

## **Being bullish on solar and storage through Brexit uncertainty**

Brexit is driving real market uncertainty, so it may seem an unusual time to take a bullish view on a UK market opportunity. However, ambitious companies looking to benefit from solar and storage may see a window of opportunity emerging.

Fixed corporate power purchase agreements (PPAs) have played an important role in supporting the success of many UK solar projects. Last year, for instance, BSR Group secured a five-year offtake agreement with Shell Energy Europe Ltd for the electricity generated from the largest solar park in England – the 69.8MW Bradenstoke site and prior to this signed a 15-year agreement with HSBC on the [60.9 MW] Swindon Solar Farm. More recently, Lightsource BP announced plans to deploy more than 300MW of utility-scale UK solar farms backed by PPAs.

It is clear then that PPAs will continue to support a significant number of UK solar developments. But, looking ahead, ambitious companies will begin to look for new means to deliver increased profits.

One way businesses can achieve this is by purchasing bespoke smart, flexible and integrated solar and storage assets. This opportunity is especially ripe for large energy users with a low cost of capital, like utilities and corporates. And now is the perfect time for these companies to benefit.

Firstly, because of the current low cost of solar and storage assets, which has dropped significantly in recent years.

Secondly, while wholesale energy price volatility, driven by fluctuating gas prices, more intermittent renewables and political uncertainty is making purchasing power from the grid more risky, it is also presenting an exciting opportunity. Businesses can begin to use solar and storage to benefit and shelter from energy price spikes.

Finally, the case for renewable energy and flexibility is resonating at a regulatory and policy level. Challenging discussions remain on areas such as the Capacity Market, changes to Embedded Benefits under the Targeted Charging Review and the BEIS consultation on energy storage planning thresholds. But once clarity is received this should enable the industry to shake off the regulatory uncertainty and enable investment and innovation to thrive.

In recent years, asset owners have simply looked to maximise the returns from their solar PPA deals by bolting on energy storage behind the meter. In the future though, advances in energy storage technology and solar park design will result in savvy companies developing fully integrated solar and storage projects. These parks, designed to the company's specifications, will reduce system losses and provide increased protection from market volatility through higher returns.

One might take a look at these design measures and market conditions and argue that the economics are simply too tight. However, a considered mid-term view of the UK market through

the lenses of BSR Group's unique integrated service offering suggests that the bears are in retreat.

Now that the costs line-up, energy storage lords over volatile markets and policy is beginning to shift, the solar and storage opportunity is there for the taking.

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