Do we really have to talk about risk?

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UK 100
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Managing energy investment risk

- Three case studies
- Three different sets of investment risk
- Key lessons learned
Case Study 1: Risks 2014-2017

Power from sun will generate £1m a year

Case Study 2: Risks 2018-2021

Two Solar Farms

www.cambridgeshire.gov.uk
Investment case differences

**Business case**
- Four years apart
- Cost of grid connection quadrupled
- No finance incentive available
- Lower IRR despite larger project

**Regulation**
- OFGEM TCR = finance impact
- Stressed distribution network = major reinforcement costs

**Market changes**
- Lower wholesale price for sales
- Private wire sales to increase revenues
- Solar Panel costs lower
Building Regulations 2010 part 6 (as amended in 2013), Regulation 25B:

“Where a building is erected, it must be a nearly zero-energy building.”

- Opportunity or Cost?
- New business model development based on benefit share
- New flexibilities - stakeholders
- S106 agreements -viability
- Shared understanding DfE, BEIS, MHCLG, Developer, LPA, County

Case Study 3: 2019
✓ Every investment carries a different risk bundle due to changing regulation + markets

✓ Every investment case can not be based on absolute certainty (LA culture!)

✓ Take a long term view (205😊) to put risk into perspective and achieve societal change