



# **Local Energy Efficiency Network**

4, 5, 6 November 2014

London/Manchester/Newcastle



# **Welcome and introduction**

Dr Andy Johnston  
COO LGIU and CEO Local Energy

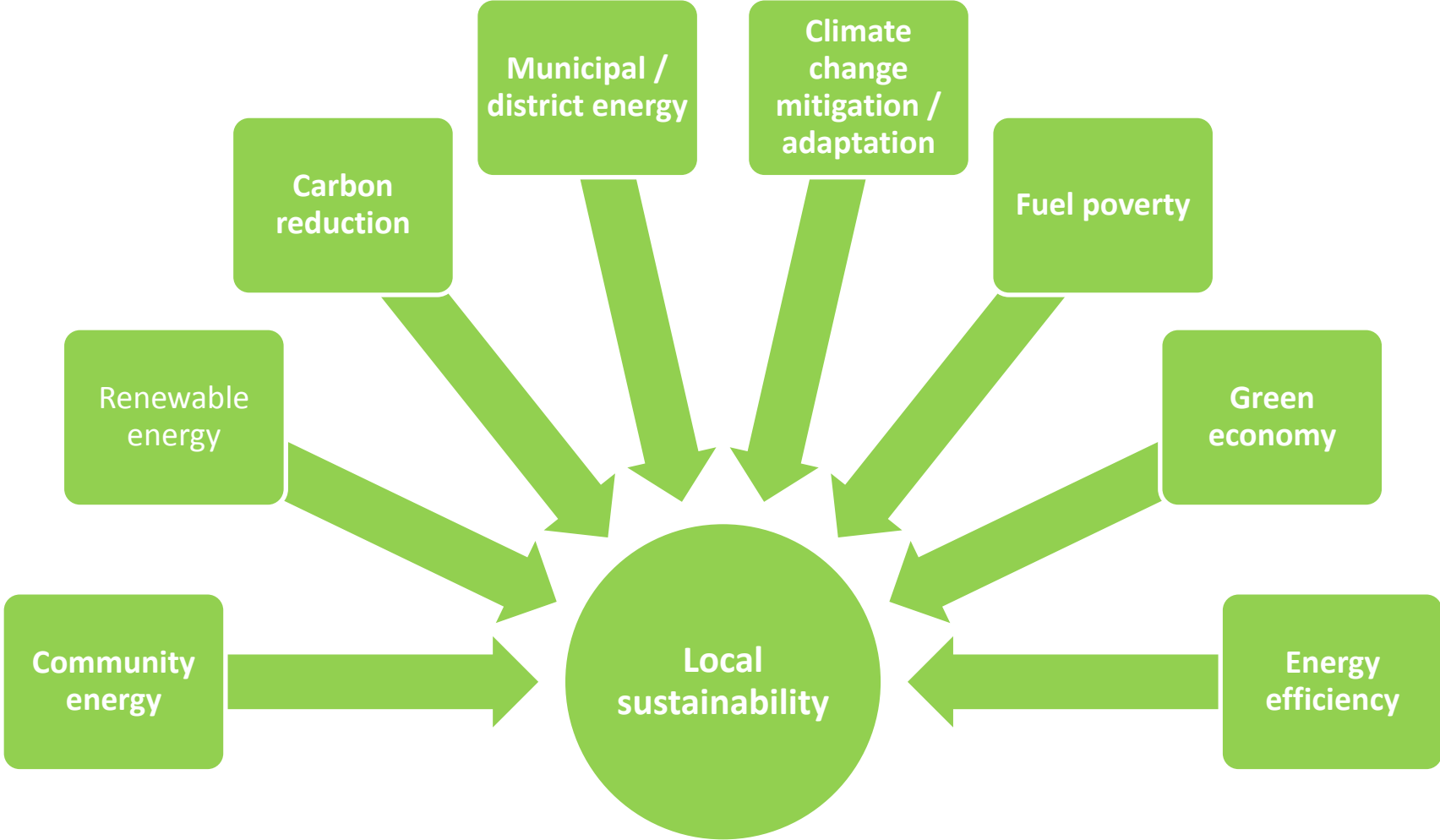


## **Setting the scene**

Karen Lawrence

Local Energy

# Policy areas



# Policy directions

- Climate change strategy / greenhouse gas emissions reduction targets (EU: 40% by 2030)
- Heat strategy ('The Future of Heating: Meeting the challenge', 2013) / renewable heat incentive / HNDU
- Community energy strategy (2014)
- Energy efficiency strategy (updated 2013) / EEDO / EU energy efficiency savings target 27% by 2030
- Solar PV strategy (2014) / renewables target (UK: 15% of final consumption by 2020/EU: 27% by 2030)
- Fuel poverty strategy (coming soon)
- Etc...

