

FIT's – a practical property perspective

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“As climate change and energy efficiency move up the political agenda, Britain needs to focus on reducing the carbon footprint of its existing building stock. We urgently need to green Britain’s offices, shops and factories if the government’s 60% carbon reduction target is to be achieved”



The All Party Urban Development Group 2008

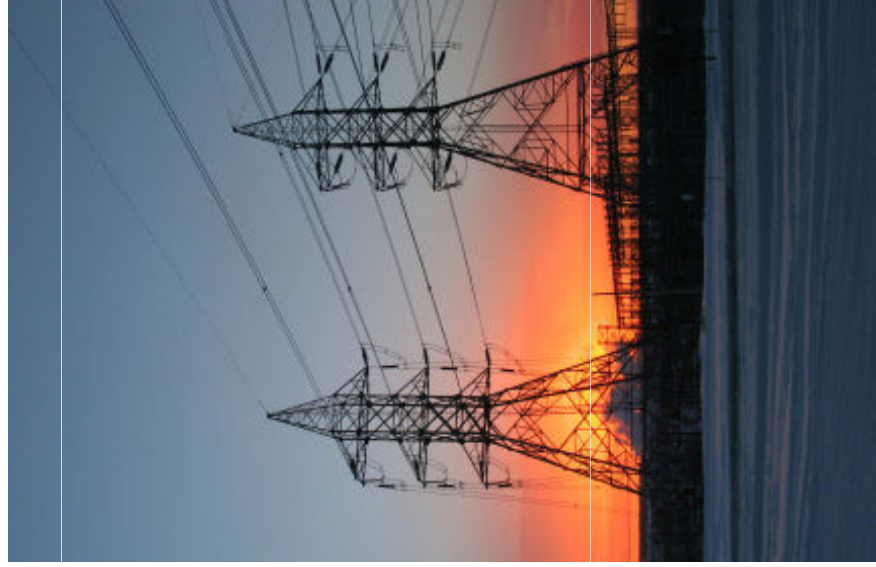
Property – the basics



- Property is an asset
- Property is a cost – usually the second largest after staffing
- Property is a workplace
- Property is an image

But most of all it is an opportunity

The Challenges



- Energy prices have increased by 80% since 2004
- An expected increase in energy demand
- Forward curve prices
- Participation in the Carbon Reduction Commitment (CRC)
- Energy and sustainability compliance
- Energy and utilities security of supply
- Investment considerations; and
- Ensuring optimum energy efficiency performance in both buildings and operational assets

The bottom line

To add value and cut operational costs



Key Characteristics: FIT's

- Primary mechanism to incentivise deployment of large – scale renewable electricity generation
- Generation tariff
- Export tariff
- Generators have the right to assign their FIT payments to another body
- Tariffs linked to RPI
- Aim for 5-8% rate of return but with RPI increases could achieve 7-10%
- Digression each year
- Once allocated a generation tariff remains fixed – subject to RPI increases- for the life of the installation or tariff
- Tariffs to be paid for 25 years on solar PV



Benefits



- Fixed price for generation
- Fixed price for export
- Reduction in imported electricity
- Index linked to RPI
- Costs of technology and installation reducing
- Reliability increasing as are guarantee periods
- Low maintenance

All combine to make attractive investment option

Sectoral analysis



- Rural Application

- large land holdings barns/grain stores/sheds
- substantial open areas

Example – farming client 5000m² concrete hard standing

- Industrial

- large sheds and factories

Example – large shed 3200m² of pitched roof

Vehicles for delivery

- Owner occupier
 - Long leasehold
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Other issues

- Planning
 - Rating
 - Capital Allowances
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Conclusions



- Income source
- Energy security
- CSR Agenda
- Complete control

Creating value out of surplus property