

Assess the feasibility of an investment in renewable energy plant for your company: the University of Brescia simulator makes it easy and simple
A free-of-charge software application on the www.ubibanca.com website simulates the economic and environmental costs and benefits of a new system.

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The Department of Mechanical and Industrial Engineering at the University of Brescia has provided a model on the website, www.ubibanca.com, in the business section (direct link: www.ubibanca.com/impianti-fotovoltaici) to assess the financial sustainability for businesses of a **photovoltaic plant** for the generation of electricity.

This project arose from the UBI Banca Group's commitment to the environment which in 2009 led to the start-up of many institutional projects to support protected national areas and in June 2009 to the launch of the credit line entitled "**New Energy - Photovoltaic**" for businesses which intend to create or simply expand a photovoltaic plant by investing **up to three million euro** and that entitled "**New Energy – Renewable Sources and Energy savings**". The latter is designed to support corporate investments and growth programmes for the generation of electricity from renewable sources or with low environmental impact (i.e. wind powered, geothermal, hydro, of biomass energy) or those which generally wish to take action to rationalise consumption and energy savings (including biobuilding).

More specifically, the "New Energy - photovoltaic" line covers up to 100% of the investments and includes the grant of unsecured and secured loans with terms of 15 and 18 years respectively under particularly competitive conditions. Both types of loan carry an initial grace period of up to 24 months and lump-sum disbursement for amounts of less than 150.000 euro, while disbursement for larger amounts is according to the state of progress of the work in a maximum of three tranches. "We have achieved **an important result** in less than six months, **especially considering the unfavourable economic situation for investments**", **Elisabeth Rizzotti, the retail manager of the commercial macro area at UBI Banca**, commented. **One hundred Italian firms** have signed a loan agreement with us for the installation of clean energy plants for a total of **33 million euro in loans granted**. This figure confirms the interest expressed by Italian industry in social and environmental responsibility issues, which in this case also coincides with a substantial financial return". The "**energy account**" legislation, which recognises a special incentive tariff similar to a "government subsidy" has in fact given a real boost to photovoltaic installations in Italy. The amount varies according to the output and architectural integration of the plant and is calculated on all the electricity generated over a period of 20 years.

This simulator was therefore created to facilitate the assessment of an investment for firms. It is **structured on a calculation model** which processes the data entered by a user which regard the **general characteristics of the plant** simulated, the related costs (e.g. purchase of the plant, bank loan, maintenance and insurance cover), **the available surface area for the installation and the historical data for energy consumption** required to calculate the expected power output and to estimate the income resulting from recognition of the "Government subsidy" provided by the "energy account" legislation, both from savings resulting from self consumption and from the sale of the electricity.

“We designed this too specially for a basic type of user, making compilation **user-friendly without, however, compromising its reliability**” said **Simone Zanoni, a lecturer in environmental compatibility of industrial plant at the university of Brescia**. The simulator offers a **broad overview of the time horizon of the return on the investment and its profitability**, and at the same time also provides details of cash flows year by year both for net metering and for sales, taking account of variables such as maintenance costs and insurance which other tools similar to ours do not usually consider”.

The simulator **produces reports based on the information entered by users which can be downloaded in pdf format**. The reports summarise the choices made by users for the simulation, illustrating the main operating and financial data on the operation. They can be used for an initial assessment of an investment from the viewpoint of the finance needed, the economic feasibility and the environmental benefits in terms of carbon dioxide emission reductions (see the footnote below for further details).

Users are **assisted by online help** when working with the simulator at www.ubibanca.com. This describes the contents of the individual fields and can also be used to **consult documentation** which gives clear and concise information on the characteristics of a photovoltaic installation, on the “energy account” legislation and on the basic assumptions made to construct the calculation model on which the simulator is based.

“We decided to rely on the Department of Mechanical and Industrial Engineering in the Faculty of Engineering at the University of Brescia”, Elisabeth Rizzotti concluded, “**in order to construct a highly reliable and recognised scientific tool**. Here too, we wish to offer our advisory services to businesses in order to help them assess every aspect of their investments in line with our role as the ‘banking partner’ of our corporate clients”.

The simulator can be accessed at this address www.ubibanca.com/impianti-fotovoltaici where documentary information can also be downloaded.

Notes on the reports

1. **“Simulation Summary” Report** – which summarises the choices made by users for the simulation, highlighting the environmental benefits in terms of carbon dioxide emissions and illustrating the main operating and financial data for the operation.
2. **“Operating and Financial” Report** – which contains a financial statement giving data over “twelve years” (presenting details of an investment hypothesising an operational life for the plant of 25 years) for the main items of income and expense for the project. The statement is supplemented with a schedule that summarises the data for the investment and the financial cover for the simple and cumulative cash flows.
3. **“Financial Charts” Report** – which presents the useful life of the plant in terms of the annual values for specific operating and financial indicators such as the net present value and the internal rate of return.

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