Treasury Blocks School Solar Deals

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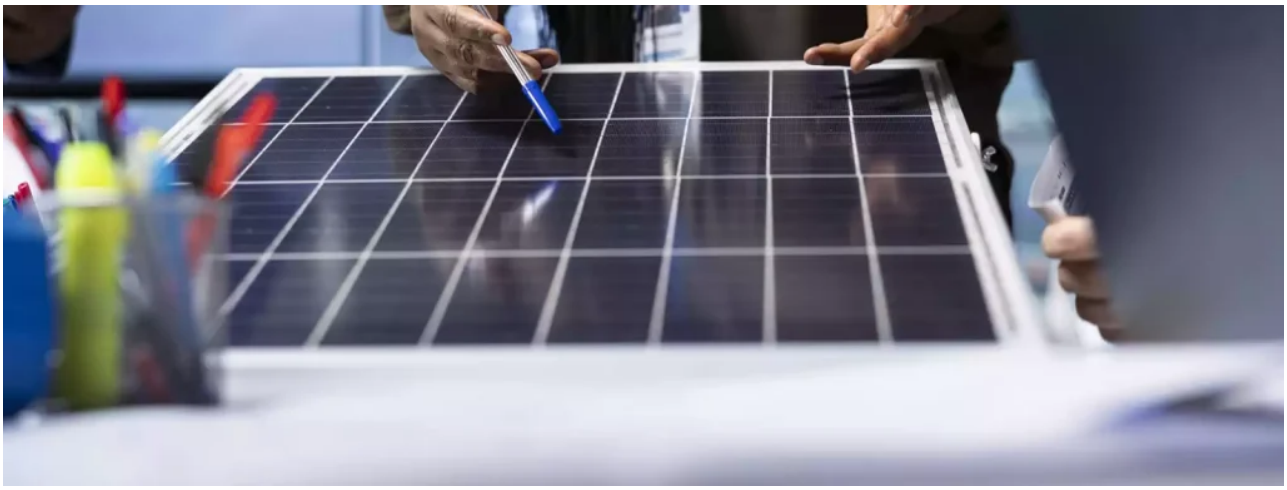

But Private Schools Can Still Lead the Way

In a move that has sent shockwaves through the UK education and renewable energy sectors, the Treasury has blocked new solar power installations for state schools via Power Purchase Agreements (PPAs). While the decision has been met with frustration from environmental advocates and community energy groups, it presents an unexpected opportunity for independent schools to take the lead in clean energy adoption.

What Are Power Purchase Agreements (PPAs)?

PPAs are a popular financial model that enables schools to access solar power without upfront capital investment. Under a PPA, a third-party solar provider installs panels on a school's rooftop at no cost. The school, in turn, agrees to purchase the electricity generated—usually at a cheaper, fixed rate than traditional grid prices. This model has become a lifeline for many public schools that lack the funding for sustainability upgrades. Beyond reducing carbon footprints, PPAs offer schools a path to significant long-term cost savings.

> *Speaking to the School Supply Store & Network* ***Victor Symons of Solar Dynamics*** *explains: Installing Solar PV systems on a school or college buildings is highly beneficial, but the advantages are not always clear due to complex*

technology and conflicting viewpoints. To simplify, here's a clear breakdown of why Solar PV is so valuable.

Consider an average school consuming approximately 150,000 kWh per year, with a monthly electricity bill of around £3,000. Installing a 100kWp Solar PV system could reduce this bill to approximately £1,400 per month, saving £1,600 monthly—or £19,200 annually—and offsetting around 25 tonnes of CO_2 emissions annually. These savings could be reinvested into the school in more impactful ways and help reduce its environmental footprint.

However, a high-quality system equipped with fire-safe technology and detailed monitoring isn't free. For schools already facing financial constraints, the upfront cost could pose a challenge. So, how can this be overcome? Using the above average school as an example, here are three options:

Capex Option: Schools with available cash can invest in a system and expect a return on investment with a typical internal rate of return (IRR) of 30–40% or a payback period of 3–4 years. This translates to a net gain of approximately £41,000 in five years and £175,000 in ten years—an incredible investment. With a high-quality system and monitoring, these returns are virtually guaranteed.

