Object to Proposal

Application number: 14/3732/FUL

Date and time: 24-10-2014 14:51

Comment type: Object to Proposal

Comment:

I have submitted a prior objection and this letter further explains reasons why I believe this scheme should be rejected.

The risks are massive. Others have written establishing that there are sufficient grounds to refuse planning permission due to the failure of Teddington & Ham Hydro Co-operative Limited (The Company) to address noise and flooding risks. However, in addition there are major financial and technical risks which mean the project should be actively discouraged. Key points are;

1) Teddington & Ham Hydro Cooperative Ltd (the Company) does not have legal rights to the project, has no money and has not demonstrated it is able raise the £4 million required for construction. The risks of failure will borne by local residents who in return get expensive energy for only 45 houses.

- The Company does not have development rights for the project nor land on which to build it. The Company does not have the rights granted by the Environment Agency for the development of the power plant. These are held by Ham Hydro CIC (the company which has developed the idea to date). In addition neither the Company nor Ham Hydro CIC has agreed the terms of a lease for land on which the power plant is to be built. Nor has the Company been granted rights over land that would allow it to run an electricity cable such that it could connect to the National Grid and thus sell its energy. These are basic requirements without confirmation of which capital to build the plant cannot be raised and income from sale of energy realised. Simply stating, as the Company does, that it will solve these issues should not be accepted as sufficient.

- The Company does not have the capital required to build the facility not has it demonstrated it has the resources or capability to raise it. The Company is dormant with zero funds and I will send a copy of its accounts to you separately to demonstrate this.

I appreciate it is not uncommon for shell companies to raise money. I have been involved in project development as Chairman of Insource Energy which built a £5 million Anaerobic Digestion facility in South Wales.

This made me appreciate how difficult it is to raise money for projects which seem simple (Anaerobic Digestion is not new) but which have a wide range of development, construction and commissioning risks associated with them. It is VERY difficult. This money requires a higher return and it is very unlikely that the full £4 million needed will be raised before building commences. There must be considerable doubt the Company can raise the money at all but if it does it is likely that funds will be raised in tranches with further monies being released based on successful achievement of milestones. This is a very risky approach for us the local residents.

I note that the Company has changed its rules to allow it to pay a dividend. This is presumably because the project backers know that funds will need to be raised on commercial terms. The rules of the Company, which can be read in a formal company document registered with the FCA and entitled Partial Amendments to the rules of the Company say that it is able to pay what it calls share interest to co-operative members. In other words dividends belying the public relations exercise which sells this as a community project. It is not a Community project. It is quite reasonably a money making venture for its backers. These backers however, not local residents should take all the risk.

- The inability of the Company to demonstrate it is able to fund the project in effect means that the local taxpayer is standing behind the project. What happens if the project fails to reach financial milestones or faces technical difficulties? Who will pick up the bill of a part finished project? Picture a part finished power plat at the lock. At present it is us the local ratepayers who would need to fund the reconstruction of the lock or finishing the build. We should not be in a position where this is our risk. A Bank guaranteed bond could and in my view should be demanded before any works starts to cover costs of failure

- The project requires a subsidy of 18 pence per KWh (70% of all revenues) or it will fail and this free income is not guaranteed until the project is connected to the grid and OFGEM have approved it. It should be noted that an application for this income cannot be made until the project is finished. There is no pre accreditation and like all free money there is risk. The project requires income from taxpayers (us local residents) to make sufficient money to pay bank interest and dividends to its shareholders. This income is called the Feed in Tariff and is only available for 20 years AND cannot be applied for until the plant is build, connected to the grid and authorised by OFGEM. There is risk the income will not be authorised. There is the obvious point that if the project requires such a subsidy why is it being built? I believe evidence suggests that the answer is to give a return to shareholders in the Company.

- The project will only meet the needs of around 45 homes a paltry amount given the risks to be borne. This is a simple calculation. The project says it will generate 1,600,000 KWh pa. Each average home in Teddington will use around 35,000 KWh of energy per annum. QED it provides very little benefit to the local community.

There has been much comment that the plant will create sufficient energy for 450 homes. This is nonsense. OFCOM say that the average home uses 3,300 KWh per annum of electricity and 16,000 KWh of gas. This is an average and Teddington homes are larger than average. Allowing for transmission losses and a larger size of house an estimate of 25-35KWh per annum is reasonable.

It should also be noted that the energy to be generated by the project is an estimate. As with many estimates the numbers usually go down. That has certainly been my experience of projects.

2) The technical risks of the project are substantial and unacceptable.

This is the first tidal run Scheme of its type. As the projects own literature says this is the first tidal run of the river scheme in the UK and also the largest installation in the country of this type you have the opportunity to make something happen that will be ground breaking??

The Company has not provided a risk assessment in its planning application of the sort that would normally be found and the issues raised above are certainly not addressed.

The question to be answered in my view is this. Is it appropriate that the Council should be taking technical risks in a highly sensitive urban environment where the consequences of failure will affect a large number of households? Noise, flooding, loss of amenity and history. As noted above if the project fails part way through who will pay for reinstatement of the environment? The Council to my knowledge is not demanding or is not abe to demand a non-returnable bank backed Bond in the event of failure? What might be appropriate? £1 million? Probably a lot more.

The risks are compounded by the lack of financial substance to the company proposing the development. Any unforeseen problems with the technical development of the project will be exposed.

This project is a one way gamble by its backers. If it works they make money. If it fails we as residents pick up the tab. This imbalance is unacceptable even if the project had merit which it does not.

For the above reasons as well as those argued in greater detail by others I urge you to reject this application.