



Stonestreet Green Solar

Funding Statement (Tracked)

PINS Ref: EN010135

Doc Ref. 4.3(A)

Version 2

Deadline 1

December 2024

APFP Regulation 5(2)(h)

Planning Act 2008

The Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009



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1 Introduction

1.1 Introduction

- 1.1.1 This Funding Statement (this 'Statement') has been prepared by EPL 001 Limited ('the Applicant') as part of an application for a Development Consent Order ('DCO') for Stonestreet Green Solar ('the Project').
- 1.1.2 The Project comprises the construction, operation, maintenance, and decommissioning of solar photovoltaic ('PV') arrays and energy storage, together with associated infrastructure and an underground cable connection to the existing National Grid Sellindge Substation.
- 1.1.3 The Project will include a generating station (incorporating solar arrays) with a total capacity exceeding 50 megawatts ('MW'). The agreed grid connection for the Project will allow the export and import of up to 99.9 MW of electricity to the grid. The Project will connect to the existing National Grid Sellindge Substation via a new 132 kilovolt ('kV') substation constructed as part of the Project and cable connection under the Network Rail and High Speed 1 ('HS1') railway.
- 1.1.4 The location of the Project is shown on **ES Volume 3, Figure 1.1: Site Location Plan (Doc Ref. 5.3)**. The Project will be located within the Order limits (the land shown on the **Works Plans (Doc Ref. 2.3)** within which the Project can be carried out). The Order limits plan is provided as **ES Volume 3, Figure 1.2: Order Limits (Doc Ref. 5.3)**. Land within the Order limits is known as the 'Site'.
- 1.1.5 A detailed description of the Project is included in **ES Volume 2, Chapter 3: Project Description (Doc Ref. 5.2)**.

1.2 Purpose of this Statement

- 1.2.1 This Statement is submitted under Regulation 5(2)(h) of the Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009 ('the APFP Regulations') and the (former) Department of Communities and Local Government guidance 'Planning Act 2008: Guidance related to procedures for the compulsory acquisition of land' (September 2013).
- 1.2.2 It is required because the DCO sought for the Project would authorise the compulsory acquisition of land or interests in land. Regulation 5(2)(h) of the APFP Regulations requires the Applicant to provide a statement indicating how the DCO containing these powers is proposed to be funded.
- 1.2.3 This Statement is one of a number of documents accompanying the DCO Application and should be read in conjunction with those documents. In particular, this document supplements the **Statement of Reasons (Doc Ref. 4.2)**.

2 Corporate Structure and Funding

2.1 Corporate Structure

2.1.1 The Applicant for the DCO Application, EPL 001 Limited (company number 12444050), is registered in England and Wales with the registered address; 2nd Floor, Regis House, 45 King William Street, London, United Kingdom, EC4R 9AN.

2.1.2 The sole shareholder in the Applicant is Evolution Power Limited, a company registered in England and Wales under company number 13544817 ('EPL').

2.1.3 EPL is funded by Korkia Renewables Oy, a company registered in Finland under company number 3225202-6 (previously 3233269-1), and its affiliates ~~within Korkia Group~~.

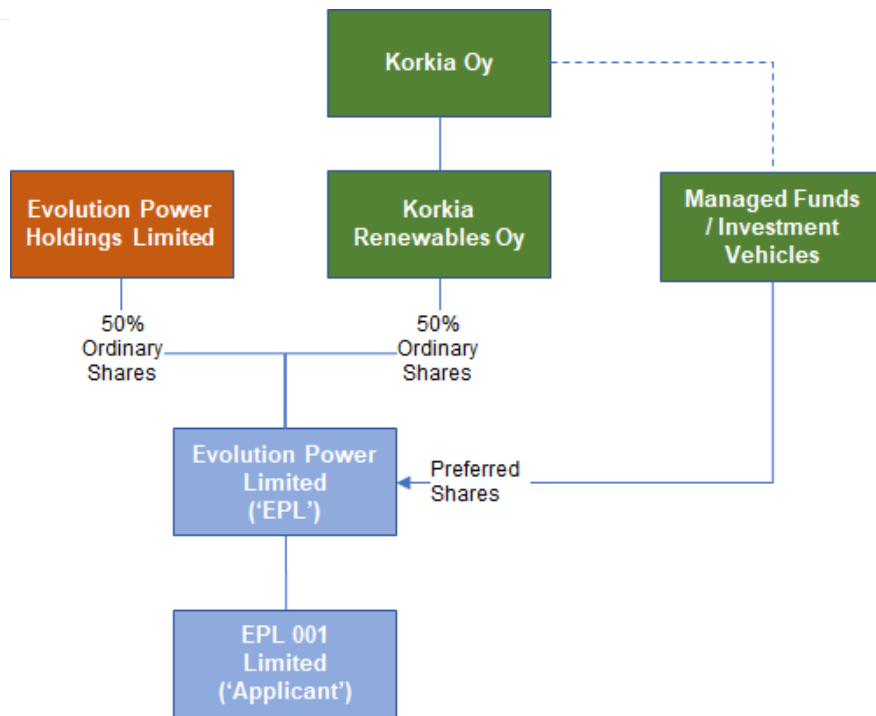
2.1.4 Korkia Renewables Oy is part of the Korkia Oy group ('Korkia Group'). ~~The~~, together with its managed funds and investment vehicles being ('Korkia'). ~~Korkia Group~~ is engaged in funding the development of over 120 renewable energy projects totalling in excess of 13GW through 13 joint-venture partnership investments across 8 countries. Additionally, Korkia has operating assets in Spain and Chile.