# What should local government do?

“Local government is uniquely well-placed to support, partner and invest, and to provide a positive planning and policy environment to help drive a community energy revolution”

Local authorities and other local partners are key in ensuring effective and intensive delivery of Green Deal and the Energy Company Obligation (ECO) in their communities

“Local Authorities have a clear role to play in tackling fuel poverty”

“The Government wants to see public buildings at the forefront of the move to renewable energy”

# Some key (local) factors



Community backing

Financial viability / attractiveness



Skills and capacity to deliver



Political will



**Expectations**

**Limitations**

**What is local  
authorities'  
role?**

**Visionary  
leaders?**

**Service  
providers?**

**Business  
people?**





# **The Community Energy strategy: progress so far**

Dr Andy Johnston  
COO LGIU and CEO Local Energy

# Overview

- **Community Energy strategy launched in January**
- **New Community Energy Unit in DECC**
- ***Powering Up* conference in Oxford in September**
- **Shared Ownership paper**

# Progress so far



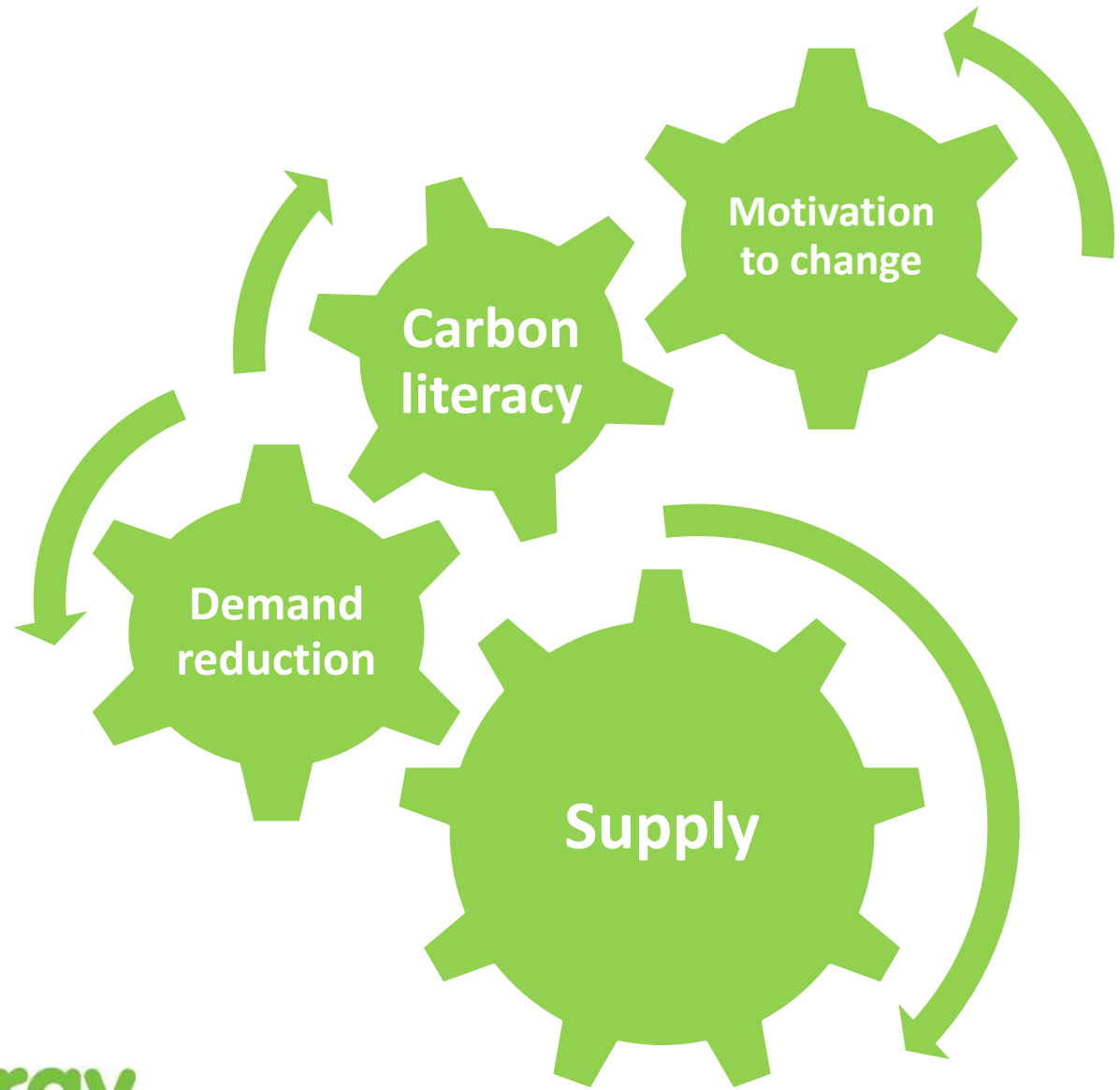
Incentives  
are available

The policy is in  
place

The challenge is  
understood

# The vision

A new energy ecosystem



# Challenges



Hydro



Grid  
connection



Planning



Finance

# Solutions

- District heating
- ECO and FITs and RHI
- Local supply companies
- Partnerships
- New business models
- Smart metering
- Energy efficiency
- Participative planning
- The social dimension

# Shared Ownership Taskforce report

Commercial project developers seeking to develop significant renewable energy projects (i.e. above 2.5m in project costs) for the primary purpose of exporting energy onto a public network should offer interested communities shared ownership

