



# ENVIRONMENT AND ECONOMY OVERVIEW AND SCRUTINY PANEL

## *Panel Report*

**Public**

**Date of Meeting:** 28th July 2011

**Title:** SUSTAINABLE ENERGY STRATEGY

**Report of:** The Assistant Director Local Environment

**Report reference:** LE 18/11

**Summary:** This report provides details of the Council's opportunities for investment in renewable energy projects by taking advantage of the feed-in-tariff for micro-generation.

**Questions for / input required from Scrutiny:**

**Recommendations:**

The Panel is asked to consider the recommendations to the Executive as set out below:-

- To approve funding for initial feasibility reports on solar photovoltaic (PV) installations for 18 Nr of the Council's properties at a cost of £2,500.
- On completion of the feasibility studies, PV installation projects, expected to give a financial return of 8% or higher, will be selected up to a maximum value of £500,000. A further report with recommendations including costs and benefits will be brought back to the Executive for further consideration and determination of the way forward. The funding to be found from the Asset Review.

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: None

- To approve the council's involvement as a partner with Denton Holme Green Group to assist in development in the Holme Head Bay hydroelectric project and to investigate the feasibility of the project.
- On completion of the investigation, subject there being an acceptable level of return to the authority, a further report with recommendations including costs and benefits will be brought back to the Executive for further consideration and determination of the way forward. The funding to be found from the Asset Review.
- To investigate the feasibility of biomass heating at Longtown Community Centre.

**Contact Officer:** Angela Culleton

**Ext:** 7325

## **1. BACKGROUND INFORMATION AND OPTIONS**

- 1.1 There are opportunities available for a limited time which may assist the City Council to achieve some of its objectives in relation to climate change, energy conservation and “invest to save” projects. The main driver for these is the government’s *Feed-in Tariff* scheme and the *Renewable Heat Incentive*. This is an incentive scheme to encourage property owners to invest in renewable energy and micro-generation projects.
- 1.2 The feed in tariff is available for solar photovoltaic, hydro power and wind power schemes. The renewable heat incentive scheme applies to biomass and solar thermal projects. The tariff is guaranteed for 25 years once a project has been accepted. However once the quota for renewable energy production has been reached it is likely that the scheme will be stopped or the tariff reduced. The current micro-generation scheme will run until April 2012 so prompt action is advisable, particularly for solar photo voltaic projects.
- 1.3 The Council’s Asset Review will identify assets where income has stagnated and seek to re-invest in more productive schemes. The liquidation of these assets will provide a funding opportunity for the renewable energy projects.

## **2. CONSULTATION**

- 2.1 Consultation to Date.  
A specialist renewable energy and climate change consultant, Steven Cirrell, has visited the Civic Centre and delivered a presentation to officers on how Councils can take advantage of the Feed-in-Tariff. The Buildings and Facilities manager has attended several workshops on renewable energy projects and the feed in tariff.
- 2.2 Consultation proposed.  
Tenders have been invited and received from specialist consultancies to carry out feasibility studies on selected properties and prepare a specification for solar photovoltaic installations. If the proposal is approved then the consultants would advise on the viability and expected returns on each project

## **3. RECOMMENDATIONS**

- To approve funding for initial feasibility reports on solar photovoltaic (PV) installations for 18 Nr of the Council’s properties at a cost of £2,500.

- On completion of the feasibility studies, PV installation projects, expected to give a financial return of 8% or higher, will be selected up to a maximum value of £500,000. A further report with recommendations including costs and benefits will be brought back to the Executive for further consideration and determination of the way forward. The funding to be found from the Asset Review.
- To approve the council's involvement as a partner with Denton Holme Green Group to assist in development in the Holme Head Bay hydroelectric project and to investigate the feasibility of the project.
- On completion of the investigation, subject there being an acceptable level of return to the authority, a further report with recommendations including costs and benefits will be brought back to the Executive for further consideration and determination of the way forward. The funding to be found from the Asset Review.
- To investigate the feasibility of biomass heating at Longtown Community Centre.

#### **4. REASONS FOR RECOMMENDATIONS**

- To take advantage of the feed in tariff for micro-generation as an invest-to-save project.
- To assist in meeting the Council's target for carbon emissions reduction (15% reduction on 2008 consumption by 2013)
- To contribute towards action on climate change.
- To help building users reduce on-site electricity consumption and energy costs.

#### **5. IMPLICATIONS**

- Staffing/Resources – Existing staff can accommodate the work within existing resources
- Financial – Investment in renewable energy sources could help the Council achieve financial savings in the longer term from lower energy bills and the possibility of generating income from surplus energy created. This report seeks approval to fund an initial feasibility study to determine which properties would benefit from photovoltaic installations. Further reports would be brought back to Executive on detailed costings and returns on investment, but it is likely the funding for the project will be met from receipts generated from the Asset Review which is looking at generating enhanced returns from the Council's assets. This scheme could be seen as a way of achieving this.

- Legal – The feed-in tariffs scheme was introduced from 1 April 2010 under powers in the Energy Act 2008 and the scheme is designed to encourage deployment of additional small scale low carbon electricity generation by organisations, communities, businesses and individuals.
- Corporate – The renewable energy projects will help achieve the corporate objectives of reducing carbon emissions and helping to prevent climate change.
- Risk Management – The main risks are failure to achieve the projected returns due to the Government breaking the agreement on the feed in tariff rate or the equipment failing to achieve projected outputs. Both these risks are considered to be manageable.
- Environmental – The renewable energy projects will provide good environmental benefits through displacement of fossil fuel energy generation by renewable energy.
- Crime and Disorder – No effect
- Impact on Customers – Savings achieved will free up resources for other local benefits
- Equality and Diversity – Rural (off the gas grid) properties will benefit from the renewable heat incentive by subsidising alternative renewable fuels.

## Impact assessments

Does the change have an impact on the following?

| Equality Impact Screening                        | Impact Yes/No? | Is the impact positive or negative? |
|--|----------------|-------------------------------------|
| Does the policy/service impact on the following? |                |                                     |
| Age  | No             |                                     |
| Disability                                       | No             |                                     |
| Race   | No             |                                     |
| Gender/ Transgender                              | No             |                                     |
| Sexual Orientation                               | No             |                                     |
| Religion or belief                               | No             |                                     |
| Human Rights                                     | No             |                                     |
| Health inequalities                              | No             |                                     |
| Rurality   | Yes            | Positive                            |

If you consider there is either no impact or no negative impact, please give reasons:

.....

.....

.....

If an equality Impact is necessary, please contact the P&P team.