

When the Feed in Tariffs started in April this year, German companies were the first to realise the enormous potential for solar photovoltaic (PV) parks in the UK after building them in Germany for many years.

The first search area was in the south west, Devon and Cornwall, and along the south coast where there is the best sunlight. The stampede was quickly followed by many other foreign and UK companies and private individuals who wanted to lock into the higher Feed in Tariff payments before they are reduced on 1 April 2012 by 8.5%.

A 5 megawatt (MW) solar park typically takes up 25 – 30 acres of land (5 – 6 acres per MW) and ideally on poor quality land. The site should either be flat or gently south facing, ideally screened by hedges but without trees or woodland which will cause shadows across the panels (which reduces their efficiency). Solar parks should not have public rights of way through them but, most critically for a 5MW project, they need a 33kV three phase electricity line within 2 miles of the site to export the electricity.

There has been so many interested parties chasing sites in the south and south west that the solar companies then started to consider viable sites up to Birmingham. Several companies are now concentrating on the Midlands and East Anglia area as there is less competition. However, we are now seeing developers approaching farmers as far north as Manchester.

These sites need planning permission, and need to be built and selling electricity by 31 March 2012. This makes timing extremely tight, particularly when the grid connection may take 9 – 12 months. It was recently announced in Parliament that the Government failed to anticipate the growth in solar parks and if deployment runs ahead of published projections, then it may trigger a review for solar Feed-in Tariffs as they do not want large scale solar parks to distort the market for roof mounted PV or other renewables.

The cost to a solar company of developing a 5MW solar park is £13 - 15 million, they will pay a substantial rent and you can still graze the land with sheep. This may have the advantage of not losing the 100% Inheritance Tax Relief on the agricultural value of the land if the legal agreement is correctly structured.

Fisher German have some companies willing to capitalise the rent at the beginning of the lease to allow reinvestment of the money. Alternative cash can be invested into the solar project with a potentially larger annual income. It is quite likely that the solar company will sell the project after 2 years (for the remaining 23 years of production) to the owner, a pension fund or other investor, as the Feed in Tariffs are guaranteed for 25 years with annual RPI increases. So as a part owner of the project you are likely to receive a much larger capital sum and it could be more tax advantageous.

Fisher German are receiving an enormous number of enquiries every day by farmers and landowners who have been approached by solar companies. Fisher German acts independently on behalf of clients and any reputable solar company will pay Fisher German's fees and our client's legal costs.

Fisher German can carry out a free desktop appraisal for solar parks on land for medium or small scale PV on your farm or buildings.