

Report from City and Environmental Services

Addressing climate change, fuel poverty, rising fuel bills and generating and selling localised sustainable energy in York

Summary

1. This report outlines the current ongoing work happening across CYC and the city to help mitigate against climate change, fuel poverty and rising fuel bills. It also illustrates the ongoing work relating to the generation of localised sustainable energy.

Recommendations

2. To note progress being made to address climate change, fuel poverty, rising fuel bills, the generation of localised sustainable energy and to note the future work being considered.
3. To explore views and ideas of the Committee surrounding these areas covered in the report.

Background

Current work

4. City of York Council (CYC) is taking a proactive approach in tackling tough carbon emission targets and social issues such as fuel poverty and rising fuel bills.
5. The following work illustrates some of these current proactive approaches to reducing: 1) carbon emissions 2) fuel poverty 3) energy bills and to increasing 4) localised sustainable energy generation:
 - a. In 2013 – 2014 helped private residents to install over 400 energy efficiency measures including the following insulation: 175 lofts and 194 cavity walls; and 34 energy efficient boilers.

- b. In the first quarter of 2014 (April – June 2014) helped private residents install 32 energy efficiency measures. 58 York residents were also given energy saving advice through Yorkshire Energy Partnership's advice line.
** Please note that various changes to former subsidies such as CERT and CESP, the introduction of the Green Deal and most recently the revisions to the Energy Companies Obligation (ECO) has meant that numbers of free or subsidised measures the council can draw on and offer is much lower than in recent years.*
- c. Just under £20k was secured to extend the Home Energy Programme (now the Save Money Save Energy Programme) which is working in certain areas of the city to provide practical money saving and energy saving advice. The extended programme will now run from September 2014 – March 2015. Annex A summarises the main aim and objectives of this programme.
- d. Helped 751 residents to sign up to the CYC's assisted collective energy switch scheme. Over 36,000 people registered across the UK as part of the wider national Big Community switch. In York, 242 residents switched suppliers which resulted in an average saving per person of £169 over the year. That's a potential financial saving of over £40,000 across the city.
- e. A third switch took place between August and October 2014 and initial figures show that just under 500 York residents signed up.
- f. The Leeds City Region (LCR) Green Deal (and ECO) Provider procurement has now been completed. The purpose of the procurement was to establish a long-term partnership with a Provider to generate 'green' investment in the LCR, comprising of drawing down millions of pounds of ECO funding to deliver energy saving measures in residential properties (focused on the private sector), to create jobs and skills, and reduction in city levels of fuel poverty and carbon emissions (from the domestic sector).

- g. In October 2014 Cabinet received an update on progress made to date with the procurement of the Leeds City Region (LCR) Green Deal and Energy Company Obligation (ECO)¹, and gave delegated authority to officers to negotiate the finer details of the contract and to call off from the Framework Agreement once finalised.
- h. The whole programme aims to deliver across the region a minimum of 14,000 green deal measures to 12,000 homes over the first 3 years of the contract. However, this is subject to any changes in government policy especially regarding ECO and the Green Deal Home Improvement Fund (GDHIF). Recent changes to these subsidies in particular the reduction in the amount of ECO available and the suspension of the GDHIF from July this year until at least April next year has made it very difficult to predict the exact amount of measures that will be delivered. For York as an estimate this is likely to offer measures to just over 800 homes in the first 3 years.
- i. It is envisaged that CYC will be in a position to draw down and start delivering measures from March 2015.
- j. To launch the scheme CYC and the winning bidder will develop an Eco-Demonstration show home that will be open to the public to show case up to £15k of green deal measures. A competition to select the property will commence shortly. In addition 70 green deal vouchers offering up to £750 off measures will be issued (on a first come first served basis).
- k. CYC recently secured £128k of internal money to develop and deliver a new transformational carbon and energy management programme (TCEMP). Annex 2 summarises the programme and works.
- l. Currently drawing down regular Salix funding to support energy efficiency projects across the Council's estates.

