BLUEFIELD SOLAR EXPLAINS DECISION BEHIND LACK OF INVESTMENTS

JAMES ARMSTRONG, MANAGING PARTNER OF BLUEFIELD SOLAR INCOME FUND (BSIF)

Bluefield Solar Income Fund (BSIF) is one of the biggest and most prominent renewables investment funds listed on the London Stock Exchange, having built up a solid reputation and portfolio in the past five years.

However, acquisitions from BSIF have been few and far between of late when it comes to adding new solar assets to its portfolio.

Despite this lack of activity, James Armstrong, Managing Partner of Bluefield Solar Income Fund (BSIF), explained to Clean Energy Pipeline that the London-listed investment vehicle is currently the highest performing fund in the sector in terms of net asset value and dividends.

Advised by Bluefield Partners, the solar investment fund listed on the London Stock Exchange in July 2013 and has grown to reach a net asset value of £416 million as of the end of Q1 2018.

BSIF's project portfolio is made up of 86 solar photovoltaic (PV) projects across England and Wales, comprising 45 utility-scale sites, 40 micro sites and one rooftop site.

BSIF now claims to be on course to delivering a 7.43p dividend per share to its shareholders by the end of Q2 2018, representing a dividend yield of 6.38%.

Strong financial results

Armstrong told the publication: "I think the reason for [our strong returns] is we have been very selective with what we have bought."

Notwithstanding the acquisition of three sub-5 MW solar parks this year, the bulk of BSIF's portfolio was built up between 2013 and 2016.

He continued: “We haven’t done a huge amount of acquisitions in the last 18 months, mainly because we didn’t find portfolios that would deliver the returns that we were looking for.

“What you’ve got is a market that has very significant asset size inflation. As a result, there’s been a lot of money searching for solar farms because people have realised they are income assets.

“One of the things we’ve done is we haven’t been making acquisitions even though there’s been a lot of money around from investors.”

Instead, Bluefield has concentrated heavily on the asset management side of their business to ensure that its solar assets are performing to the highest potential.

Meticulous asset management

BSIF has a dedicated team based in Bristol that takes charge of all the monitoring and reporting, operations and maintenance of the portfolio to drive out the highest returns possible for shareholders.

Armstrong said: “A lot of it is hard graft to be honest… We have a bank of screens where we have our teams looking on a minute by minute basis on how the plants are performing.”

By using a state-of-the-art monitoring system, the Bluefield team is able to look at each row of solar invertors and interpret their performance.

That information is fed back to the asset management team whose “job it is to enforce contracts”, added Armstrong.

“It is to make sure that if there is a problem with a plant that either the EPC or the operation and maintenance business get on-site and fix it.

“In the 6 months through December 2017, the asset management team spent 800 hours onsite, and every few days someone is physically on site looking at a plant. It is standard to Bluefield but it is not done across the industry.

“Ultimately, our job is to make sure we have as little downturn as possible so our plants are producing energy and that’s translated into higher revenues for us.”

Bluefield is heavily resourced in that area and the results are paying dividends for shareholders.

Co-location with batteries?

BSIF’s solar farms cover roughly 2,500 acres of land in the UK and have a generating capacity of around 460 MW, but they crucially only generate electricity during daylight hours.

The opportunity to co-locate batteries with BSIF's solar farms would create a more valuable commodity that could be potentially used 24 hours a day.

But Armstrong said: "Our view of our investigation into batteries was that we don't like it at the moment because we don't think the profile of our fund is appropriate to become a battery operator as our fund is there to give long term stable revenues to our shareholders.

"We can't see any forecastable revenues between the assets that would have FFR (Firm Frequency Response) revenues, which are for two or four years. It is just a totally different market."