

Committee: **Regeneration Scrutiny Committee**
Date of meeting: **2nd December 2020**
Report Subject: **Energy Prospectus Annual Review**
Portfolio Holder: **Cllr D Davies, Executive Member Regeneration and Economic Development**
Report Submitted by: **Amy Taylor, Team Manager Regeneration Opportunities**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
11.11.20	12.11.20	17.11.20			02.12.20	13.01.21		

1. Purpose of the Report

1.1. To present members with an update on the Energy Prospectus and the activities carried out since its approval in 2019.

2. Scope and Background

2.1. In December 2019, Regeneration Scrutiny Committee and Executive Committee were asked to consider the draft Energy Prospectus. Both Committees agreed to approve the document and to move forward with a proactive approach to projects that will help meet our future energy challenges.

2.2. 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.

Review of Activity 2019-20

2.3. An annual review report containing highlights for each of the Projects identified within the Energy Prospectus has been included as Appendix 1 to this report.

2.4. Since its approval we have utilised the Energy Prospectus in a number of ways. We have utilised the document to set out our aspirations of taking a pro-active approach to addressing future energy challenges. This has enabled us to build further collaborations and take forward existing opportunities and identify future opportunities for us to consider.

- 2.5. One of the key areas which will directly impact on our work around future energy requirements is the understanding of energy infrastructure across the area. In some parts of Blaenau Gwent there are constraints within existing grid infrastructure that will impact upon the deliverability of projects. Over the past 12 months we have worked with Western Power Distribution to better understand the current position.
- 2.6. In February 2020, the Smart Living Team at Welsh Government brought together key departments across Welsh Government including Property, Tech Valleys etc. to present the work we had already completed and to explore how we can deliver upon the results of the Phase 2 Smart Living work. This helped raise awareness of the work we are doing across Departments of Welsh Government and discussions around further projects that can deliver upon areas identified within the prospectus.

Emerging Opportunities

- 2.7. Alongside delivery of existing projects within the Prospectus several new opportunities have emerged which would add value to work already being undertaken and create a pipeline of further opportunities for us to consider.
- 2.8. Whilst Brexit places uncertainty over our future participation in research projects across Europe we have received confirmation that the UK is able to participate in funding calls within the current Horizon 2020 programme. As a result of this confirmation we were invited to join a consortium for the call 'Upgrading smartness of existing buildings through innovations for legacy equipment'. The proposal was submitted in September, we can expect a decision as to whether the Project has been successful in early 2021.
- 2.9. Cardiff Capital Region City Deal through Merthyr Tydfil County Borough Council have secured £1.3million from the Welsh Government Ultra Low Emission Vehicles (ULEV) fund to support the delivery of infrastructure to support taxis in the transition to low emission vehicles. Blaenau Gwent has identified sites where infrastructure would be required and shared details of the procurement approach taken by the Gwent Authorities.
- 2.10. CCRC has also recently announced the launch of a £10 million Challenge Fund. The Fund will invite public sector organisations to develop challenges and connect with organisations that are able to provide innovative solutions to the challenges identified. One of the three priority themes that CCR wishes the challenges to address is decarbonisation.
- 2.11. Welsh Government invited Local Authorities to submit Expressions of Interest (EOI) in becoming a pilot for Local Area Energy Planning. An expression of interest has been submitted and it is expected that Welsh Government will identify their pilot Local Authority at the end of November.
- 2.12. If chosen as the pilot Local Authority, Blaenau Gwent would receive support to carry out Local Area Energy Planning which will inform, shape and enable key aspects of the transition to a low carbon energy system. It will identify what

needs to happen, where and by when. It takes a whole system approach and looks at heat, power and transport.

3. Options for Recommendation

Option 1 – Do Nothing

- 3.1. To not undertake any further work to promote the energy prospectus and the projects within it.

Option 2 – Continue to support the Blaenau Gwent Energy Prospectus

- 3.2. To continue to support and promote and develop the projects within the energy prospectus and to ensure that the document is updated to reflect any additional projects that have emerged. To also continue to identify future projects that will also meet the vision and objectives of the Council with respect to energy and decarbonisation.