2.1.5 The ownership of EPL is as follows:

- 50% is owned by Korkia Renewables Oy;
- 50% is owned by Evolution Power Holdings Limited ('EPHL'), a company registered in England and Wales under company number 13532239.

~~2.1.6 The Directors of the Korkia Group and EPHL have extensive experience of developing, financing, constructing and operating of solar energy parks both in the UK and abroad.~~

2.1.6 A summary of the simplified ownership structure is provided below:



2.2 Project Costs and Funding

2.2.1 The current cost estimate for the Project is approximately £150m and includes construction costs, preparation costs, supervision costs and land acquisition costs (including estimated compensation payable of £7.4m in respect of any compulsory acquisition as detailed in Section 3.1.4).

2.2.2 The Applicant's shareholders have cost estimate includes an allowance for inflation and project contingencies. It is considered accurate but is likely to be conservative as market expectations are that the capital costs of key infrastructure (solar panels, batteries) will continue to fall prior to construction.

2.2.3 Decommissioning costs are not included in the cost figure. This is because there is an obligation on the undertaker, through the voluntary private agreements it has reached with landowners, to provide security during the operational phase from Project revenues to ensure there are funds available for decommissioning in accordance with the terms of these agreements and the proposed DCO.

2.2.4 The Applicant is funded by Korkia. Funding is provided from Korkia to EPL which then transfers the funding to the Applicant (EPL 001 Limited).

2.2.5 Korkia has total assets of over €110m as noted in the financial position provided in Section 5. Korkia has successfully raised an average of €30m per annum over each of the last three years, all dedicated to renewable energy development and construction.

2.2.6 Korkia is committed to the delivery of the Project and to date has already invested approximately £4 million in the Project, together with significant funding and management time to date and are committed to resources. Additionally, Korkia is

funding the Project to determination as costs of progressing the Application through the examination process.

2.2.22.2.7 In addition to the current funding mechanisms, Korkia has additional assets that can be utilised to support the delivery of the Project, if necessary, by reallocating other resources. While this is a possibility, it is highly unlikely to be required, as the primary funding mechanisms typical for delivering infrastructure projects are outlined in the following paragraphs. The Korkia Group has confirmed its intentions in the Funder Letter of Support provided in Section 4 of this Funding Statement.

2.2.32.2.8 If the Secretary of State grants development consent for the Project, the Funder Letter of Support ~~also~~ confirms that ~~the Korkia Group expects to have~~ anticipates having access to sufficient resources to construct the Project, including from the private capital markets. If additional funding is considered necessary to construct the Project, the Applicant and Korkia, supported by its legal and financial advisors, would engage with a variety of financial institutions and investors. The Applicant has already discussed potential options with advisors and remains confident in the Project's commercial viability and successful delivery if the development consent is granted.

2.2.9 ~~This is a standard and tested approach to facilitate delivery of privately funding infrastructure projects in the UK energy sector and having taken and assessed advice of professional advisors the Applicant is confident that the Project is commercially viable and will be delivered if development consent is granted. A final decision has not been taken on the type of finance or structure, including whether contracts for differences would be used, but this approach is tried and tested in the market and it is highly likely that additional finance could be obtained for the Project's construction, operation and maintenance if required. The Applicant notes this is a common approach for funding large infrastructure projects and there have been multiple examples of this approach being taken to deliver similar projects.~~

2.2.42.2.10 The Applicant and Korkia's senior management team have significant experience in delivering projects in the UK using this approach. The Directors of the Applicant include a former Board Director of British Solar Renewables (a UK solar developer that delivered over 50 UK solar projects), a former Managing Director of Macquarie Bank (one of the largest private investors in renewable energy globally) and a former Vice-President at Goldman Sachs (one of the most prominent financial institutions globally). The Applicant can therefore clearly demonstrate a very significant amount of experience in raising finance and delivering renewable energy projects in the UK.

