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Scottish Assessors Association

Revaluation 2017

Utilities Committee

Practice Note 2
Valuation of On-Shore Wind Turbines

1.0 Introduction

1.1 This Practice Note applies to the valuation of on-shore wind turbines.

2.0 Basis of Valuation

2.1 The valuation of wind turbines is a combination of site value (valued on the Comparative Principle of valuation) with foundations, roads, cables, buildings etc being valued using the Contractor's Basis of valuation.

2.2 Turbines may also be valued using the Contractor's Basis of valuation where they are not deemed to be Excepted Plant & Machinery as defined in The Valuation for Rating (Plant and Machinery) (Scotland) Regulations 2000 (as amended).

3.0 Entry in Valuation Roll

3.1 It is recommended that these subjects be described as Wind Turbine(s).

4.0 Site Categorisation

4.1 Wind turbines in Scotland will be accredited by the Office of Gas and Electricity Markets (Ofgem). Prior to undertaking the valuation, it should be confirmed under which regime the valuation subject is accredited.

Each will be classified as either:

- Scottish Renewables Obligation (SRO 3) under a price contract with Non Fossil Purchasing Agency Scotland Ltd (NFPA Scotland Ltd)
- Renewable Obligation Certificates (ROC's) or
- Feed In Tariffs (FIT's).

The valuer will be able to check the type of accreditation by filtering Ofgem's database at the following link:

https://renewablesandchp.ofgem.gov.uk/Public/ReportViewer.aspx?ReportPath=/Renewables/Accreditation/AccreditedStationsExternalPublic&ReportVisibility=1&ReportCategory=1/and.ofggovublortVie.aspx?ReportPath=/Renewlesn/Accred

5.0 Valuation

5.1 Site Value

5.1.1 The megawatt hours (MWhs) generated in the 12 months to 31 March 2015 at the location should be ascertained. However this figure should not be strictly adopted without consideration of generation data from previous years where available. These figures can be ascertained at: http://www.ref.org.uk/energy-data

5.1.2 An appropriate rate/MWh will be applied to the adopted MWh from 5.1.1 above to establish the hypothetical gross income achievable at the valuation subjects. The appropriate rate/MWh will be selected from Appendix 1. This rate will be dependent upon the accreditation of the site and in the case of FIT accredited turbines, the generating capacity.

5.1.3 Once the hypothetical gross income achievable at the valuation subjects has been established, the appropriate percentage to this figure should be applied to arrive at the net annual value (NAV) for the land element of the subjects. The appropriate percentages are stated at Appendix 2.

5.2 Value of Contractor's Elements

5.2.1 An addition under this heading should be made to represent the value attributable to all of the rateable items on site. This will include supports, foundations, cables, buildings, roads & paths etc., and may include turbines (please refer 2.2 above).

5.2.2 The appropriate capital cost to be applied is shown at Appendix 3. It should be noted that the stated costs at Appendix 3 have been adjusted to represent only the elements which are rateable.

5.2.3 It should be established from return of information forms whether the electricity generated is mainly or exclusively for distribution for sale to consumers. This will determine which cost/MW to adopt at Appendix 3.

5.2.4 Decapitalisation Rate: - the appropriate statutory decapitalisation rate should be applied to the element of value calculated at 5.2.2 above.

5.2.5 Age & Obsolescence

An allowance for age & obsolescence should be applied to the Contractors element of the valuation in accordance with Section 8 Basic Principles Committee Practice Note 2 and in particular Appendix 1 Table (c) “Civils”.

Appendix 1

Accreditation Type	Total Installed Generating Capacity (TIGC)	Rate/MWh to be Applied
SRO 3	All	£55
ROC (eligible for 1 ROC/MWh)	All	£80
ROC (eligible for 0.9 ROC/MWh)	All	£76
FIT	51kW – 100kW	£180
FIT	101kW – 500kW	£160
FIT	501kW – 1,500kW	£105
FIT	>1,500kW	£65

Appendix 2

Accreditation Type	Total Installed Generating Capacity (TIGC)	Appropriate Percentage to be Applied
SRO 3	All	2½%
ROC	All	5%
FIT	51kW – 500kW	7½%
FIT	Greater than 501kW	6%

Appendix 3

Installed Capacity	Electricity mainly for distribution for sale to consumers (cost/MW)	Electricity NOT mainly for distribution for sale to consumers (cost/MW)
50 kW	£1,200,000	£4,320,000
75 kW	£950,000	£3,420,000
100 kW	£850,000	£3,060,000
200 kW	£650,000	£2,520,000
500 kW	£650,000	£2,520,000
800 kw	£450,000	£1,620,000
1.5 MW	£400,000	£1,440,000
2 MW	£375,000	£1,350,000
3 MW	£350,000	£1,260,000
4 MW	£325,000	£1,117,000
6 MW	£312,500	£1,125,000
10 MW	£300,000	£1,080,000
70 MW & over	£250,000	£900,000

*Interpolate between points