



Reserve Power Plants

In order to safeguard energy supply in the UK, National Grid have support schemes that allow private sector investment into reserve power generation.

Though as a country the UK has just enough power available, at peak times (such as early evening or some winter periods) this capacity can be stretched to its limit. Published data shows that there have been times recently where the spare capacity at the peak demand periods can be as little as 1% headroom. So in such cases any failure of a larger generator or power line feeding a high demand area can lead to blackouts in the affected area. Local supply via reserve power generation that is turned on remotely at such moments by National Grid safeguards supply.

These generating facilities provide energy balancing services to the National Grid via various schemes and technologies to support the Government's recently introduced Capacity Market, as part of the Electricity Market Reform programme, to ensure the future security of our electricity supply.



Power Reserve Plant in practice

The underlying technology is a number of gas powered generators ranging from an installed capacity of 5MW (enough to secure power to around 5,000 homes) to 50MW (enough for around 50,000 homes). The space needed ranges from ¼ acre up to 1 acre. These sites run typically for 2,000 hours a year and only at periods of peak demand (early morning around 7am to 8am and mid evening around 6pm to 7pm).

The gas powered generators employ extensive sound screening. As gas is used to power them, the emissions are very low. The local nature of their production leads to lower distribution losses than a remote centralised power station so reduce CO₂ emissions

by 50% or more vs. traditional forms of large scale (coal fired) generation.



How EcoDev work with a landowner

The offer is to enter into a 25 year lease for the land. The rental amount depends on the location and size of system deployed. As a rough indication rental rates are in the region of £2,000 to £3,000 per MW installed. So this would realise a rental income of £10,000 up to £150,000 per annum Consumer Price Index (CPI) linked.

Suitable sites have the following characteristics:

- In an industrial area at least 350m from any residential housing
- A brown field land area
- Close to a gas and electrical grid. This is perhaps the biggest challenge for such schemes.

EcoDev work with the landowner in a series of stages where at all times we cover all the landowner's reasonable legal costs.

Of note is that most of these schemes are via a bid process (e.g. the Capacity Market auction) run by National Grid. The timing of these is not always predictable and in certain cases existing granted licences can be transferred for a new site. EcoDev will openly review the current status of this licence issue with a landowner before taking further steps. The challenge being that we cannot apply for a licence until the grid and planning are secured.

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Phase 1

We perform a desktop study of the land, location and availability of gas and electrical grid. To confirm the electrical grid, we need a Letter Of Authority (LOA) signed by the landowner so we can apply to see if a suitable electrical grid connection can be realised. This takes around 12 weeks to be processed by the network operator (note gas is easier and we would expect feedback on gas supply within 4 weeks). This initial step of checking the electrical grid in no way commits the landowner to continue.

Phase 2

After feedback on the initial review and subject to this being positive we present to the landowner a commercial offer in the form of a Heads of Terms (HoTs) along with an Exclusivity Agreement for an initial 6 months. These allow us to invest in the next steps to finally secure the gas and electrical grid and apply to the planning authority for a screening opinion.

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Phase 3

On a successful screening opinion and security of grid (both electrical and gas) we engage with the landowners legal advisors (at our cost) to enter into an Option to Lease based on the agreed terms set down in the Heads of Terms.

After agreeing the Option we proceed to planning.

Depending on any applicable licencing issue (see above) we may then have a potential delay. However, with careful management of initial timings and a possible use of an existing license these delays can be minimised. Assuming all is in place (e.g. any licencing obtained) then following discharging of any planning conditions we sign the lease (rental payment starts at that time) and we then build out the site.



Conclusion

This initiative offers a **secure revenue stream for 25 years** and is a key part of maintaining energy security in the UK. Because of the local nature of this generation it also helps to reduce CO₂ emissions.

If you would like to find out more about how we can maximise revenues from your land, please contact us. We promise not to pressure sell and you are in no way obligated

– **you have nothing to lose!**

Call **+44 (0) 1684 212 540** or email **info@ecodevgroup.com**

Frequently Asked Questions

What land is suitable?

We need a minimum of ¼ acre up to 1 acre ideally suited to brown field sites. The land should not flood, be in an area of SSSI or AONB, ideally outside the Green Belt (this can be overcome in some cases) and should not be located close to residential housing. Key is being close to both a gas and electrical main.

How secure are my rental payments?

The site will be owned by a large institutional investor. No one owning such a high value asset will be seen as a credit risk. Part of the revenues are underwritten by the Government through a licensing process (e.g. Capacity Market).

What happens at the end of my lease?

The generating plant and all associated hardware will be fully removed at the end of the lease.

What are the reasonable legal fees that you will cover?

We pay up to £5,000 for both Legal and Land agent fees.

How long will the process take to my first revenues?

While it is easy to offer over optimistic figures, we would rather be realistic. The process takes 10 months. This is made up of 8 weeks securing grid connection and completing pre-screening, alongside negotiating the Option and Lease Agreements. Planning takes a further 12 weeks. Discharge of all planning conditions takes circa 10 weeks to complete to commence construction at which point the Lease will be entered into.

What Security is required for the site?

The site will be secured by fencing with locked gate access. CCTV (with infrared invisible lighting at night) will be employed to detect any intrusion into the site.

