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:

<table>
<thead>
<tr>
<th>Year</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016/7</td>
<td>2.2</td>
</tr>
<tr>
<td>2017/8</td>
<td>3.8</td>
</tr>
<tr>
<td>2018/9</td>
<td>4.5</td>
</tr>
<tr>
<td>2019/20</td>
<td>4.7</td>
</tr>
<tr>
<td>2020/21+</td>
<td>5.0</td>
</tr>
</tbody>
</table>

**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