PRACTICE 04 • RENEWABLE DEVELOPMENT

Projects that make sense

Development of the renewable generation the power system will be short of tomorrow.

Value is set by place and role in the system

Electricity differs in price and quality in every single hour. The same technology therefore delivers different economics depending on the role it plays in the system and the point at which it stands.

Nuclear and hydro hold the base; gas covers the peak and forms the most expensive hours. New generation makes sense where it displaces an expensive hour or removes a constraint on the system.

WHAT SETS THE ECONOMICS

Role in the system

- Hours of operation across the day and the year
- Function: base, peak or balancing
- Grid connection point
- Distance to the consumer

The costliest mistake in energy is the right technology in the wrong place.

Proximity to the consumer removes part of the delivery

PRICE STRUCTURE

Delivery often exceeds the energy

What a consumer pays is the price of a kilowatt-hour plus the delivery tariff.

In many cases the second part is larger than the first — and no choice of equipment recovers it.

THE ANSWER

Direct line and local siting

Generation next to consumption removes part of the delivery tariff from the project.

That changes the economics more than any optimisation of capital cost.

Distance to the consumer is as much part of the project as capacity is.

A project makes sense when it competes without support

8,760 hours

Revenue is counted hour by hour, not from an annual average price.

Years ahead

What is tested is not a moment but the whole life of the project.

Market mechanisms

The economics rest on the market, not on a regulator’s decision.

We develop projects that work within market mechanisms. That does not rule out debt or grant funding — it accelerates a project rather than making it possible.

A project whose economics rest on support alone disappears together with it.

Market viability is the only sound foundation to build on.

Risks are pinned down before they become costs

Resource

Measurement and a yield calculation with a known error margin, not catalogue figures.

Grid connection

Technical feasibility and cost confirmed before the main spending.

Permits

Land, planning conditions and approvals — the full list, with timelines.

Offtake

The model for selling the energy is settled during development, not after commissioning.

A risk written down is cheaper than a risk discovered.

The three roles we take

Developer selling project rights. Managing partner in a joint project. Development consultant bringing in an outside investor. The role is chosen to fit the project, not the other way round.

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