

# NextEnergy Capital (NEC) - NextPower UK ESG Fund: factsheet

Deal Information	
Deal signed	24/08/2022
Project status	Live
Sector	Clean Energy (Solar)
Location	UK wide
Counterparty	NextEnergy Capital Ltd <sup>i</sup>
Total Investment	£500 million target cap (with a £1 billion hard cap)
UKIB Finance	£250 million
Product	Equity

## NextPower UK ESG Fund - secured pipeline locations



## Summary

UK Infrastructure Bank (UKIB) has committed £250 million of cornerstone investment in the NextPower UK (NPUK) ESG Fund, investing in UK new-build, utility scale, solar PV assets for a ten-year period. This Fund will focus on the deployment of subsidy-free solar power plants in the UK.

UKIB co-financed the seed assets for the Fund, Llanwern (75MW) and Strensham (40MW). This supported the initial capital deployment of the Fund. The Llanwern plant was the UK's largest operating solar power plant when the Fund launched in Summer 2022<sup>ii</sup>.

## Sector context

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

- Supports our net zero objective by enabling the launch of the UK's largest solar investment fund, which is expected to finance the development of at least 1GW of new capacity across up to 30 solar farms. UKIB's £250 million investment alone will contribute around 0.5GW of additional capacity.
- Supporting regional and local economic growth by unlocking around 4,500 indirect jobs (projected).

Market engagement highlighted that having UKIB involvement as a cornerstone investor was important to securing co-investors in the run-up to the first- and second-close, increasing confidence that the fund would reach its £500 million target. UKIB's investment is expected to catalyse the market for solar generation, crowding-in private sector investment by demonstrating a replicable investment model.

## ESRG considerations

The project was assessed for ESRG risks<sup>v</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

2	# Deals in the Solar sector
£292.5m	Total Investment in Sector
4,500	Jobs (Created and Safeguarded) <sup>vi</sup>
- 2,523,000 tCO <sub>2</sub> e	Emissions <sup>vii</sup>
£500m	Third Party Investment 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> [NextEnergy Capital announces First Close of its UK Subsidy-Free Solar Fund, NextPower UK ESG, at over 65% of Target - NextEnergy Capital](#)

<sup>iii</sup> 2022 Energy Security Strategy [British Energy Security Strategy \(publishing.service.gov.uk\)](#)  
Powering Up Britain Plan [Powering Up Britain - Joint Overview \(publishing.service.gov.uk\)](#)

<sup>iv</sup> Solar Energy UK (2021) [Lighting-the-way-report.pdf](#)

<sup>v</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>vi</sup> 2,300 jobs attributable to UKIB's share of finance

<sup>vii</sup> - 1,261,500 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.