3 Land Acquisition and Blight

3.1 Land Acquisition and Blight

- 3.1.1 The delivery of the Project requires the acquisition of land or rights (including the creation of rights and the imposition of restrictions) in, under, over land, and the temporary possession of land.
- 3.1.2 As set out in the **Statement of Reasons (Doc Ref. 4.2)** the Applicant has already secured option agreements over the majority of the Order land and is well advanced in discussions with landowners where this is not the case. However, compulsory acquisition powers are required to ensure that the Project can proceed without impediment.
- 3.1.3 The current cost estimate includes an amount to cover any compensation payable in respect of any compulsory acquisition powers included in the DCO and required for the Project.
- 3.1.4 The Applicant appointed specialist Chartered Surveying firm Gateley Hamer to produce a 'Property Cost Estimate' and independently identify the compensation liability arising out of the proposed acquisition of land/rights required for the Project. The Property Cost Estimate was produced by RICS Registered Valuers, adhering to the RICS Professional Standards. The Property Cost Estimate applies the valuation principles from the compensation code. In addition to the value of the land/rights sought, other elements of a potential claim are captured, including statutory loss payments, injurious affection/severance, disturbance costs and associated professional fees that would be required to negotiate the claim. The total figure for the compensation liability for the Project is estimated to be £7.4 million. This figure is periodically updated when appropriate, to reflect changes that may occur in the market.
- 3.1.5 Should any claims for blight arise as a consequence of the Application, the Applicant has sufficient funds to meet the cost of acquiring these interests at whatever stage they are served. However, the Applicant has not identified any interests in the Order land which it considers could be eligible to serve a blight notice.
- 3.1.6 The **Draft DCO (Doc Ref. 3.1)** includes an Article preventing the exercise of the compulsory acquisition powers until the Secretary of State has approved a form of security from the Applicant. This approach is common practice in privately funded nationally significant infrastructure projects to ensure that sufficient funds or security will be in place prior to the exercise of any compulsory acquisition powers.

4 Funder Letter of Support



EPL 001 Limited
2nd Floor Regis House,
45 King William Street,
London,
United Kingdom,
EC4R 9AN.

31 March 2024

Letter of Support — Stonestreet Green Solar

Korkia Oy is pleased to provide a letter of support to EPL 001 Limited ('Applicant') in relation to the Stonestreet Green Solar (the 'Project') submission. Korkia Oy, a company registered in Finland under company number 3225207-7, is the parent company of the Korkia Group ('Korkia').

Korkia is a global renewable energy investment company headquartered in Helsinki (Finland), with offices in Oulu (Finland), Santiago De Chile (Chile), and London (UK). Korkia partners with local entrepreneurs to accelerate the energy transition. Together with its partners, Korkia has secured a pipeline of renewable energy assets with a total generation capacity in excess of 13 GW worldwide, across 13 joint-venture partnership investments in 8 countries. Additionally, Korkia has operating assets in Spain and Chile.

Korkia Oy, through its subsidiary Korkia Renewables Oy and other affiliates within the Korkia Group, has provided the funding required by the Applicant to develop the project to this stage, and is committed to providing additional funding required to complete the DCO examination process.

Korkia expects to have access to sufficient financial resources to fund construction and compulsory acquisition costs, including from the private capital markets, as is typical for delivery of infrastructure projects.

The purpose of this letter of support is to confirm that the Applicant has access to resources to deliver the Project if development consent is granted by the Secretary of State. For the avoidance of doubt this letter of support does not commit Korkia to fund the Project construction costs, nor does it represent or create any legal obligations and none shall be implied. No provision of this letter of support shall be interpreted counter to the preceding sentence.

We look forward to further progressing this exciting project.

Yours sincerely,

Managing Director, Korkia Oy

5 Financial Position

Unaudited Consolidated Figures Korkia Group, Managed Funds and Investment Vehicles at 31 December 2023 TOTAL (in million EUR)

Assets

<u>Investments</u>	<u>79.1</u>
<u>Prepayments and accrued income</u>	<u>0.7</u>
<u>Cash and cash equivalents</u>	<u>31.4</u>

<u>Total Assets</u>	<u>111.3</u>
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Liabilities and Equity

<u>Creditors</u>	<u>34.4</u>
<u>Profit participating creditors</u>	<u>68.5</u>
<u>Share capital</u>	<u>19.3</u>
<u>Share premium</u>	<u>7.9</u>
<u>Retained earnings</u>	<u>(18.8)</u>

<u>Total Liabilities and Equity</u>	<u>111.3</u>
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