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Committee Chair  
Public Accounts and Public Administration Committee  
Welsh Parliament  
Cardiff Bay  
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By email to [SeneddPAPA@senedd.wales](mailto:SeneddPAPA@senedd.wales)

7<sup>th</sup> September 2022

Dear Chair,

I write in connection with the recent PAPAC meeting on 29<sup>th</sup> June 2022, and your subsequent letter dated 1<sup>st</sup> August 2022. We have responded to the questions raised below.

### **Solar Farm**

The Solar Farm has been set up as a Private Wire / Power Purchase Agreement (PPA) with Cenin Renewables. This means that Cenin have leased a vacant piece of land at Cardiff Airport (CIAL) on a Commercial Lease for 25 years. Under the terms of the PPA, Cenin will fund, build and maintain the solar farm and sell the generated electricity at an agreed fixed cost/kwh to CIAL for 25 years. It is calculated that all electricity generated by the Solar Farm will be used by CIAL. However, it is also acknowledged that at peak summer there may be a slight over generation, which would be sold back to grid, or preferably in the future stored for winter use.

The financial terms of the above contracts are commercially confidential but demonstrate that there is zero Capital Expenditure from CIAL for the above. By securing electricity via a PPA fixed rate cost/kwh we have taken steps toward a low carbon on site generation solution, whilst also de-risking part of our supply cost from the current very volatile energy markets.

The Solar Farm will generate approximately 1.5M kwh electricity with an estimated Carbon Saving of circa 645 tonne/year.

To accommodate the Solar Farm and future proof the Airport it is necessary to upgrade the main incoming Substation. The upgraded substation is required for the Solar Farm and will also give some additional capacity for EV charging options. By upgrading as part of the Solar Farm project we have been able to agree that the works are jointly funded by Cenin and CIAL, thus saving CIAL capital costs.

### **Earnings Before Interest Tax Depreciation and Amortisation**

The EBITDA for the year ended 31<sup>st</sup> March 2021 was a loss of £5.747m. This figure is verified by our auditors Grant Thornton. The loss was a direct result of the ongoing restrictions due to the Covid-19 pandemic.

Turning to Annex A, the difference of £6.3m is the transfer to the profit and loss from the revaluation reserve as shown on page 14 of the accounts. This occurred due to the impairment of fixed assets following the external valuation of the assets.

Effectively, not all of the depreciation hit the profit and loss account, £6.3m cleared the revaluation reserve to nil. The adjustment for depreciation in Annex A should be £3.7m not £10.04m.

This is a technical accounting point under FRS 102, our applicable accounting standard, which I am happy to discuss with any of your colleagues should you wish.

### **Statement of Cash Flows**

We have taken advantage of the disclosure exemptions allowed under Financial Reporting Standards, as set out in note 2.3 on page 15 of the accounts. We are able to take advantage of the exemption as our cashflow is included in the consolidated Welsh Government accounts. This also enables the company to make a saving on our audit fees.

We provide our shareholder WGC Holdco Limited, Welsh Government and Development Bank of Wales with fortnightly updates on cashflow. We also provide Welsh Government and Development Bank of Wales with a cashflow as part of our monthly reporting requirements.

### **The Rescue and Restructuring Plan**

We have liaised with Welsh Government officials in order that they can reply to you substantively on this point.

Yours sincerely



D M Walters  
Company Secretary – Cardiff International Airport Limited