Date 11th September 2023

From Alan Smith [redacted] Email address [redacted]@gmail.com

Planning Inspectorate Identification Number 20030110

To John Wheadon Head of Energy Infrastructure Planning Delivery Department for Energy Security and Net Zero

Dear Mr Wheadon

Re Sunnica Energy Farm ref EN010106

This letter is an addition to my WR and in no way connected with your recent letters to Sunnica and their responses with deadlines attached.

Re Sunnica Ltd Funding Statement and additional information following on from my WR dated 13th October 2022 and additional information provided on the 27th March 2023.

Purpose of letter. To advise the Secretary of State that Sunnica Ltd is presenting itself as a Special Purpose Vehicle (SPV).

SPV.

In recent documents including **REP8-029** which is the final SOCG dated 13th March 2023 between Sunnica Ltd and the 4 Local Authorities the following was noted;

1.2, Parties to this Statement of Common Ground and para 1.2.2;

"Sunnica is a Special Purpose Vehicle (SPV) incorporated in December 2013 to construct, operate, and decommission the Sunnica Energy Farm"

All other final SOCGs have the same statement.

It was not common knowledge at the commencement of the examination that Sunnica Ltd operated as a SPV.

- It was not mentioned at the Funding Statement meeting held at Bedford Lodge by the ExA on the 14th February 2023 which I attended and spoke.
- It is not mentioned in any of the 3 Funding Statements presented to the ExA or in the Corporate Structure 2.1 and Organogram 2.1.6 of the 3rd March 2023 Funding Statement, that being the latest document at **REP7-007.**

The use of SPVs is most common in the Project Finance of large infrastructure projects. A project Sponsor will set up an SPV to hold the project assets and to raise debt finance against those assets.

However a Company must make it **very clear** to the public if it trades as a SPV and records at Companies House must contain certain information to support the SPV status.

APPLICANTS RESPONSE TO OTHER PARTIES DEADLINE 8 SUBMISSIONS REP8-054

I attach for ease of reference pages 23-25, Sunnicas response on Funding Topic ref Alan Smith. I also attach the Financial Analysts report by Michael Mills referred to in Sunnicas response.

It is very clear myself and Michael Mills were looking for complete transparency in the Funding Statements. This has never been achieved.

Again Sunnica makes no mention it trades as a SPV in this document.

COMPANIES HOUSE RECORDS.

In a communication to me dated 21st August 2023 from Companies House it states that a SPV is usually registered as a limited or PLC "**with specific objects clauses in the Articles."**

An inspection of the Articles at Companies House for Sunnica Ltd does not provide evidence that Sunnica Ltd is a SPV in accordance with the above Companies House statement.

A further communication from Companies House dated 23rd August 2023, when they were made aware of this, recommends obtaining legal advice.

It has to be taken into account when Sunnica states it was incorporated in 2013 that from 27th December 2013 to 23rd October 2018 the company was known as Kestrel Meadow Ltd and at that date the name was changed to Sunnica Ltd when being acquired by its ultimate Spanish owners.

SUNNICA LEGAL STATUS.

If Sunnica Ltd is indeed an SPV, it is an horrendous oversight on their part in not making this information public from the start of the examination and advising the ExA.

If it is proven it is not a SPV, then the question arises, what are the legal consequences with the Sunnica Ltd application No EN010106?

It is suggested Sunnica Ltd are requested to confirm their legal status and provide evidence.

If it is confirmed the legal status of Sunnica Ltd is a SPV then does this have any adverse effect on the parties involved with Compulsory Acquisition monies due of £32million, the immediate parent of Sunnica Ltd being Jigg FM UK Ltd, a British registered company, and the ultimate parent, Los Dalton de Pozoseco SL (LDP) a Spanish registered company on which no financial history has been provided by the directors of Sunnica ltd.