Local Authorities can play a vital role in facilitating the deployment of renewable energy and the adoption of community and shared ownership. They may do this through developing their own projects, supporting community groups, linking developers and community groups, or by buying into renewables schemes themselves



# **Green Deal Communities: progress report**

Karen Lawrence  
Local Energy



# Overview

- **£88m total funding**
- **24 projects funded**
- **97 local authorities involved (many collaborations)**
- **Different approaches**
  - **Bottom-up (community led)**
  - **LA/social housing led**
  - **Geographically defined areas and/or housing types**
  - **Third party delivery (often with more than one partner)**

# The 24 funded projects

- East Hampshire District Council: £2,944,668
- Dartford Borough Council: £4,026,855
- Leeds City Council: £4,943,200
- **Bristol City Council: £7,292,200**
- **Nottingham City Council: £5,473,300**
- Broadland District Council (S. Norfolk & Norwich City Council): £1,444,300
- London Borough of Hillingdon: £2,975,900
- **Telford & Wrekin Council: £4,859,900**
- Worcestershire County Council: £3,630,100
- London Borough of Lewisham: £1,656,222
- Surrey Coalition (Woking Borough Council): £2,550,491
- Bath & North East Somerset Council: £929,300
- Plymouth City Council: £3,068,800
- South Buckinghamshire District Council: £2,574,991
- Manchester (Oldham Metropolitan Borough Council): £6,119,700
- Ashfield District Council: £1,097,098
- Suffolk County Council: £5,712,600
- Cambridge City Council (Cambridgeshire wide consortium): £7,857,400
- Peterborough City Council: £3,945,100
- London Borough of Haringey: £6,560,012
- Bracknell Forest Council: £1,820,714
- Eastleigh Borough Council: £3,336,900
- Nuneaton & Bedworth Borough Council: £2,084,502
- London Borough of Harrow: £1,457,100

# Delivery against targets

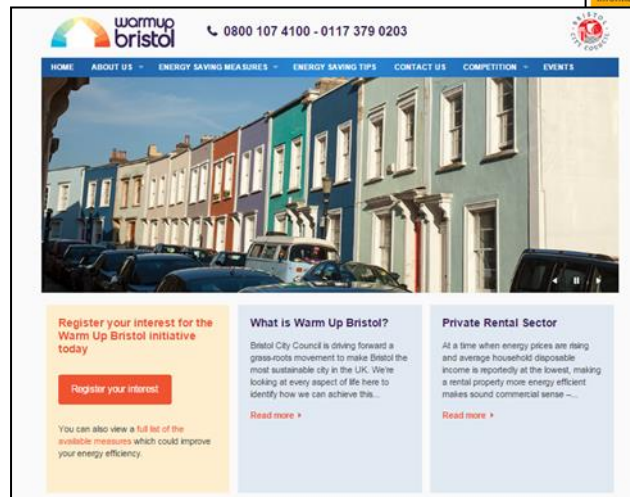
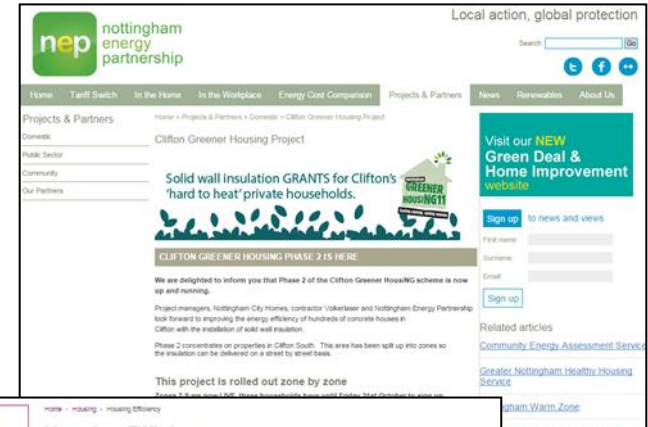
- **Delivery overall currently ‘not where DECC would like it to be’**

