

From: [REDACTED]
To: [Sunnica Energy Farm](#)
Subject: Alan B Smith submission deadline 8 13th March 2023 IP 20030110
Date: 10 March 2023 19:18:31
Attachments: [10TH March 2023.docx](#)
[Funding statement report Mike Mills 10th March 2023..pdf](#)

Dear Sir

I have pleasure in attaching my 2 reports re the above.

Please acknowledge the safe receipt.

Many thanks

Alan B Smith

10TH March 2023

From Alan B Smith IP 20030110

To Planning Inspectorate

Reference Funding Statement EN 010106 Sunnica Ltd version Rev 02 3rd March 2023.

Dear Mr Kean

I write with reference to the above document and also refer to CAH 1 at Bedford Lodge Hotel on the 14th February 2023.

At that event in the morning, I spoke briefly regarding Item No 8 on the agenda and posed questions to the Applicant regarding the Funding Statement Rev 01 13th January 2023.

These questions related to the 4 UK Companies Audited Accounts being delayed at Companies House until the 30th April 2023, a date after the close of the examination 28th March 2023 and the 4 new Spanish Companies that needed detailed financial history. In addition I requested to be advised which Company would be responsible for paying the £35million CP monies.

The barrister acting on behalf of the Applicant said to you Sir, "Mr Smith will receive answers to all his questions".

Therefore on receipt of the FS Rev 02 that is what I expected.

Unfortunately that has not happened.

THE 4 UK COMPANIES

Sunnica has had ample time to request their Auditors to bring forward the Audited Accounts from 30th April 2023, or provide draft accounts for the public to scrutinise.

Therefore the ExA has to rely on my Accountants report from Findlay Wetherfield Scott dated 31st March 2022 Reference REP2-240j.

The Accountants concluded by saying "Accordingly, we would comment that the Funding Statement appears flawed from the outset."

Firstly Sunnica Ltd, as the applicant, did not include those sets of accounts with their application but relied purely on the Spanish Company, at the time, Solaer Holdings SL.

Secondly by not producing the 2022 accounts now, the ExA are denied 50% of the information required to make their recommendation on the payment of CP monies.

One can only assume that Sunnica has something to hide.

COMPANIES HOUSE INFORMATION TO THE PUBLIC AVAILABLE MARCH 2022-MARCH 2023

SUNNICA LTD

Feb 14th 2023 shows the Confirmation Statement was received on the due date with no changes despite the takeover of Solaer Holdings SL

Cont.

PADERO SOLAER LTD

23RD February 2023 shows the Cessation of I A Alvaro as a person with significant control.

23rd February 2023 notification of Sumando Ltd as a person with significant control.

SUMANDO LTD

This is a new UK company incorporated on the 26th September 2022 which has £100 share capital. 50 shares held by Los Leandres Solares SL and 50 shares held by Cecu Solar SL.

This company now forms part of the Sunnica group since September 2022 but has been omitted from the Organogram in both the revised funding Statements dated 13th January 2023 and 3rd March 2023.

There is no indication why this company has been set up, how it fits into the whole group or what its function is.

Again this news would have been welcomed from the Applicant on the 14th February 2023.

SUNNICA LTD OUTSTANDING ANSWERS TO QUESTIONS DURING THE EXAMINATION

These questions were first raised by me in my WR dated 13th October 2022 Appendix No 13

13.1 Details of insurance policy for the development and public liability amount.

13.4 The balance sheet of Sunnica Ltd as at 30th April 2021 appears to hold stocks of £4,707,783 which has risen by over £2.7 million since April 2020. As the company is not trading in the proposed development and has not received planning consent, what does the stock figure represent?

13.6 In September 2023 Sunnica Ltd has to repay a credit line of £2million to Jigg FM UK Ltd. The amount outstanding inclusive of interest as at Dec 31st 2020 in the Solaer Holdings S L and Subsidiaries report by Deloitte 2020 was 3million euros (Approx. £2.7million) and will further increase between 31st Dec 2020 and September 2023 with interest added at 4%.

How will Sunnica Ltd repay this debt as the site will not be operational?

13.10 Can a viability study of the scheme be produced?

THE 4 SPANISH COMPANIES.

It is noted in the Funding Statement Page 7 (2.4.7) reference is made to Solaer Holding. I presume this is a typing error and should read LDP.

The whole group relating to Sunnica Ltd and the way it functions is complex to a reader, so once again I have called upon the services of an expert in this field, Mr Michael Mills, to produce a report for the Examiners as part of my submission on the Funding Statement.

This is attached to my email as a PDF.

The ExA now has expert evidence to judge whether it is appropriate to recommend to the Secretary Of State, based on exactly what will be before it at the close of the Examination 28th March 2023, if Sunnica Ltd has the resources to pay for CP and undertake the development of the complex or obtain funds from the market.

Yours sincerely

Alan B Smith

Sunnica Energy Farm Funding Statement
Planning Inspectorate for Scheme Reference EN 010106
Version dated 3rd March 2023
Update to company information ref: 13th September 2022
Update to company information ref: 23rd January 2023
Further Update to company information ref: 3rd March 2023
Author: Michael Mills
Dated 10 March 2023

Finance is an integral part of any project. Without it, the project does not get off the ground. With insufficient finance, the problems are magnified many times over with potential outcomes such as the destabilisation of the project or even abandonment of it. It can lead to the cutting of corners which could in turn lead to a risk to public safety. A strong and experienced management team is also key to ensuring any project's viability and eventual success.