Yours sincerely

Alan Smith

Topic	Document Ref	Summary of issue raised	Applicant's response
Funding	Alan Smith	Concerns relating to the adequacy of the Funding Statement	Mr Smith spoke at the recent compulsory acquisition hearings and the Applicant responded at the hearing and its position was summarised in the Written Summary of Applicant's Oral Submissions at the Resumed Compulsory Acquisition Hearing on 14 February 2023 **[REP7-066]**. The Applicant has also updated the Funding Statement **[REP7-007]** as Mr Smith notes in his representation. The Applicant maintains that the Funding Statement is sufficient and complies with the relevant guidance. In response to some of the queries raised: • There is no legal requirement for the UK companies to bring forward their audited accounts ahead of April 2023. Sunnica will submit its next audited accounts at the required time. The fact that this is after the Examination closes is irrelevant and Sunnica will be complying with the April 2023 requirement. • Sumando Limited has no part to play in the funding of Jigg FM Limited or Sunnica Limited and so was not referred to in the Funding Statement. • The previous parent of Sunnica Limited was not subject to a partial takeover. The Spanish and Italian assets were sold to Solar Pack. This raised revenue for the group, which is now in a stronger financial position than before the sale. • Mr Mills makes various assertions under the heading of transparency and quality of information. The Applicant has prepared a Funding Statement, consistent with other similar documents submitted for other DCO applications, and has shown that the Scheme is fundable as it is required to do. One might get the impression that Mr Smith and Mr Mills will find any information provided by

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			the Applicant as inadequate. The Applicant is satisfied that the Funding Statement submitted provides the information required by the Ex A and ultimately the Secretary of State. • Mr Mills' comments on finance belie a misunderstanding of how the Applicant intends to finance the Scheme. It has never said it will fund it off the back of its balance sheet. It has very clearly stated in its Funding Statement that it will go to market to obtain finance to construct the Scheme. This is very common place in the market and for privately funded infrastructure projects. Should a consent be granted, then Sunnica Limited will seek third party funding and then take a finance decision. Should that decision be passed, funding will be drawn down. At that point, the necessary security will be demonstrated to the Secretary of State as required under the draft DCO before any compulsory acquisition powers of any outstanding land rights not secured voluntarily are exercised.
Funding	SNTS Paragraphs 11 – 16.	The funding statement is insufficient. Costs of the Scheme have not been set out as required and have not be updated since the application was made. Comments are made on decommissioning costs.	The Applicant provided further comments on SNTS comments on funding at Deadline 8 **[REP8-022]**. It does not repeat those submissions here, other than to say that it considers that the Funding Statement is sufficient and complies with the relevant guidance. The latest version of the Funding Statement does provide more information concerning the costs of the Scheme and Sunnica considers the information it has supplied is what is required for a DCO application. It is also noted that Article 43 of the DCO includes a requirement on the undertaker to put in place a guarantee or alternative form of security before it exercises its powers of compulsory acquisition. With that guarantee in place individual landowners are protected in the circumstances that Sunnica is unable to meet its compulsory acquisition liabilities.

Topic	Document Ref	Summary of issue raised	Applicant's response
			There is nothing in SNTS submissions about decommissioning which changes the Applicant's position set out at the compulsory acquisition hearing **[REP7-066]**.
Landscape and Visual	SNTS Appendix A	• Seeks clarification on changes in tree loss and hedgerow loss figures. • Suggests planting in the 'setbacks' added to East Site B • Suggests mitigation will be less effective in winter and so would affect assessment. • Suggests that the site selection process should have been informed by a landscape and visual appraisal.	The Applicant has continued to work to provide further clarity on where vegetation loss, including trees and hedgerows, will be avoided. These avoidance commitments have meant that the worst-case loss presented for trees and hedgerows has been reduced. SNTS state that the space created by setting back the security fencing by 30m from the edge of the existing vegetation which lines the section of U6006 between parcels E12 and E13 should be planted. The Applicant does not consider that this is necessary or appropriate, given the density of existing vegetation, which will be further increased through interplanting and natural regeneration. The distance from the path through the trees to the nearest solar panels will be approximately 40m. Keeping this space open also preserves the immediate setting and legibility of the landscape feature. Regarding the effectiveness of mitigation in addressing the openness of views across the landscape from Beck Road, the Applicant accepts that it will take time for the proposed planting to establish to achieve its intended functions. This is reflected in the year 1 assessment, in winter, to represent the worst-case. However, the OLEMP sets out the type of woodland planting that is proposed and the inclusion of shrubs which are characteristic of the landscape and will quickly establish and densely screen. Regarding the harm to the landscape, this has been covered in previous responses. In summary, this is a landscape without statutory status, without national or local designation and without evidence at the local level through published landscape character assessments which elevates it above an everyday landscape. NPS-EN1 does not support the exclusion of parcel E05. As set out in its submissions, the Applicant has carefully considered detailed landscape and visual matters in its design

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***