Leasing Option: Leasing is a common solution for schools with limited cash. A zero-deposit, five-year lease could yield a net gain of around £27,000 in five years and £155,000 in ten years, offering another excellent return on investment.

Power Purchase Agreements (PPA): PPAs can be complex but highly beneficial, as maintenance and running costs are covered by the PPA provider. A PPA offers a fixed electricity price over a fixed (typically10-year) period. Depending on the school's self-consumption, a well-designed PPA could deliver savings comparable to a lease option if sized and calculated correctly during the design stage.

All the above options deliver significant environmental and financial benefits to schools, provided the roof structure is suitable. Additionally, the system provides a learning resource by using its data in environmental and mathematics education. There are virtually no downsides to this approach, making it a puzzle why the Government has excluded the public sector from this opportunity. However, the private sector faces no such restrictions.

So Why Has the Treasury Blocked Them?

The move stems from a reclassification by the UK Treasury under Chancellor Rachel Reeves. Treasury officials have determined that these PPA agreements—despite being privately funded—constitute a form of **public borrowing**. As such, they must now be counted against the government's balance sheet and require explicit approval.

This accounting shift effectively **blocks all new PPA agreements for state schools** unless signed off at a central government level, which introduces delays, added bureaucracy, and the likely cancellation of many planned installations.

The timing couldn't be worse. Over **25 schools were scheduled** to install panels over the summer holidays—a key period when installations can occur without

disrupting the school term. Community Energy England, the national voice of community-led energy, has warned that many grassroots solar providers now face **crippling financial losses** or even **bankruptcy** due to sunk costs and cancelled deals.

While a temporary workaround has been put in place for a handful of installations, the future of PPAs in the public sector is uncertain.

A Loophole—or a Leadership Opportunity?

Despite the bleak news for public education, one group of institutions remains untouched by the Treasury's decision: **independent schools**.

Because private schools are **not publicly funded**, they do **not fall under the Department for Education's oversight** or the Treasury's public borrowing rules. That means they are **still free to enter into commercial PPA agreements** without any government intervention.

This regulatory freedom presents a significant opportunity for independent schools to lead the way in renewable energy adoption.

How Independent Schools Can Benefit from Solar PPAs

For independent schools, PPAs offer the same set of benefits public schools were hoping to secure:

- **Zero upfront costs** – Solar providers fund the installation and maintenance.
- **Guaranteed savings** – Lock in energy rates below grid prices for 15–25 years.
- **Sustainability goals** – Reduce carbon emissions and improve environmental credentials.
- **Marketing advantage** – Promote the school as a sustainability leader in education.

Some schools may also choose to **self-finance their solar systems**, especially those with healthy endowments or active fundraising capabilities. But even for those that don't wish to spend capital, PPAs provide a financially sensible path forward.

Bundled Procurement for Scale

Larger private school networks or regional school associations can go one step further by **bundling their procurement** to negotiate better rates and more favourable terms. This could include:

- Joint legal support for contracts
- Shared feasibility assessments
- Collective installation timelines
- Uniform energy rate agreements

This kind of **solar consortium** could accelerate adoption across the independent education sector and even inspire a similar model for public schools—if Treasury restrictions are eventually eased.

A Strategic Moment for Green Leadership

While public schools wait for policy clarity, independent schools have a unique

window to position themselves at the forefront of the green school movement. This isn't just about saving money—it's a branding opportunity.

Imagine a school that:

- Powers 80% of its electricity via rooftop solar
- Offers hands-on STEM learning via energy dashboards in classrooms
- Ties sustainability into its curriculum and marketing
- Attracts eco-conscious families and students

With government red tape holding others back, the schools that act now can define what it means to be a sustainable institution in 2025 and beyond.

Final Thoughts

The Treasury's decision has sparked understandable outrage, particularly from those fighting to decarbonize the public sector. But in the face of regulatory gridlock, independent schools have a rare chance to lead by example. By embracing solar—whether through PPAs or self-financing—private schools can lock in long-term energy savings, reduce emissions, and establish themselves as forward-thinking leaders in sustainability.

Solar Dynamics Ltd specialises in helping schools' draft system specifications to ensure they receive fire-safe, appropriately monitored, and well-maintained systems with warranties exceeding 20 years, securing the investment for decades.

If you want a free evaluation, Solar Dynamics Ltd would be happy to draft an illustration specific to your school.

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