

From: [REDACTED]
To: [Sunnica Energy Farm](#)
Cc: [REDACTED]
Subject: Alan Smith IP 20030110
Date: 25 January 2023 08:00:23
Attachments: [25th January 2023.docx](#)
[Sunnica Funding 2.docx](#)

Dear Sirs

I attach my submission for the ExA on the Funding Statement by Sunnica dated 13th January 2023.

The attachments are my letter and a report by Financial Analyst Michael Mills.

Please acknowledge receipt for the deadline 6 submission.

Yours faithfully

Alan B Smith

25th January 2023

From Alan B Smith IP ref 20030110

To Planning Inspectorate re Sunnica Energy Farm EN 010106.

Funding Statement version dated 13th January 2023

Up date on information re my Written Representation dated 13th October 2022

Reference my Appendix Nos 11, 12, and 13.

INTRODUCTION

Version No 2 Funding statement dated 13th January 2023 has been copy and pasted from the version No 1 of November 2021 and tweaked re the involvement of Los Dalton de Pozesco S.L. (LDP).

This is unacceptable as the Applicant should have completed a new document.

The new Funding Statement should;

have included all updated financials covering a 14 month period re capital costs ,additional expenses, the cost of decommissioning, the cost of compulsory purchase and the detailed financial history of LDP, (only established in December 2022).

Also the detailed financial history of the 3 Spanish associated companies Bafi Genki, Los Leandres Solares S.L, and Cecu Solar S.L. including full audited accounts to include Balance Sheets and Profit and Loss Accounts.

A viability study of the Sunnica proposal with projected financials.

In addition the full reasons for the involvement of LDP rather than Soaler Holding S.L. should have been stated and the immediate effect on the 4 UK Companies namely Sunnica Ltd, Jigg Fm UK Ltd, Padero Solaer Ltd and Solaer UK Ltd as to LDP involvement.

The reasons should have been clear for delaying the Audited accounts for the 4 UK companies being sent to Companies House from January 31st 2023 until April 30th 2023 which is way after the date of the close of the ExA examination 28th March 2023.

This lack of transparency for an application for a NSIP only confirms Sunnica Ltd have no financial experience on the presentation of such an important document as the funding statement.

The Planning Act 2009 Statement is very clear in that a DCO which seeks powers to compulsory purchase must contain a fully funded Funding Statement.

Sunnica Ltd has not produced such a document.

The reason the FS is required, is to protect the parties involved in CP in that if they sign a legally binding contract with an applicant they must be guaranteed they will receive the compensation.

The local parties involved e.g. La Hoque, with the Sunnica application right now on CP have no idea if funding is in place, that the the 4 UK Companies have no financial resources to pay, and they are entirely reliant on 4 Spanish Companies with an unknown financial history.

LOS DALTON de POZOSECO S.L. (LDP).

I attach a financial report on the above company and the 3 other Spanish Companies involved. This has been compiled by Michael Mills, a Financial Analyst and duly marked as an update on his first report dated 13th September 2022.(please see my WR dated 13th October 2022 Appendix 12).

I do not feel it necessary to add further comment on this report and the Spanish connection as he is an acknowledged expert on Global Corporations and their financial structure.

The report for 23rd January 2023 has been shared with the Directors of Say No To Sunnica Action Group Ltd, as was his report of the 13th September 2022.

THE 4 UK COMPANIES.

Again I refer to my WR dated 13th October 2022 and Appendix No 11.

This is a report by Chartered Accountants Findlay Wetherfield Scott on;

Sunnica Ltd, Jigg FM UK Ltd. Padero Solaer Ltd and Solaer UK Ltd.

These 4 Company accounts refer to the financial year April 30th 2021.

There is no change financially in those accounts at the time of writing this letter. Further financial changes will take place at 30th April 2023 when the annual accounts for April 30th 2022 become a public document at Companies House.

However since the date of the Accountants report 31st March 2022 there will be changes in the financial structure due to the changes with Solaer Holding S.L. and LDP.

It is most disturbing that Sunnica Ltd have elected not to publish those changes in their Funding Statement dated 13th January 2023, second version.

APPENDIX NO 13 MY WR 13TH OCTOBER 2022 ANSWERS TO QUESTIONS REQUIRED

This is an updated list which needs addressing by the applicant in addition to the items mentioned in this report regarding the change of financial backer LDP.

