological surveys have been undertaken at Morris Fen as the Council is currently in discussions to see if access can be negotiated with the tenant. It is hoped this will be resolved early in the new year to enable Wessex Archaeology to complete the surveys.

Soil Surveys

6.8.4 Council is conducting soil surveys across the three sites (pending access negotiations for Morris Fen) to establish:

- The soil quality and what will happen to the soil quality (soil nutrient status) if the land is left

unfarmed for the next 25 years?

- What will happen to the soil quality (soil nutrient status) if the land continues to be intensively farmed for the next 25 years?
- Based upon the current soil quality, what do the farmers need to do to the land to farm it in its current state?

6.9 In order to minimise disruption to the farmers, the soil removed during the archaeology surveys where examined in accordance with:

- 6.9.1
- Soil Survey Field Handbook: Describing and Sampling Soil Profiles
 - Soil Survey of England and Wales, Technical Monograph o. 5, 1976
 - Soil Classification for Soil Survey
 - Monographs on Soil Survey
- 6.9.2
- Butler, B E (1980) Clarendon Press, Oxford

Laboratory analysis may be required for soils from some sites. The reports outlining the results of these assessments for Farms of Newborough and America farm are due before the end of December 2014 so will be available in the New Year.

6.9.3

In addition, the tenant farmers association approached the Council in November 13 stating that they would be carrying out a similar soil assessment and asked to see the survey methodology that SES would be following. This was sent to them with the agreement that any survey they conducted would be shared with the Council.

6.9.4

6.10

6.10.1

Planning Risk: Public Inquiry

6.10.2 The Committee will recall that in June 2013 the Secretary of State (SoS) wrote to the LPA indicating that he would consider 'calling in' for a public inquiry, the Morris Fen solar farm planning application should the Planning Committee be minded to grant planning permission.

6.10.3 The SoS would have 21 days in which to decide whether to call in the application. If, after that period, he did not call it in, planning permission could then be granted. If the application did get called in, then the decision would be made by one of the SoSs independent inspectors via a public inquiry process.

6.10.4

On average this could take up to 12 months before a decision is made. Given the interest shown by the SoS in the Morris Fen application, there is the possibility that he may decide to consider

6.10.5

calling in the remaining two sites.

The potential for call in is therefore a significant risk to the project but this has been factored into the financial model under the "delayed" scenarios presented earlier.

6.11 Planning Risk: Community Engagement

6.11.1 Council acknowledges that there is a section of the community that object to the proposals and who are supported by bodies such as the NFU.

Council will endeavour to continuously engage with the all stakeholders during the development process and has planned additional consultations prior to any planning addendums being submitted.

7.0

7.1 As mentioned earlier, Council is creating a Strategic Working Group specifically for tenant farmers on its estate to not only engage with them about the energy park proposals but the future sustainability of the estate both in terms of economics and environment.

8.0

8.1 Council is also putting significant effort into the assessment of alternative proposals brought to it

by stakeholders.

9.0

9.1 Proposals, such as Empower Community, which was brought to the attention of the Council by the Newborough Landscape Protection Group, have been ongoing and have included Empower Community assessing the Council's financial model. The focus of dialogue is now looking at how both parties might collaborate.

9.3 Legal Implications

9.4 The decision of the Cabinet entitled Development of Ground Mounted Solar Photovoltaic (Pv) Panels (Solar Farms) and Wind Turbines - JUL12/CAB/059 authorised the further due diligence and studies around planning, environmental, technical and financial issues which form the subject-matter of this Report.

CONSULTATIONS

Consultation has been carried internally and with advisors in the preparation of this report.

NEXT STEPS

Will be determined by the outcome of the meeting.

BACKGROUND DOCUMENTS

America Farm Solar Planning Application: Reference 12 / 01904 / R3FUL

Morris Fen Solar Planning Application: Reference 12 / 01905 / R3FUL

Newborough Farm Solar Planning Application: Reference 12 / 01906 / R3FUL

16th September 2013 Scrutiny Commission for Rural Communities Report

10.0 APPENDICES

Appendix 1 - AECOM Dual Use Report

Appendix 2 - AECOM Alternative Sites – Planning Document Extract

Appendix 3 - ECH PV Potential on Landfill Sites

Appendix 4 - AECOM Statement of Community Involvement

Appendix 5 - AECOM Additional Survey – Archaeology / Soil Surveys Method Statement

Appendix 6 - PCC Individual PV Plant Cost Breakdown: Option 1 No Delay

Appendix 7 - PCC Individual PV Plant Cost Breakdown: Option 1 Delay

Appendix 8 - PCC Individual PV-WTG Plant Cost Breakdown: Option 2 No Delay

Appendix 9 - PCC Individual PV-WTG Plant Cost Breakdown: Option 2 Delay

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