

# Solar Park Opportunity Lympne, Kent – Review of Cabinet Recommendation



The opportunity to deliver a solar park on Folkestone and Hythe District Council (FHDC) land on the boundary of Otterpool Park continues to present an effective solution to lower electrical demand and demonstrate an exemplary approach to community power generation and use. A soft market test was completed in 2023 to assess offers for the supply and operation of a new power generation facility. Subsequently a preferred supplier was selected and cabinet decision C/23/66<sup>1</sup> led to the formation of the informal business model set out in this cabinet paper.

The opportunity has expanded beyond simply generating power and connecting this to the existing local electricity distribution network. **The soft market test clearly identified a broader benefit to prioritise the power generated for Otterpool Park**, which is now the focus of the preferred approach set out in this cabinet paper. This integrated solution that combines the solar park with on-site networks (including on-roof solar) is referred to in this paper as a Smart Grid. This approach is consistent with other development opportunities and reflects a world where the economics have changed, and renewable options are increasingly the cost-effective choice<sup>2</sup>.

**The energy strategy<sup>3</sup> for Otterpool Park consistently supported the use of solar technology** and suggested that a review of suitable technologies and energy storage options was undertaken at subsequent planning stages, taking account of evolving technologies, viability, and policy.<sup>4</sup> Located outside the planning boundary for Otterpool Park, the solar park **will require a separate planning application including an assessment of environmental impacts**.

Within the Carbon Action Plan dated February 2021<sup>5</sup>, the Council have set out their commitment to take opportunities to be an influencer of change and support measures to reduce carbon emissions within the district. Showcasing better practice demonstrates sustainable leadership at a local and national level and accelerates the transition towards cleaner, more secure and affordable supplies of home-grown

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<sup>1</sup> See <https://folkestone-hythe.moderngov.co.uk/documents/s45878/Cabinet%20report%20DRAFT%20Otterpool%20Solar%20Farm%20AB%20Final%20Version%201.pdf>

<sup>2</sup> Ofgem discussion paper, Net Zero Britain: developing an energy system fit for the future, July 2022

<sup>3</sup> Otterpool Park LLP, March 2022 (<https://www.folkestone-hythe.gov.uk/downloads/file/2947/appendix-4-9-energy-strategy>)

<sup>4</sup> Paragraph 1.1.10 bullet 5 and 12.3.7 bullet 5 of the Energy Strategy for Otterpool Park (referenced above)

<sup>5</sup> Folkestone & Hythe District Council, 2021, Carbon Action Plan, ([F&HDC Carbon Action Plan \(folkestone-hythe.gov.uk\)](https://www.folkestone-hythe.gov.uk/downloads/file/2947/appendix-4-9-energy-strategy)) (February 2021)

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## Lympne, Kent – Review of Cabinet Recommendation



energy. This opportunity will inspire local authorities to deploy similar solutions on strategic land projects across the UK where they share the responsibility to encourage the increase of green energy supplies locally.

### Summary of the Informal Business Model

The informal business case set out in this cabinet report updates the Council on the further work undertaken with SNRG to agree the heads of terms for the land options agreement. Whilst this modelling is based on several assumptions and benchmarks including potential power generation and Smart Grid uptake, this is not a surprise given the design and coordination needed with Otterpool Park. However, the recommended framework and foundational elements, especially annual rent and design, build and operational risk, remain robust.

A summary of outputs is as follows:

1. SNRG will design, build, fund and operate the solar farm over the lifetime of the facility. **There is no planning, build or operational cost or risk to FHDC.**
2. The annual **land rent would increase from £9,370 (agricultural use) to £120,000.**<sup>6</sup> This return is achieved regardless of the uptake to Smart Grid connections and paid from the point planning permission is granted.
3. A **£50,000 payment will be paid to FHDC by SNRG upon entering an options agreement.** This will fund FHDC's legal costs with developing the Options Agreement and Lease Agreement. A further £50,000 is to be made available to support FHDC's legal costs in supporting the planning application.
4. A broader opportunity is recommended including both the solar farm and wider Smart Grid, making a significant contribution towards meeting the power demand for Otterpool Park.
5. SNRG will contract with the on-site independent distribution network operator (Networkx Utilities Limited) to collect a financial royalty and pay this to Otterpool Park LLP for each property connected to the Smart Grid.
6. Importantly, homeowners will continue to have choice and could chose not to connect to the Smart Grid. Where this happens, Otterpool Park LLP will receive a one-off payment from the independent distribution network operator (Networkx Utilities Limited), which is a common industry approach (commonly referred to as

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<sup>6</sup> Paragraph 2.16 of this Cabinet Report

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asset values).

7. Homeowners will benefit from a 15% discount on their energy tariff to encourage use of the Smart Grid network.
8. Based on a significant uptake in connections to the Smart Grid, a return of £24.8m over 30 years is achieved.
9. Other options were considered including removal of the Smart Grid (i.e. solar park only) and a joint venture with SNRG. The loss of broader sustainability benefits and unacceptable risks to the Council mean these options were discounted.
10. Alternative options are considered for the take-up of power from the Smart Grid. In all cases, there is a substantial return to Otterpool Park LLP over the long term.

## Stantec Conclusion

The prospect of **local power generation on land already owned by the Council, and distribution within Otterpool Park are aligned with the Council's own policy and are financially attractive.** This reinforces the pathway towards achieving Net Zero.

The **opportunity remains subject to a successful planning application and decision, and will need to assess compliance with policy and environmental impacts**, such as landscape and visual impact, ecology, loss of agricultural land and access.

This cabinet paper recommends completion of an options agreement with SNRG which will allow the design to be progressed and an independent planning application to be submitted to the Council for consideration.

Based upon the information contained within this cabinet report and our own technical experience of work on the Otterpool Park project over the past 3 years, **we support the recommendations. We believe (subject to planning) that this opportunity presents a leading example of what can be achieved as renewable energy options are increasingly prioritised** and reduce carbon emissions locally.

# **Solar Park Opportunity Lympne, Kent – Review of Cabinet Reccommendation**



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