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 and provides assurance that we are taking steps to contribute more positively to the environment and decarbonisation.

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 Refresh 2020-2022 in the following areas:

- To create strong and environmentally smart communities we are taking a strategic approach to the management of buildings;
- To be a carbon neutral Council by 2030;
- 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. It will also work towards addressing some of the key challenges identified within the Council's Decarbonisation Plan 2020-2030. For the Council to become Carbon Neutral by 2030 we will have to exploit local opportunities for renewable generation and using energy differently.

5. **Implications Against Each Option**

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

- 5.1.1. Background research and initial feasibility work is carried out within existing staff resources. Further work to determine feasibility of projects has been completed with either external funding or support from the Welsh Government Smart Living Programme and Welsh Government Energy Service.
- 5.1.2. Works carried out through the Re:FIT programme are being funded through a Salix interest free loan. We expect the overall programme to reach £4.1 million with the portfolio achieving savings that enable payback within 8 years (or less).
- 5.1.3. Horizon 2020 Projects are 100% funded from the European Commission. As outlined in the Prospectus these projects attract circa. £300,000 of funding per project. We expect the VIRTUOUS project to provide a similar level of funding if approved by the European Commission.
- 5.1.4. The Gwent EV Charging Infrastructure Network received circa. £450,000 of funding through the UK Government funded Office for Low Emission Vehicles (OLEV). This was matched with funding from the five Local Authorities to deliver a Gwent EV Charging network.
- 5.1.5. Within the energy prospectus we also 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 and this will be built into business cases for investment over the coming months.
- 5.1.6. 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.
- 5.1.7. 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. Such forms of investment could include Green Energy Bonds these will be investigated further as feasibility studies determine there are viable projects to be taken forward.

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 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.

5.3. **Legal**

5.3.1. There are no direct legal implications associated with this report. The projects identified within the prospectus are located on sites within the ownership of Blaenau Gwent.

5.3.2. Some of the Projects within the prospectus will look at different business models for delivery. As part of the Phase 2 work for the Blaenau Gwent Energy Catalyst project funded through Welsh Government, legal advice was commissioned to consider potential business models that could be used to deliver the project. These will be considered in more detail within Smart Living Phase 3.

5.4. **Human Resources**

5.4.1. Regeneration Services continue to manage any enquiries, with input from relevant departments as necessary, not least planning policy and Estates, Legal Services and Asset Management.

6. **Supporting Evidence**

6.1. **Performance Information and Data**

6.1.1. 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.

6.1.2. For each of our projects we will look at overall impact upon carbon footprint and this will be included in future annual reviews. To demonstrate the impact these projects, have on our carbon footprint we can use the REFIT project. It is expected that through installing the energy conservation measures across the portfolio we can save circa. 880 tonnes of carbon per annum.

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 were involved in the development of the prospectus. They have continued to be involved in its development and delivery over the past 12 months. Project development support has been received from the Welsh Government Energy Service.

6.3.2. To understand our local grid infrastructure availability and constraints we have established good working relationships with representatives of Western Power Distribution.

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

6.4.1. The prospectus has been designed to stimulate interest in energy development within Blaenau Gwent that will facilitate a supply of renewable energy that will meet the changing and future energy needs of Blaenau Gwent.

6.4.2. It will also contribute towards our target of achieving net zero carbon emissions by 2030.

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

6.5.1. Continuing to maximise 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.

6.5.2. Members of the team have been asked on a number of occasions to present and share our model for partnership working and collaboration to deliver projects such as the Gwent Electric Vehicle Charging Network.

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**

7.1. Annual reports to update on progress of projects within the energy prospectus sit on the forward work programme for the Council's Regeneration Scrutiny Committee and Executive Committee.

Background Documents /Electronic Links

Appendix 1 – Energy Prospectus Annual Review

Energy Prospectus, Regeneration Scrutiny Committee Report and Appendix – December 2019