

2017 Commercial Solar Business Rates - summary

The Solar Trade Association (STA), has been negotiating with the Valuation Office Agency (VOA) to confirm a schedule of 2017 Business Rates for solar PV systems. A Memorandum of Agreement has been signed.

In principle there are two methods of valuation based upon:-

- Mainly for Export >50%
- Mainly for Self-Consumption

These calculation methods as described in the document : “STA – Industrial Briefing: The 2017 business rates revaluation: impact on self-owned commercial rooftop solar PV”, attached to this summary.

Costs as examples

					2017/8	
SYSTEM					RATES PAYABLE (>50% consumption)	Rates payable (separate ownership)
Typical	Typ. Cost	%IRR	Year 1 Return	O&M (budget)		
50 kWp	£45,000	18%	£6,000	£1,200	£ 1,366	£ 165
250 kWp	£200,000	15%	£27,500	£4,500	£ 6,013	£ 683
1 MWp	£750,000	11%	£77,250	£8,500	£24,055	£2,493

If the solar PV system is mainly for self-consumption, it is considered rateable as “Plant & Machinery” and subject to a decapitalisation rate of 4.4%. It is this category which has seen the headline “800% increases”.

For CBRE owners, it will be favourable always to have separate PV system owners, who sell power to tenants.

Powersun already has Operation and Maintenance (O&M) contracts in place with many customers. From April 2017, for all new sites, Powersun are proposing to offer a service which would include setting up SPV's for CBRE clients as part of a turnkey Solar Installation to include:-

- Setting up a Special Purpose Vehicle owned by the LL/tenant (which counts as a separate legal entity from a rating viewpoint) which will own the solar PV system.
- Set up a Power Purchase Agreement
- Service the SPV as part of our ongoing O&M agreement.

26th April 2017