

Shrewsbury Hydro CIC

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Dear Mr. Jenkins

Request for a One Year Option to Lease Land from Shrewsbury Town Council, Subject to Conditions to be Agreed

We, Shrewsbury Hydro Community Interest Company (CIC) are writing to request that this item is put on the agenda of the next Shrewsbury Town Council meeting on 14 November 2017, the purpose of this item being to consider a request from Shrewsbury Hydro CIC for a one year option to lease land near the weir from Shrewsbury Town Council, subject to conditions to be agreed.

This request follows on from the reply just sent by the Shrewsbury Hydro CIC team on the remaining queries relating to the Stakeholder Questions.

The timing of this request is very important. The reason for the request at this time is that the Shrewsbury Hydro scheme in Shrewsbury needs to be generating electricity by 9 March 2018 in order to benefit from its pre-accreditation under the government's Feed-in Tariff (FIT) scheme. This will provide a FIT payment of 12.82p per kWh for every kilowatt hour of electricity generated.

If electricity is not be generated by 9 March 2018, the amount received under the FIT will fall to 6.08p per kWh, which is significantly lower. This would make the scheme difficult to finance and would very substantially reduce the income available to the Shrewsbury Hydro CIC local Community Fund.

In October 2014, we were advised that "Shrewsbury Town Council jointly with Shropshire Council approve in principle the use of land within their respective ownership required to develop a hydro electricity generating scheme in Shrewsbury. Final approval will be subject to obtaining formal planning approval, an abstraction licence, a viable connection to the national grid together with a robust business plan showing finances in place to build and manage the project." As you know, we have, since then, obtained planning permission, an abstraction licence and a viable connection to the national grid.

In January, 2016, Shropshire Council approved in principle the assignment of land by the weir to Shrewsbury Hydro CIC. An option for Shrewsbury Hydro CIC to take on Shropshire Council's existing 999 year lease to the Environment Agency was then drawn up by our solicitors, Clifford Chance, and in May this assignment was agreed in principle by Laura Wotton, Head of the Environment Agency's Estates Head Office in Exeter. This assignment

will be dependent on Shrewsbury Hydro CIC being able to demonstrate that it has the funds in place to build and manage the hydro scheme and the adjoining fish pass.

As well as the present leased area of land covering the fish pass, the Shrewsbury Hydro scheme will, as previously noted, require the use of a further 500 square metres of land alongside, which is owned by Shrewsbury Town Council. Now that agreement in principle for an option to lease the Shropshire Council land has been approved by Shropshire Council and the Environment Agency, Shrewsbury Hydro CIC requests that the same arrangement in principle is made between Shrewsbury Town Council and Shrewsbury Hydro CIC for an option to lease the Shrewsbury Town Council land.

We accept that no lease can be entered into until Shrewsbury Hydro has the funds in place to build the hydro scheme. Equally, it is apparent that no funds will be subscribed for the hydro scheme unless a lease of the land for the scheme is potentially available. To this end, Shrewsbury Hydro CIC requests a one year option to lease land to allow time for the funds to be raised and any other conditions specified to be met. The leases from Shropshire Council and from Shrewsbury Town Council will then both be on the same basis with the two councils working together to bring about the generation of carbon-free hydroelectricity in Shrewsbury.

The land for the Shrewsbury Hydro scheme was originally owned by Shrewsbury & Atcham Borough Council and the ownership was split in 2009 when the area leased to the Environment Agency for the fish pass passed to Shropshire Council and the adjoining area just upstream passed to Shrewsbury Town Council. The split is shown on the map attached.

Finally, we are extremely grateful for your assistance in this matter and regret the time pressure, which circumstances have forced on us. Should you require any explanation or clarification of what we have submitted, please do not hesitate to contact me either direct or through John Long.

Yours sincerely,

Mark Scutt
Director
Shrewsbury Hydro CIC