1

Details of the insurance policy to cover the development and the public liability amount.

2

What does the stock figure of £4,707.783 represent in the 30th April 2021 accounts when the company, Sunnica Ltd, is not trading?

Cont

3.

In September 2023 Sunnica has to repay Jigg Fm UK Ltd a credit line of 2.5/3 Million pounds. It has no financial resources available now so how will it repay?

4.

A breakdown of the £7million pounds granted by Solaer (now LDP) and to include what land Sunnica have purchased prior to Planning Consent.

CONCLUSION

In my opinion this report suggests Sunnica are now in a critical financial position to carry out the terms of Compulsory Purchase.

There are 3 important dates leading up to the SOS decision 28th September 2023;

February 14th 2023. With only 3 weeks to this date nothing will change with the financials or with LDP.

Item No 8 on the agenda is The Funding Statement.

March 28th 2023. The end of the 6 month ExA examination. The accounts for the 4 UK companies for 2022 will not be published until 30th April.

September 28th 2023. It will not be known if Sunnica have honoured their obligation to Jigg Fm UK Ltd.

I now refer to the Say No To Sunnica Action Group Ltd WR Oct 2022 page 143 Conclusions 19.1.8;

“Based on lack of information on Compulsory Acquisition liabilities and the inadequate Funding Statement the ExA must recommend against granting the Compulsory Acquisition element of the Development Consent Order.”

The position now is far worse than at that date as evidenced in this report.

I totally endorse the comments of the Action group and see this as the only answer to this continued time wasting and unprofessional standards of the Applicant Sunnica Ltd.

END OF REPORT

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

The applicant for the Sunnica Energy Farm development consent order is Sunnica Ltd (Sunnica). It is this company that has prepared the Funding Statement as part of the application to the Secretary of State for Business.

The applicant, Sunnica, has not submitted its own financial statements accompanying the Funding Statement but is relying on its parent company's financial statements, those of Los Dalton de Pozeseco S. L. (LDP). This company was incorporated in Spain in 2022. The "full" ownership structure of Sunnica is set out below.

The purpose of this report is to examine the financial reports of Sunnica's parent, LDP, to determine the ability to fund compulsory land purchases and, in addition, to look at claims in the funding statement that they have the ability to fund significant additional costs in the run up to the establishment of the Sunnica Energy Farm.

