



Interest Rate Payment 2016/7

Financial Model



Financial model run using the following key parameters:

- Inflation 2.5%, originally 3.0
- Irradiation levels PVGIS Estimation
- PPA Pricing POYRY Curve (soft Brexit)
- FIT Rates OFGEM Tables



Interest Payment Projections

Model output shows viable business based on the following interest payment projections:

Year	%
• 2016/7	2.2
• 2017/8	3.8
• 2018/9	4.5
• 2019/20	4.7
• 2020/21+	5.0

No Community Fund payment 2016/7

No community Fund payments until 20/21

Some equity repayment possible after 21/22

Performance Factors



- The following factors have driven lower performance than planned:
- Abolition of LECs, Significantly lower PPA prices
 - 2% impact on interest rate
- Irradiation levels down 4%
- Braydon Performance down 1.5%
- £250k Re-capitalisation of Braydon project
- RPI assumption
 - Reduced from 3% to 2.5%
- Other minor factors
 - Business rate relief
 - Ecological Budget below what is required

Get Well Plan



- Possible re-finance of Braydon Manor and Chelworth
- Performance Improvements at Braydon
- O&M Cost reductions
 - New monitoring system
 - Volume discounts on Insurance and other costs
- MCEM wide PPA
- Chelworth direct sale to industrial site
- Batteries
 - Internal
 - Third Party
- **Net impact on Interest payment 1.5 – 2.5%**

Summary



- Three years into project
 - Major risks behind us
 - Project recapitalised and stable
 - Financial projections more certain
 - Introduction of budget management
- Turned the corner, 2016/7 lowest investor return
- Remedial actions in place
- Potential to improve going forward

- Assumed long term return rate 5%, but potential for higher

Board Recommendation for 2016/7



Interest Payment 2.3%

No payment to the Community Fund