

## Sainsbury buys power from generator

### ELECTRICITY

#### First such contract signed in Britain

By Ed Crooks

J Sainsbury has become the first company in Britain to sign an electricity supply contract directly with a generator, agreeing to take all the power from a new 6MW wind farm to be built near Glasgow.

Although the project is small, the companies involved believe it is a model that could open up energy supply markets to greater competition and stimulate renewable energy.

Sainsbury has signed the deal with A7 Lochhead, a small wind farm developer backed by Ventus, a venture capital fund managed by Climate Change Capital.

It was advised by Utiyx,

an energy risk management company.

Neil Sachdev, commercial director at Sainsbury, said one of the benefits of the deal, which will provide 1 per cent of the retailer's electricity needs from next year, was transparency about its energy purchasing.

"We can go to the source and say 'this is where the electricity is being produced specifically for our use'.

"In the same way as we buy food, when we want to know its heritage, how and where it was farmed and so on, we want to be able to trace the supply of the electricity production we have bought."

The electricity generated by the wind farm will be fed into the national grid and its supply to Sainsbury will be managed by RWE Npower, one of the "big six" energy companies.

What is unique about the deal, the companies say, is the form of the contract – a power purchase agreement that sets up a direct sale from generator to customer.

The standard form in the industry is for generators to sell to suppliers, who then sell on to customers.

Under the terms of the Electricity Act of 1989, only companies with a supply licence can sell to customers, but Sainsbury and Utiyx believe they have addressed that potential barrier by involving Npower.

Chris Bowden of Utiyx said another benefit of the deal was that Sainsbury had signed a 10-year fixed-price agreement, giving A7 the ability to raise finance to build the wind farm, and allowing Sainsbury to manage its electricity price risk.