“The scheme will be rolled out on a street-by-street basis and will aim to help around 32,000 households install energy efficiency home improvements like solid wall insulation and new heating systems so that they have warm, more energy efficient homes and better control of their energy bills”

- **DECC has written to all participants to request updates and assess possible need for project extensions (responses due 31 Oct)**
- **Will be subject to Ministerial decision**

# Good examples

- Nottingham City Council
- Telford & Wrekin Council
- Bristol City Council



# Nottingham City Council



- Nottingham City Council's Greener Housing helps residents living in privately owned and social housing
- Project manager Nottingham City Homes, contractor Volkerlaser and Nottingham Energy Partnership are improving hundreds of concrete houses in Clifton with the installation of solid wall insulation (SWI)
- Social housing led: 'infill' owner-occupied homes are funded through combination of ECO/GDC
- Phase 2 is in Clifton South, which has been split up into zones so SWI can be delivered on a street by street basis
- Fixed price offer for SWI based on the property's archetype – able to quote price 'on the doorstep'

# Telford & Wrekin Council



- Delivered by Telford Energy Savers, an initiative set up by Telford & Wrekin Council in partnership with Carillion in 2013, using local companies to undertake the works
- Energy efficiency improvements for the hardest to heat homes in the borough to help alleviate fuel poverty
- Help to pay for more costly improvement works, such as external and internal wall insulation, as well as energy efficient boiler replacements
- Limited to 1,000 properties on a first come, first served basis
- Telford Energy Savers conducts the assessments, advises on funding, and schedules the work to cause least disruption
- Marketing has ceased due to high level of take-up

# Bristol City Council



- Bristol: European Green Capital 2015 - “most sustainable city in the UK”
- Warm Up Bristol: four-year initiative from Bristol City Council, launched 8 October 2014, target to provide 30,000 home improvement measures
- Run by the council’s dedicated Energy Service, working with community partners (who receive referral fees for successful installations) to engage local residents
- Delivery partner (Climate Energy) plus trusted local installers and other organisations such as the Fire Service and Bristol Water offer a range of improvements
- Dedicated website [www.warmupbristol.com](http://www.warmupbristol.com) where people can find out how they could benefit from the scheme
- A cluster of houses have already benefitted from external wall insulation and people are encouraged to visit the demonstrator streets to see the finished result





# Sharing the lessons learned

- DECC held two events for participants, with another scheduled on Friday 7<sup>th</sup> November
- Factsheets available
- Web portal currently being set up, with access for all 97 LAs involved
- Green Deal case studies on DECC website