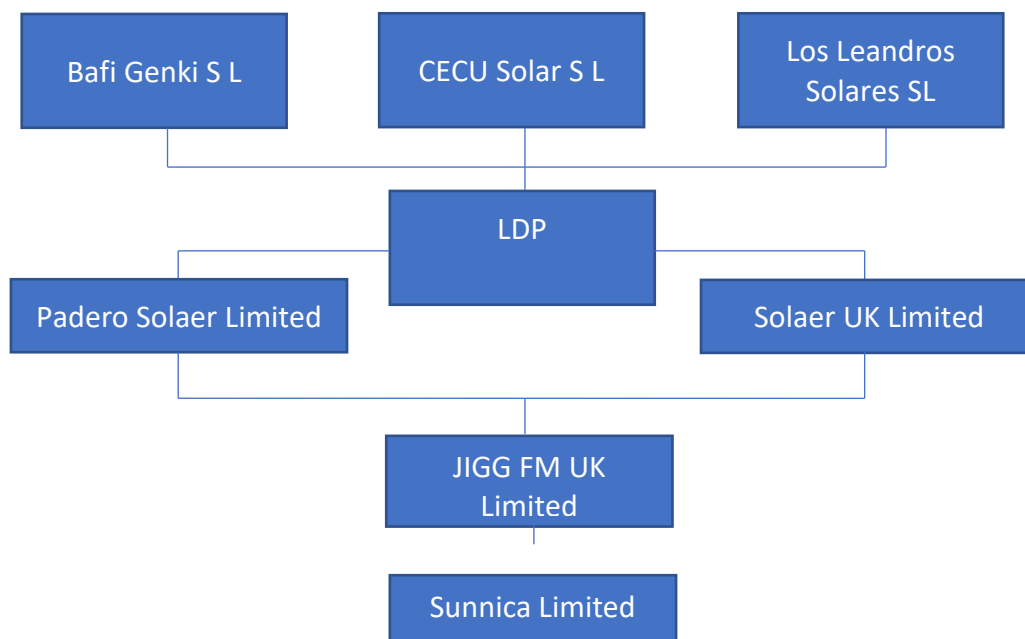
Executive Summary

There have been significant changes to the Funding Statement since the first submission dated November 2021 regarding the group structure behind Sunnica. It would appear this has been caused by Solaer being acquired by Solarpack. Unfortunately, the applicant has seen fit not to describe how this has impacted the group and the application. We are left with many of the same questions as before and unfortunately a set of new questions, all of which are deemed necessary to be answered. The quality of information, which backs a £600m project and has been awarded NSIP status, is inadequate to let this submission go any further, in my opinion. A meeting is expected on February 14th to discuss compulsory purchases of land. Nowhere in the Funding Statement is this enumerated. How can we say it is within LDP affordability when we do not know how much it is? LDP is in effect a start-up with €17m in total assets and yet we are expected to believe they can raise £600m in debt and investments to pay for this project with no difficulty. And this £600m is the same number that Solaer used 18 months ago during which time inflation and interest rates have increased significantly.

Add to this that the 3 Spanish companies who own LDP have provided inadequate financial information and we are left with a funding statement that has far more questions than answers. The lack of transparency for a project of this size and importance, which has the potential to disrupt countryside, villages and lives, and is an NSIP, is quite amazing. I cannot see how LDP can be given the right to go ahead and create significant adverse change on a very opaque submission and when such submission has some very real and serious questions.

Ownership and Structure Concerns

I have reproduced the ownership structure here because it raises some very important questions that need to be answered, and which in my mind, must be answered before any approvals are forthcoming.



On November 18th 2022, Solarpack, a Spanish peer of Solaer, put out a press release as follows “Solarpack completes the acquisition of Solaer's business in Spain and Italy, a company specialising in the development, construction and operation of solar photovoltaic power plants.”

There is now zero transparency as to the ultimate ownership and support of the new LDP entity.

Is it still owned by the rump of Solaer, above the three entities in Spain (Bafi Genki et al) or has Solaer divested itself of the UK business as well?

If Solaer still owns Sunnica via Bafi Genki et al, what does it now look like and why the insertion of another layer of control?

If Solaer does not now have any ownership or obligation to Sunnica, then details of the sale should be made public and not hidden from view.

In addition, there are no details seemingly available about LDP and its 3 owners. Such opacity has no place in an NSIP, in my opinion.

Even more worrisome is the fact that all 4 UK companies, Padero, Solaer, JIGG and Sunnica have requested delays in publishing their April 2022 accounts until 30th April 2023. This means we are left with meaningless and stale financial data last audited in April 2021. Quite how anything can be gleaned from these, let alone be the basis for an NSIP is beyond my imagination. We have no idea what obligations may have been incurred within this timeframe.

Quite why there is no preamble as to why ownership and structure has changed is bewildering and suggests there is something to hide.

Funding Statement Concerns

1. The Sunnica Funding Statement in item 2.2 talks about costs. At the original date of writing (November 2021) this was thought to be in the region of £600m. As of January 2023, it is still estimated to be £600m. We have a need to understand why, in periods of such high inflation and higher interest rates, this target has not moved.
2. Although the Funding Statement itemizes what this £600m covers, it does not breakdown these costs into those categories. It states it covers construction, preparation, supervision, land acquisition (including compulsory acquisitions), equipment purchase, installation, commission, power export, inflation and contingencies costs. We have no idea how much has been budgeted for any of these categories which makes for an impossible task in analyzing the whole.
3. LDP notes (2.3.6) that it will be involved for the long term and would retain control of the construction, operation and maintenance stages of the Scheme's lifecycle. Notably, it does not include decommissioning costs which I am led to believe would be significant. To this point, the Longfield Solar Energy Farm, which is 49% owned by a Solaer Group company, specifically mentions that decommissioning is part of the funding costs.
4. Crucially there is a meeting on February 14th to determine the ability of LDP to fund any compulsory land acquisitions. It is impossible to comment on this when there is no estimate given on how much this could be. Not only is there no amount given but the financial statements of the applicants are totally lacking in any information which could provide an answer to this. The 4 UK companies have requested publication of accounts for April 2022 be delayed until April 2023-significantly after any approval dates and which will mean that any data is meaningless. The 4 Spanish companies' "accounts" which have been produced, show no operating history and no cash flow or profitability statements. In addition, there is no Directors' Report or any other meaningful data.
5. This is a Nationally Significant Infrastructure Project (NSIP) and as such it needs to be carefully scrutinized. The financing of this project is key and details should be made available to be able to test its financial integrity. It is my opinion that financial forecasts noting assumptions of income, costs, cashflows and sources of finance should be available as an appendix. In addition, assessment is needed about

