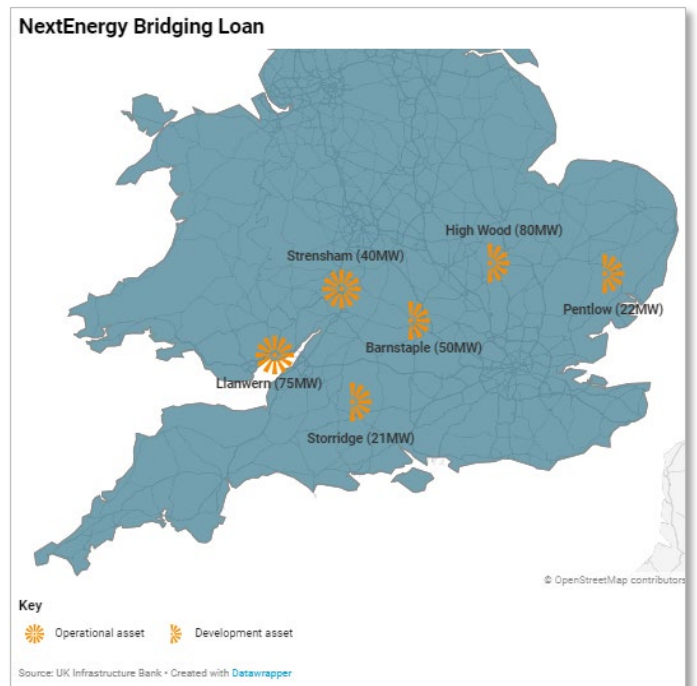


# NextEnergy Capital (NEC) - Bridging Loans: factsheet

Deal Information	
Deal signed	30/11/2021
Project status	Live
Sector	Clean Energy (Solar)
Location	Llanwern, Wales; Strensham, Worcestershire
Counterparty	Nightshade Investco Ltd. (subsidiary of NextEnergy Capital) <sup>i</sup>
Total Investment	£42.8 million
UKIB Finance	£17.5m senior debt loan; £25.3m junior debt loan
Product	Senior Debt; Junior Debt



## Summary

UK Infrastructure Bank (UKIB) provided £42.8 million of debt to Nightshade Investco Ltd., a subsidiary of NextEnergy Capital (£17.5 million towards a £35 million senior loan and £25.3 million towards a £38 million junior loan). Another lender provided the remaining finance. The purpose of the loans was to refinance an existing loan and finance the completion of two solar farms at Llanwern (75MW) and Strensham (40MW).

This loan was intended to give NextEnergy Capital time to secure investors for a new investment fund (NextPower UK ESG Fund) which will invest in solar projects in the UK. The two solar farms financed through the debt facilities were intended to form the initial assets for the fund.

## Sector context

The Government's ambition is to achieve 70GW installed solar energy by 2035.<sup>ii</sup> However, based on industry projections, installed capacity in the solar sector is expected to be less than 30GW by 2030.<sup>iii</sup>

Financial structures that unlock large-scale private investment for solar PV projects are likely to prove crucial to achieving the government's solar ambitions.

## Impact and Additionality

The investment offered an opportunity to achieve a transformative net zero impact by providing bridging loans designed to enable the development of the largest UK solar investment fund, which would finance the development of 1-1.5GW of new capacity across up to 30 solar farms.

## ESRG (Environmental, Social, Resilience & Governance) considerations

The project was assessed for ESRG risks<sup>iv</sup>. UKIB's assessment concluded that NextEnergy demonstrated good practice on ESG issues, with good ESG governance, a dedicated ESG manager, strong environmental screening and ESG reporting procedures, and a commitment to net biodiversity gain at all solar sites. Since NextEnergy is only able to screen its direct (Tier 1) suppliers, the assessment noted a residual risk of poor labour practices in the solar panel supply chain.

## Impact Metrics

1	# Deals in the Solar sector
£42.8m	Total Investment in Sector
8	Jobs (Created and Safeguarded) <sup>v</sup>
- 47,700 tCO <sub>2</sub> e	Emissions <sup>vi</sup>
£30.2m	Private Finance Mobilised

Note: this factsheet has been completed retrospectively based on the information which was available to the bank at the time of investment decision making.

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- <sup>i</sup> NextEnergy UK, 75 Grosvenor Street, Mayfair, London, W1K 3JS
- <sup>ii</sup> 2022 Energy Security Strategy [British Energy Security Strategy \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/108111/british-energy-security-strategy-2022.pdf)  
Powering Up Britain Plan [Powering Up Britain - Joint Overview \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/108111/powering-up-britain-joint-overview.pdf)
- <sup>iii</sup> Solar Energy UK (2021) [Lighting-the-way-report.pdf](#)
- <sup>iv</sup> UKIB developed its approach to ESG over time, establishing a robust framework which is used to assess all current deals. Before this framework was finalised, a qualitative assessment based on the Equator Principles was carried out on investments.
- <sup>v</sup> 5 jobs attributable to UKIB's share of finance
- <sup>vi</sup> Circa- 27,700 tCO<sub>2</sub>e attributable to UKIB's share of finance. GHG emissions figures are self-reported ex-ante estimates provided by the underlying company/project sponsor. The scope boundaries vary in each case and UKIB cannot guarantee alignment with the GHG protocol.