# **Delivering the Green Deal locally: Local Energy case studies**

Dr Andy Johnston  
COO LGIU and CEO Local Energy

# Yorkshire Energy Partnership and Local Energy

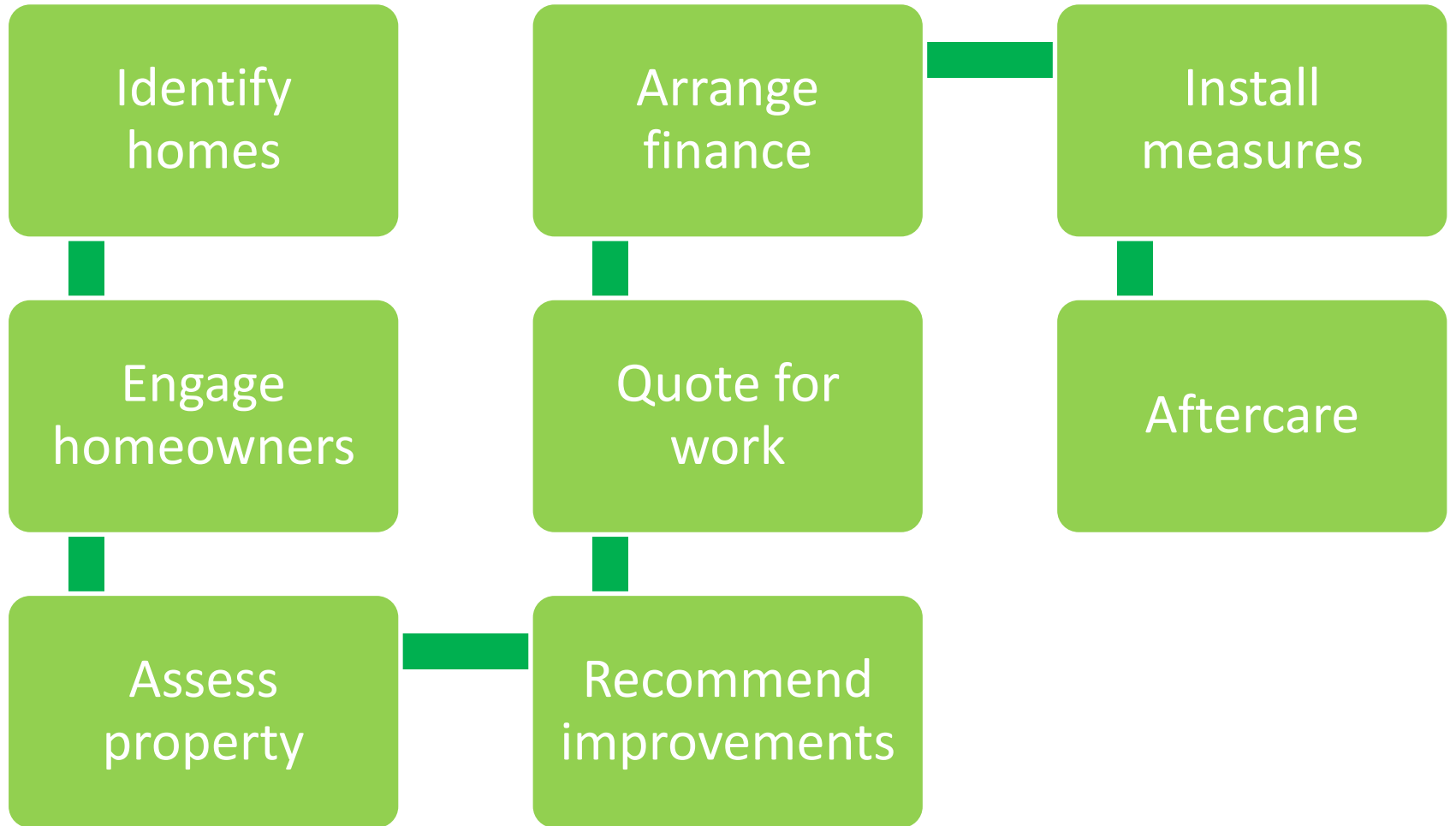
Both owned by local  
government



Both not-for-profit



# Elements of models



**YEP and Local Energy model:  
responsive**

**Solent and Local Energy model:  
active**



## **A brief update on the CRC**

Karen Lawrence

Local Energy

# CRC Phase 1 (2010-11 to 2013-14)

- ...has ended!
- EA has allocated allowances to all participants who placed a valid order during the buy to comply sale window in June-July and successfully paid for them
- Final allowance surrender deadline was Friday 31<sup>st</sup> October 2014
- If you haven't yet surrendered your allowances... contact the EA

# CRC Phase 1 (2010-11 to 2013-14)

- You may still be audited for Phase 1 participation
- All evidence packs should be kept for at least 7 years after the end of the Phase (i.e. until 2021)
- Carry out a review - ensure records in support of Phase 1 are accurate and retained in an auditable format
- The 2013/14 CRC Annual Report Publication (ARP) will be published during November 2014. Participants will be notified approx. one week before the publication date



# CRC Phase 2 (2014-15 to 2018-19)

## What's changed?

- Schools removed from the scheme
- EU ETS exclusion
- Emission factors
- Forecast sale and buy-to-comply sale
- Internal audit requirements

