

NextEnergy Solar Fund and the Green Economy Mark

NextEnergy Solar Fund site

The use of solar energy has expanded rapidly in the ten years since the NextEnergy Solar Fund (NESF) was launched in 2014. “At that time government subsidies were needed to make solar projects commercially viable in the UK,” says Peter Hamid, Senior Vice President, Investor Relations of Next Energy Capital, the investment adviser which manages NESF.

“The fund was founded on a mission to lead the transition to clean energy,” says Hamid. “The world can’t rely on fossil fuels and this fund is one way to really make a tangible difference whilst also providing investors with both profit and purpose.”

Since 2010, the cost of building utility-scale solar has fallen by around c.90%. “Government subsidies have achieved their goal of driving investment and innovation into the UK solar sector to make it a key generator in today’s energy mix,” says Hamid, “allowing more renewables to penetrate the market and driving the adoption of renewables across the board. Solar remains one of the cheapest and quickest forms of renewable energy to deploy on a commercial scale.” He adds that NESF was the first listed fund to develop subsidy-free solar, building the assets without any government support.

The main objective of the fund is to provide shareholders with a reliable source of attractive income through dividends. In the past ten years NESF has paid over £345m in dividend income to shareholders (the equivalent to 67.8 pence per share), delivering a ten-year growing and cash covered dividend, most recently targeting a dividend of 8.43 pence for its financial year ending 31 March 2025 (which represents a c.11% dividend yield as at 25 June 2024, one of the largest dividend yields in the FTSE 350).

As solar evolves as an asset class, NESF is also growing and diversifying its revenues. Its portfolio currently stands at 102 operating assets and achieved its one gigawatt of installed net capacity milestone in March 2024. As well as buying and building physical solar assets, NESF is expanding its international reach by investing in private solar infrastructure funds, as well as co-investments alongside major institutional investors in these funds, allowing NESF to access assets in the US, Chile, Portugal, Spain, Poland, and Greece in a de-risked fashion.

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NESF is also investing in energy storage which has “a vital part to play in the future of this asset class, balancing the grid, and achieving Net Zero,” according to Hamid. “We are the first generator to have built and successfully energised an operational standalone utility-scale battery in our portfolio.”

Its first stand-alone energy storage asset, Camilla, connected to the National Grid in December 2023 and progressed successfully through its final phases of commissioning early this year. Camilla is a 50MW one hour lithium-ion battery located in Fife, Scotland, which has been pre-configured for augmentation to two hours.

The Green Economy Mark

NESF has held the Green Economy Mark for five years. “NESF is delighted to be recognised for its contribution in mitigating climate change, the Green Economy Mark is a symbol of our commitment to the green economy and spotlights NESF’s green credentials to the wider investment universe making the Company easily distinguishable for generating its revenues through clean, green, energy generation,” says Hamid. “NESF benefits from one of the largest ESG and Sustainability teams in the sector, that continues to work incredibly hard to ensure the sustainability, ESG, and biodiversity impacts of NESF are both market leading and best practice, and we remain very proud of this.”

Over the last three years, NESF has seen significantly increased interest from retail investors who are looking to make an impact through their investments; the percentage of the shareholder register being held through retail online platforms has moved from 3% to 18% in that time.

There’s a lot more sunshine to be harvested by NESF. “The government is aiming for the UK to have 70 gigawatts of solar by 2035 but only c.16 gigawatts are currently deployed, so there is clearly a huge opportunity ahead of utility-scale solar,” says Hamid. “Substantial investment is needed and funds such as NESF are the perfect vehicles to continue to build out the UK’s renewables capacity, whilst providing solid and reliable returns for all NESF shareholders.”

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[Learn more about the Green Economy Mark, London universe of green economy equities and funds.](#)



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