

**Committee: Regeneration Scrutiny Committee**

Date of meeting: **26<sup>th</sup> November 2019**

Report Subject: **Energy Prospectus**

Portfolio Holder: **Cllr D Davies, Executive Member Regeneration and Economic Development**

Report Submitted by: **Amy Taylor, Team Manager Regeneration Opportunities & Bridget Powell, Principal Regeneration Officer**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
18.06.19	03.09.19				04.11.19	18.12.19		

**1. Purpose of the Report**

1.1. To present the draft Energy Prospectus to the Regeneration Scrutiny Committee and to seek Members support to recommend that the Executive Committee approve for the prospectus to be released and marketed to potential project partners and investors. It is hoped that the prospectus will demonstrate the proactive approach being taken by the Council to increase local energy generation and offer a significant contribution towards the reduction of our carbon footprint.

**2. Scope and Background**

2.1. In October 2015, the Council's Executive Committee received a report on the proposed development of a Regeneration Energy Projects Programme and agreed to support the proposal for the Environment and Regeneration Directorate to continue the development of a series of Projects.

2.2. The series of Projects were to be designed in order to address a number of challenges including:

- Supply of lower cost energy (smarter selection of providers);
- Supply of Low Carbon Energy (reducing our carbon footprint);
- Reducing energy losses (such as improvements to building fabric);
- Reduced usage through behavioural change (using less); and
- Potentially through the generation (and movement) of energy.

2.3. Aligned to this, Regeneration has a commitment to managing a sustainable future energy delivery programme to allow a choice of affordable energy and to reduce fuel poverty for future generations, with the aim of:

- Improving the choice of supply;
- Developing models that enable community ownership of energy; and
- Meeting the energy needs of vulnerable households.

- 2.4. A range of measures are in place, as part of efforts to mitigate these key challenges and meet the aims set out within the Corporate Plan, including:
- Development of a local energy prospectus, as a tool to prompt and stimulate proactive engagement within the energy sector;
  - Managing a research and development programme, to support delivery of affordable renewable energy provision for business, commercial and communities; and
  - Exploring collaborative working opportunities to stimulate development including partnership working across the commercial, industrial, private and public sector.
- 2.5. The projects contained within the prospectus are also being fed into the Bridging the Gap, Low Carbon Business Review which is looking at our current Carbon Footprint and how we can put in place measures to reduce it in the future.
- 2.6. The energy prospectus attached to the report as Appendix 1, seeks to highlight the many benefits to developing within Blaenau Gwent, including:
- Capitalising wider regeneration opportunities such as Cardiff Capital Region City Deal, Enterprise Zone Status, Tech Valleys and Valleys Task Force,
  - Key transport infrastructure through METRO, Heads of the Valleys A465 duelling and M4 corridor connections
- 2.7. The prospectus document provides a mechanism through which, a range of available development opportunities within Blaenau Gwent can be promoted; and as a means of engaging proactively with potential investors, scheme developers, other Local Authorities and community groups in an effort to stimulate local energy development and supply. This will in turn address the fuel poverty challenges we currently face.
- 2.8. The document lists the major development opportunities, focused on sites large enough to deliver the greatest impact and contribution to our Borough's local renewable energy targets.
- 2.9. The available sites are presented by renewable energy opportunity, providing key information relating to:
- Technology – method of renewable energy generation
  - Anticipated Lifecycle Revenue
  - A communication plan will be developed in consultation with the Communications Team, to outline the broad methods to be utilised in promoting the prospectus and the sites within it. This will include:
    - Energy events and conferences;
    - BGCBC website;

- Social Media;
- Existing energy developer contacts and networks; and
- Local Authority, Welsh Government and other Stakeholder meetings

### **3. Options for Recommendation**

#### **Option 1 – Do Nothing**

- 3.1. A decision not to support the energy prospectus would result in a reliance on existing documents, limiting the methods through which to proactively promote available energy development, with potential developers.

#### **Option 2 – Support the Blaenau Gwent Energy Prospectus and recommend approval by the Executive Committee.**

- 3.2. Approval of the energy prospectus (including associated communication plan), enabling a proactive approach in the councils efforts to increase the reliance on renewable sources of energy and associated business and community energy models developed.

#### **Preferred Option**

- 3.3. Option two is the preferred option as this provides us with basis to engage with potential project partners and investors to deliver some of the opportunities we have already identified. The prospectus demonstrates our ambition and commitment provides assurance that we are taking steps to contribute more positively to the environment.

### **4. Evidence of how does this topic supports the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan**

- 4.1. This topic supports the achievement of the Council's Corporate Plan 2018-2022 in the following areas:

- To create strong and environmentally smart communities we are taking a strategic approach to the management of buildings;
- To develop a portfolio of potential energy opportunities to deliver economic, business and community benefits; and
- To develop a more commercial organisation to generate income and deliver cost reductions to make local services sustainable and raise money to re-invest in our priorities.