# CRC Phase 2 (2014-15 to 2018-19)

## Schools removed from the scheme

- Local authorities no longer include schools' emissions in qualification or reporting
- Many LAs no longer qualify for Phase 2
- Less incentive to improve schools' energy efficiency?
- Diminished business case for LA energy efficiency overall for LAs not in Phase 2?
- *2015-16 Local Government Finance Settlement proposes to reduce funding to each authority falling out of the scheme, equal to the tax that would have been due on the total emissions (excluding schools) for that authority. This is to compensate for the loss of tax revenue to the Exchequer (calculated as £6.4m)*

# CRC Phase 2 (2014-15 to 2018-19)

## EU ETS exclusion

- All electricity and natural gas supplies to sites with an EU ETS installation - including the activities that are not explicitly listed within the EU ETS permit - will be excluded from CRC reporting
- These rules also apply to qualification assessment for CRC Phase 2

# CRC Phase 2 (2014-15 to 2018-19)

## Emission factors

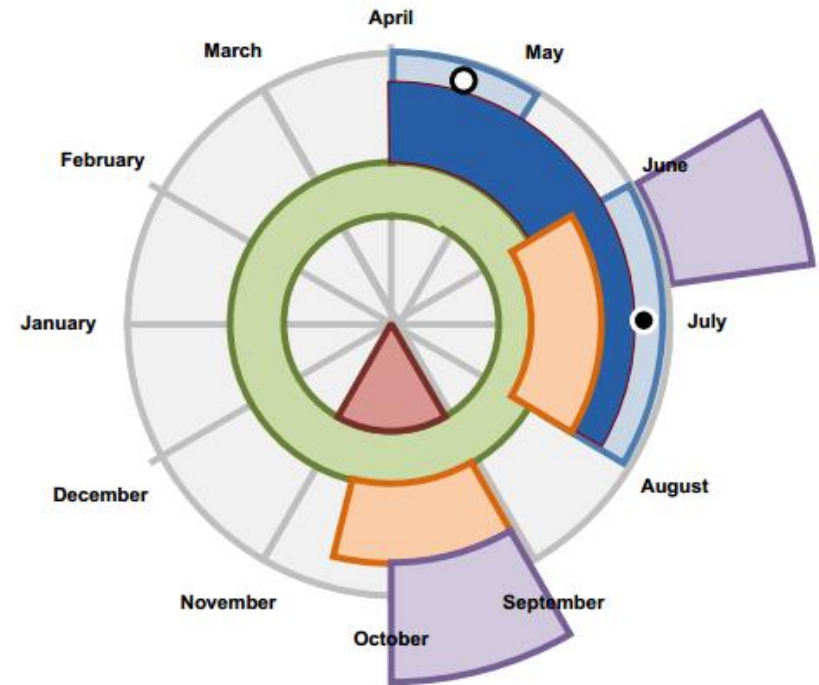
Energy	2014/15 emission factor (kg CO <sub>2</sub> /kWh) for use in Phase 2 Year 1	Phase 1 emission factor (kg CO <sub>2</sub> /kWh)
Mains electricity	0.5331	0.541
On site generated electricity	0.49023	N/A
Natural gas	0.184557	0.1836

- Emission factors will change each year throughout the Phase – make sure you're using the correct factors
- The emission factors for the CRC year will be published by Defra in June (i.e. after the forecast sale)

# CRC Phase 2 (2014-15 to 2018-19)

## Forecast and buy-to-comply sales

- Forecast sale
  - April
  - For current compliance year
  - Lower price
- Buy-to-comply sale
  - June-July
  - For previous compliance year
  - Higher price



Collect information for supply data and evidence pack. Inform Environment Agency of changes to organisation structure, disaggregation and designated change.

Submit Annual Report

Order allowances

○ Forecast Sale

● Buy to Comply

Pay for allowances

Environment Agency allocate allowances

Surrender allowances

# CRC Phase 2 (2014-15 to 2018-19)

## Internal audits

- You are required to conduct an internal audit annually. You should keep a record of the checks made in your evidence pack including:
  - who carried the checks out and when
  - any issues that were identified
  - what corrective action was taken
  - when any issues were resolved
- The internal audit report should be signed off by an authorised contact and a senior member of staff within the organisation (such as a director or your senior officer). This person must be someone who exercises management control over the appropriate activities
- The signed document must be kept with your evidence pack



**Discussion:**  
**LA priorities and next steps**

Dr Andy Johnston  
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