This is an NSIP-the "S" stands for Strategic and therefore it is incumbent upon the applicant to demonstrate that both finance and management are sound if they are to deliver on a project which could have many advantages as well as some significant and major risks to the local communities if it flounders. It is also incumbent upon the applicant to be totally transparent so as to assure the public as well as those whose job it is to approve the scheme, that there is nothing to hide.

I will address these issues below:

Transparency and Quality of Information.

Unfortunately, Sunnica have been found wanting in this respect in every Funding Statement they have issued, in my opinion.

Examples of this are as follows:

- The previous parent in Spain was subject to a partial takeover bid last November. In the previous Funding Statement, the applicant did not deem this worthy of mention despite the original application noting this Spanish parent, Solaer, would provide the financial support for Sunnica in the run up to the establishment of Sunnica Energy Farm. The omission of such crucial data, for whatever reason, has no place when applying for an NSIP.
- The new Funding Statement details the ownership structure of Sunnica. However, there is little of any worth to be gleaned about the current state of any of the 4 Spanish or 3 UK companies in the structure. The 3 UK companies have delayed their April 2022 year-end accounts until April 2023 which is conveniently out of reach for this report. So, the last financial information we have about the 3 UK companies which own Sunnica is from April 2021 which is totally worthless.
- The 4 Spanish companies results are perhaps more current but woefully inadequate. Key here is that if we are asked to rely on the 3 top companies (Bafi etc) we have no knowledge of any agreement about whether funding is done equally, is ownership

equal, what happens if one cannot fund etc etc? Unfortunately, yet again, the funding statement is woefully short on granularity.

- The statements of Bafi etc are as of December 2022-the first audited statements I have ever seen without a specific date in my long years in the City. They also state that “they give a true and fair view of the company’s assets and liabilities, financial position and results of the company”. **This is not so.** Bafi for example was founded in 2019 yet we have no profit and loss statement, no cashflow and no Directors’ report through to December 2022. This is so for all 3 of those companies. We have no idea if they are losing cash or not, nor at what rate. Therefore, these statements do not show the financial results of the companies. This is nowhere near being transparent.
- Again, I have to take issue with the statement in 2.3.3 where they state LDP’s owners have current assets of over €150m. Every financial person knows the difference between current and total assets. Yes, they have total assets of over €150m but not current assets which by my reckoning is around €112m. This again is an unprofessional mistake and misleading.
- The cost of £600m. This was worked out I believe sometime in 2020-2021. There has been no date put on the numbers. There is no transparency whatsoever here-we do not know how this number is broken down and hence can have no impactful comment on it other than to say “Why hasn’t this changed in 2 years with high inflation, energy costs spiralling, interest rates rising etc.” We all know what has been going on economically over the past 2 years yet somehow Sunnica has remained immune. Again, zero transparency.
- Sunnica claim their past funding has brought on more than 200 projects totalling more than 1.5GW. Sounds impressive at first sight but that is just 7.5MW each on average, not exactly on the same scale as Sunnica which according to 2020 Solaer report will be 170MW. They have no management experience in this size of project, and this in itself should be a concern.
- Solarpack, per their press release, noted that they gained “a highly qualified team of professionals”. This is from Solarpack’s press release at the time of the Solaer acquisition. The transparency over the management team and who left is lacking. We need to know that a well-qualified team is still in place from a financial, operational and technical perspective. And more to the point who actually went to Solarpack that could have an impact on management.

Management

- Solarpack note they gained a highly qualified team of professionals. We have no information as to their positions within Solaer and hence we cannot know for certain if they still have the right people in situ for this project.
- One of the key things any finance application will receive is scrutiny of management. The Spanish companies have been in existence variously between 2006 (CECU) and 2022 (LDP). Although there is nothing of proof, as it is absent, there appears to be very little operational expertise in any of these companies.
- The quality and transparency of information in this application, is for the third time in a row, in parts unprofessional, in parts opaque and suggests they do not want to share the background here.

Finance

- “It was necessary to set up a new holding company to hold the remaining assets (of Solaer)”. This company is LDP who will fund Sunnica and which company, at 31st December 2022, had €17million in total assets. If you are not sure what that means, in short it is not a lot and certainly not what I would want to back such a project. Just as a point of comparison, although I acknowledge the limitations of such, the 55th largest company in (just) Suffolk has assets of around £45 million. Sterling not euros. I personally would want a company of larger standing to build a solar farm near me than one with a potentially depleted management team and assets of €17m.
- I think I would want to know the next largest and next most expensive farm they have built just to compare.
- So a company founded 1 year ago, with assets of €17m, a potentially depleted management team, taking on one of the biggest single projects in their history and using BESS technology for the first time, LDP has no concerns that it would be unable to obtain finance for the Scheme’s construction, operation and maintenance. This I feel is an incredible statement and I, for one, would be reluctant to rely upon.

*** END OF REPORT***