- 4.2. The work contained within the energy prospectus cuts across a number of the current Strategic Business Reviews being progressed through the Bridging the Gap programme including:

- Commercial activity, investment and new income;
- Assets and property;
- Growth Strategy; and

- Low Carbon

## 5. Implications Against Each Option

### 5.1. *Impact on Budget (short and long term impact)*

- 5.1.1. There are no short term budget implications associated with the options presented within the report. All of the feasibility work carried out to date has been completed with either external grant funding or support from the Welsh Government Funded, Welsh Government Energy Service.
- 5.1.2. The long term impact of option 2 outlined within this report, is the opportunity to increase the amount of locally generated energy, generate income from working with energy suppliers and community energy groups.
- 5.1.3. Within the energy prospectus we have provided a snapshot of the level of investment required to deliver each of the projects together with some high level projections of the level of return per annum that could be achieved once completed. Further financial modelling has been carried out for the projects where possible and this will be built into business cases for investment over the coming months.
- 5.1.4. By way of example, the type of investment and return potential for one of the projects is listed below:

Wind Generation Opportunity Two – To provide up to 2MW of wind energy generation

Capital Investment required	£3.58m
Project Internal Rate of Return	5.03%
Project Payback	13.4 Years
Total Project cash surplus	£1.39m (£69,500 per annum)
Carbon savings	circa. 1942 tonnes per annum

- 5.1.5. The typical design life of a wind turbine is 20 years and in some cases the turbine could last longer than this (up to 25 years +). There will however be costs associated with maintenance and parts replacement but this will be built into the business cases that are prepared.
- 5.1.6. For each business case that is prepared we will utilise the information above together with any other potential costs that may be incurred throughout the life of the turbine (or other technology) to form a picture of the potential return on investment.
- 5.1.7. Work at the CCRC, aligned with the Development Bank for Wales, may unlock financial investment to enable energy developments take place and to promote and encourage community energy development locally.
- 5.1.8. Salix funding would continue to present an opportunity for interest free loans to support investment in energy initiatives. The main criteria for securing such

funding would be that investments must achieve carbon savings and have a return on investment of below eight years.

- 5.1.9. There are also some more modern forms of generating funding which offer the local community a chance to become involved in creating a better future for Blaenau Gwent. Platforms such as crowdfunding or green bonds.
- 5.1.10. Green bonds are those where the proceeds of their purchase are utilised to fund environmentally friendly projects.
- 5.1.11. Even though we would be looking for potential investors to assist in delivering the projects within the energy prospectus the Council will continue to investigate the opportunities to find the investment required to progress the projects and any benefits that such projects may bring.

## 5.2. ***Risk including Mitigating Actions***

- 5.2.1. The risks associated with option 1 outlined within the report is that energy development within Blaenau Gwent remains low, especially relating to private open market development.
- 5.2.2. The absence of a prospectus would limit available material and mechanisms through which to promote the sites and engage with potential developers.
- 5.2.3. The risks associated with option 2 outlined within the report are minimal. There is a risk that the prospectus fails to stimulate interest; utilising the prospectus as a method through which relationships with a range of interested parties within the Welsh energy sector would reduce this risk.
- 5.2.4. A further risk is the pressure on staff resources to facilitate and manage enquiries should there be a significant level of interest. Where possible we will continue to utilise the support of the Welsh Government Energy Service.

## 5.3. ***Legal***

- 5.3.1. There are no legal implications associated with this report. The potential projects identified within the prospectus are located on sites within the ownership of Blaenau Gwent.
- 5.3.2. Any update to the Local Development Plan would also take account of any changes in proposed land use on these sites and potential investors would be notified of any resulting changes to the LDP in advance of project commencement.

## 5.4. ***Human Resources***

- 5.4.1. Enquiries will be managed by the Strategic Projects Team, with input from relevant departments as necessary, not least planning policy and Estates, Legal Services and Asset Management.

5.4.2. Promotion of the prospectus and developing and maintaining proactive relationships with developers and other interested parties within the energy sector and community energy projects will require staff resource.

## 6. **Supporting Evidence**

### 6.1. ***Performance Information and Data***

6.1.1. The impact of the prospectus could be measured in a number of ways, including enquiries received, planning applications submitted and ultimately carbon reduction methods through projects delivered.

6.1.2. Approving the prospectus will demonstrate the Council's commitment towards achieving the Welsh Government target of generating 70% of energy from renewable sources by 2030 and 1GW of renewable electricity capacity to be locally owned in Wales by 2030.

### 6.2. ***Expected outcome for the public***

- 6.2.1.
- Increased energy choices (private/social rented/business/industrial)
  - More efficient homes and communities
  - Reduction in carbon emissions and improved air quality
  - Stimulation of other related benefits including green transport

### 6.3. ***Involvement (consultation, engagement, participation)***

6.3.1. Officers from across Regeneration and Community Services have been involved in development of the prospectus. In addition project development support has been received from the Welsh Government Energy Service.

6.3.2. Proactive engagement with potential energy developers will be essential to maximising the impact of the prospectus. A Blaenau Gwent Energy Event is being considered for Autumn 2019. To bring Smart Living Catalyst partners together from Welsh Government, AECOM and Miller Research to further engage with local businesses to develop Phase 3 of the R&D programme to expand renewable energy generation to the industrial sector and commence community engagement in moving and sharing locally produced energy.

### 6.4. ***Thinking for the Long term (forward planning)***

6.4.1. The prospectus is designed to be a method to stimulate interest and appetite to undertake energy development within Blaenau Gwent that in turn will facilitate a supply of renewable energy that will meet the changing and future energy needs of Blaenau Gwent.

### 6.5. ***Collaboration / partnership working***

6.5.1. Maximising the impact of the prospectus will be dependent on strong collaboration and partnership working with communities, the public and private

sector and businesses. Progressing opportunities from the prospectus would require partnership working across the Council.

6.6. ***Integration (across service areas)***

- 6.6.1. Stimulating interest in available energy project sites, especially BG owned land would potentially have an impact on the planning division, technical services, estates and assets management and legal.

7. **Monitoring Arrangements**

**Background Documents /Electronic Links**

*Appendix 1 – Energy Prospectus*