

London, June 09, 2023

## NextEnergy Capital welcomes Ofgem remit change

**“The proposed amendment to the Energy Security Bill would help low-cost, low-carbon renewable energy and storage, power up Britain”.**

The British Government has said it intends to [change the mandate of the country’s energy markets regulator](#), Ofgem, to include an explicit net zero duty. This was announced in an amendment to the Energy Security Bill currently working its way through Parliament.

The change is overdue and very welcome. Renewable power plants, such as solar farms, and energy storage systems help to address the linked challenges of climate change, the cost of living crisis, and energy security. It is therefore vital that the networks that move electricity around the country are expanded and upgraded. This will enable more renewable power plants and energy storage systems to connect and provide clean energy to the grid. Including an explicit net zero duty within Ofgem’s mandate enables the regulator to prioritise the changes necessary for that investment to be made by the network operators.

The change is something that NextEnergy Capital and many other renewable energy companies have long called for. For example, the UK’s solar trade association, Solar Energy UK, and five other industry groups have previously [written to the Secretary of State](#), calling for Ofgem to take a strategic approach to investment in the transmission and distribution network. Ofgem itself has said in the past that it [needs to facilitate decarbonisation](#).

By voting this amendment into law, Parliament will add a welcome and vital piece of the regulatory puzzle required for net zero. NextEnergy Capital will look forward to seeing how Ofgem uses its potential new mandate to accelerate investment into network infrastructure.

However, there is more to be done. To maximise the benefit of its new mandate, Ofgem will need support from Government – particularly the Treasury and the Department for Energy Security and Net Zero – so that it can make bold decisions that prioritise decarbonisation.

The prize is a big one: an energy system based on renewable power generated across the country, from sources such as solar, is not only better for the planet, it is also more affordable, and less susceptible to unpredictable international events, such as the war in Ukraine.

The more we decarbonise, the more we will enable homes and businesses to benefit from lower-cost, clean energy, and reduce reliance on costly fossil fuels. It will be important for Ofgem and

Government to work quickly and in lockstep to deliver solutions that allow the necessary investments to be accelerated, while ensuring that vulnerable consumers are not left behind.

The Government is also looking at changes to how electricity markets work, through the Review of Electricity Market Arrangements (REMA) process. Coupled with the required investment in grid infrastructure, REMA could deliver significant benefits if these and other reforms provide clear investment signals to drive the energy transition. This notably includes developing pricing mechanisms that incentivise the development of renewable energy and storage systems, rather than fossil fuels, and ensuring that investments made into existing renewable power plants are protected.

NextEnergy Capital continues to engage with Government around REMA and is proud to be represented on the Government's recently established Solar Taskforce.

We look forward to continuing to engage with the Government on the future of Britain's energy system.

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Further information:

### **NextEnergy Group**

NextEnergy Group was founded in 2007 to become a leading market participant in the international solar sector. Since its inception, it has been active in the development, construction, and ownership of solar assets across multiple jurisdictions. NextEnergy Group operates via its three business units: NextEnergy Capital (Investment Management), WiseEnergy (Operating Asset Management) and Starlight (Asset Development).

### **NextEnergy Capital**

NextEnergy Capital ("NEC") comprises the Group's investment management activities. To date, NEC has invested in over 375 individual solar plants for a capacity in excess of 2.4GW across its institutional funds. [www.nextenergycapital.com](http://www.nextenergycapital.com)

- **First Fund:** [NextEnergy Solar Fund \("NESF"\)](#), is a specialist solar+ fund, which is listed on the premium segment of the London Stock Exchange. It currently has an installed capacity of 865MW spread among 99 individual operating assets in the UK and Italy, comprising an unaudited gross asset value of £1,218m. NESF is one of the largest listed solar and energy storage investment companies in the world.
- **Second Fund:** [NextPower II \("NPII"\)](#), a private fund made up of 105 individual operating solar power plants and an installed capacity of 149MW, focused on consolidating the substantial, highly fragmented Italian solar market. NPII was successfully divested in January 2022, a 2016 vintage vehicle that generated net IRRs in excess of its gross target of 10-12%.
- **Third Fund:** [NextPower III ESG \("NPIII ESG"\)](#), is a private fund exclusively focused on the international solar infrastructure sector, principally targeting projects in carefully selected OECD countries, including the US, Portugal, Spain, Chile, Poland, Greece, and Italy. NPIII is a fund that provides a positive social and environmental impact to the countries it has and will invest into. NPIII completed its fundraise with a total of \$896m, including an SMA raised. The target of the fund was \$750m.

- **Fourth Fund:** [NextPower UK ESG \(“NPUK ESG”\)](#), is a private unlevered fund investing in greenfield subsidy-free solar projects, with PPA's, in the UK. NPUK ESG is a 10-year closed-ended private fund launched in December 2021 targeting £500m. To date, NPUK has raised total commitments of £595m exceeding its target six within six months of first close, with the UK Infrastructure Bank providing cornerstone match-funding of £250m.
- **Fifth Fund:** [NextPower V ESG \(“NPV ESG”\)](#), is a private contracted OECD solar strategy that offers investors the opportunity to earn strong risk-adjusted returns from the solar PV infrastructure asset class with a highly experienced team and a track record of success in OECD-based solar deployment. The strategy will primarily invest in OECD solar assets and adjacent technologies (e.g. battery storage) in the target markets. NPV ESG is targeting \$1.5bn in size with a \$2bn ceiling.

Further information on the NextEnergy Group is available at: <https://www.nextenergygroup.com/>

### **WiseEnergy®**

WiseEnergy is NextEnergy Group's operating asset manager. WiseEnergy is a leading specialist operating asset manager in the solar sector. Since it was founded, the NextEnergy Group has provided asset operations, monitoring, technical due diligence and other services to over 2,855 solar and energy storage assets, totalling an installed capacity in excess of 4.3GW. Its asset management clients include listed solar funds (in addition to the Company), banks, private equity funds and other specialist investors. Further information on WiseEnergy is available at: [www.wise-energy.com](http://www.wise-energy.com)

### **Starlight**

Starlight is NextEnergy Group's development company that is active in the development phase of solar projects. It has developed over 100 utility-scale projects internationally and continues to progress a large pipeline of c.10GW of both green and brownfield project developments across global geographies.