decommissioning and the costs of this needs to be included. Moreover, this project has been subject to meaningful delays suggesting that the £600m cost estimate is now stale and needs to be updated. In the outlook in the 2020 Solaer Holdings Directors' Report, they note the UK construction will start in 2021 with 20MW, 50MW in 2022 and 100 MW in 2023. Clearly this has not happened and will affect their financial forecasts.

6. Item 2.3.2 notes LDP had, sometime in December 2022, total assets of over €17m. I note "sometime" as the accounts that have been produced are not dated other than December 2022. This in and of itself is poor let alone the way these accounts have been set out. To put this in context, it had total assets of c. 2.5% of the estimated total cost of £600m, an amount which it says it has no doubt it could fund-I think statement should be carefully examined and stress tested.
7. Item 2.3.3 refers to the financial statements of the three holding companies of LDP. Their statements suffer from the same comments as LDP in that they are not properly dated and are not well set out. They show no historical profit and loss accounts nor cashflows. This is totally inadequate in my opinion.
8. The note 2.3.3 is strongly misleading as it refers to these companies' "current assets". It is generally accepted this means the portion of the balance sheet that is realizable within one year. The numbers they produce in 2.3.3.1 to 2.3.3.3 refer to total assets. This is not the same thing at all.
9. Item 2.3.4 notes LDP has spent over £7m to date on preparing the application and land acquisitions. We are not aware of any land acquisitions to date so an update here would be extremely useful. This note also says that LDP will be funding additional *significant* costs taking the application through the examination. It also notes that as can be seen from the December 2022 accounts, LDP will be able to fund these costs from its own resources. As we do not know the amount of the additional *significant* costs, we most certainly cannot see they can be funded internally especially as the £7m noted above also has not changed since November 2021.
10. If consent is granted, (2.3.5), LDP would seek further funding, consulting a variety of financial institutions and investors. This would enable the construction, operation and maintenance of the Scheme. 2.3.6 goes further in adding it would operate the Scheme for the investors. I referred to this clause above noting LDP would be involved in the long term. This statement is unclear-does it mean through to decommissioning which I suggested earlier when requesting decommissioning costs should be included in their estimates? If not, then who will be responsible for decommissioning? This is a critical question in my opinion.
11. Clearly this project and the funding of such is subject to investors' and financial market appetite. Also of note, 2.3.5 says that LDP has no concerns that it would be unable to obtain finance for the Scheme's construction, operation and maintenance. This is a bold statement especially now as markets contract and rates rise. Moreover,

as stated above, we would fully expect the Scheme's estimated costings to have risen from £600m. The type of finance to be used has not yet been determined (2.3.5) and again it is a crucial part of the decision making to know how this will be funded. The size of this new group should be borne in mind when accepting they can fund £600m!

12. The question of how this £600m or more will be funded is now open to greater doubt. Not only have markets contracted and rates risen, but the end backer has changed significantly. The directors may be some of the same people who ran Solaer, however Bafi Genki and its co owners of LDP, and indeed LDP as a stand alone entity have no track record according to the information we have been given. The financial statements produced for these 4 companies have no profit and loss account and no history. We do not know if they are making or hope to make a profit or a loss nor do we know the magnitude of these, especially bearing in mind the delays which have occurred. And to this point, as we have no idea of any profitability, we cannot say with any degree of certainty at all that these companies have the ability to take this project forward-indeed there are more questions than answers in the new Funding Statement.
13. There is no evidence that has been produced in the Funding Statement as to the viability of the Scheme. There is no doubt that Solaer's former directors have some experience in solar farms but they are all small size in the UK at least, certainly nothing on the scale of Sunnica.

As can be seen above, there are a number of serious financial questions that need to be answered, or at the very least, clarified. I cannot see how the above can be approved without financial projections and related assumptions and with what is in effect a "start-up" requesting £600m in funding on the open market. There is no transparency whatsoever in the presentation of this new Funding Statement which in itself is a strong signal.