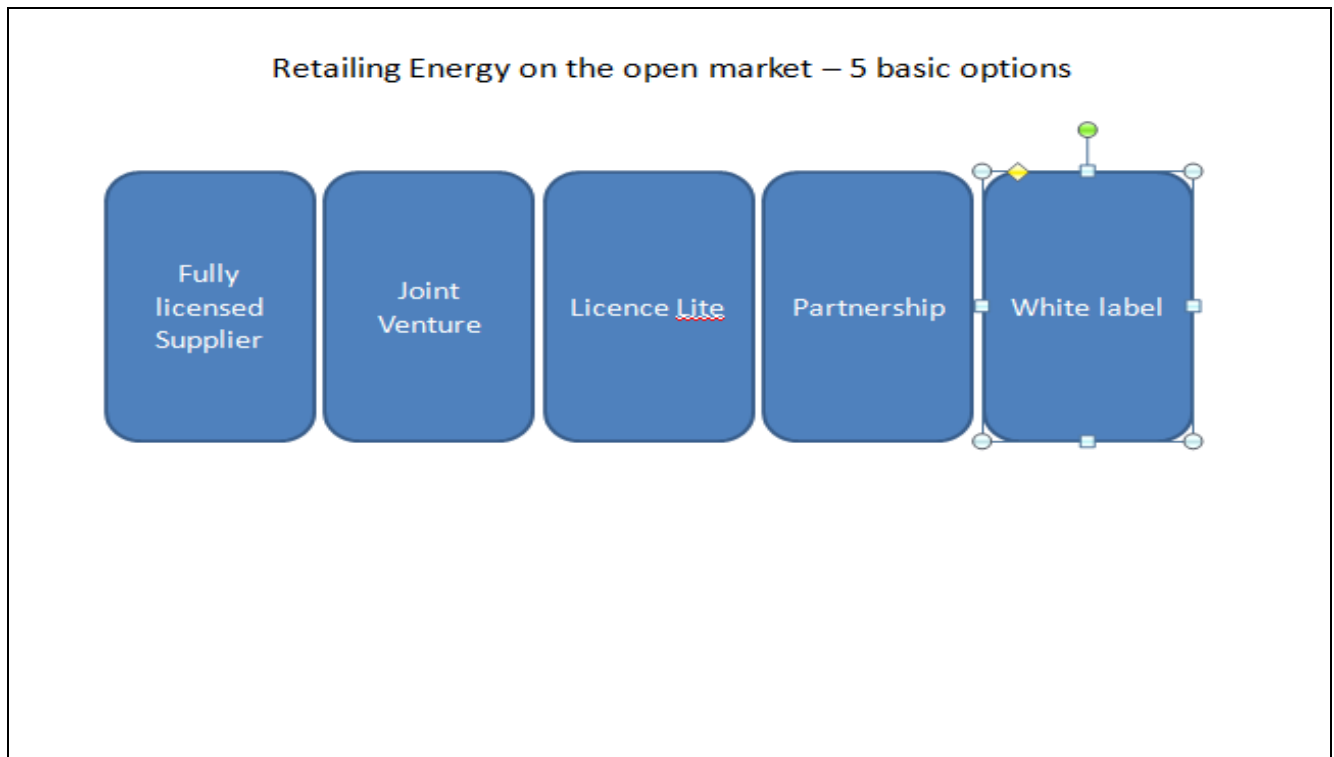
¹ ECO places legal obligations on the larger energy suppliers to deliver energy efficiency measures to domestic energy users. It operates alongside the Green Deal which is designed to help people make energy efficiency improvements to buildings by allowing them to pay the costs through savings made on their energy bills rather than upfront. Customers have the option to use other sources of finance to fund measures (personal loans, savings, etc).

- m. A land-based and roof based solar photovoltaic (PV) portfolio of potential sites for future solar PV generation has been collated and delivery models are being investigated.
- n. Completed a new Renewable Energy Study (2014) for the city highlighting potential for localised renewable energy generation including the potential for solar PV farms on CYC's estate.
- o. This study also acts as a robust evidence base for the emerging Local Plan. It has helped the Council create a positive strategy to promote energy from renewable and low carbon sources; to maximise renewable and low carbon energy development while ensuring that adverse impacts are addressed satisfactorily; and to identify suitable areas for renewable and low carbon energy sources.
- p. CYC is exploring the potential for solar energy generation on 2 of its sites. Various solar PV delivery models continue to be investigated. Recent dialog has been carried out with 5 large solar PV developers.
- q. A strategic solar PV framework is being explored for the design, install and operation of PV schemes across CYC's estate. This is being explored by CYC's new Utility Board (set up to deliver the new TCEMP) and this may offer an opportunity to deliver PV projects across our estate in due course. Timescales can not be confirmed at this stage.
- r. CYC joined APSE's Local Authority Energy Collaboration. The goal is to deliver the local municipalisation of energy services and in doing so will address social objectives such as a reduction in fuel poverty, and will save and make money for local authorities. The collaboration will ensure a greater amount of low carbon energy projects come into fruition.
- s. The Leeds City Region Enterprise Partnership (the LEP) has successfully completed Phase 1 of its Strategic Heat Programme (SHP), a City Region-wide piece of research to identify potentially economically viable district heat networks. 15 uniquely investable opportunities have been identified as part of Phase 1 of which two separate opportunities have been identified within the boundaries of the City of York Local Authority Area.
- t. Phase 2 will carry out two techno-economic feasibility studies in York (sites to be confirmed).

Through the LCR, CYC has secured just over £110k of external funding to facilitate this work and carry out the studies. Although the studies will not deliver cheaper energy to local people, there is potential in the future, if the networks are developed.

Future work

6. The Council is very committed to accelerating renewable energy generation across the Council and city. The Council developed a road map to accelerate renewable energy generation across its estate and has been developing a pipeline of renewable energy projects to deliver. These documents coordinate action and ensure a joined up long term vision is deliverable.
7. It is noted that the Committee specifically asked at the last meeting (25th March 2014) about bulk buying energy to enable the Council to provide cheap energy for the city. To date, the Council has prioritised the acceleration of solar PV schemes across its estates. Once the full potential for solar energy is fully understood, CYC will then look at options for selling and / or using the energy locally. However this will require additional resources to support this work including procurement, legal and energy experts.
8. Through this work the Council will need to look at what it plans to do with the energy it generates and what structures / partners it may need to set up to enable delivery.
9. Such renewable energy technologies can also be known as distributed energy generation technologies. These can generate energy locally and give rise to a far more decentralised and competitive energy network. Currently the big 6 energy companies own 71% of total electricity generating capacity in the UK.
10. As part of the wider renewable energy strategic ambitions and strategy the Council could consider looking at the wider options available to generate and sell energy locally for social and financial gain.
11. Some Councils are beginning to explore the opportunity to i) generate energy and ii) sell it back to communities.
12. If a Council wishes to not only generate energy but to sell energy to the local community to tackle issues such as fuel poverty, financial inclusion, excess winter deaths or as part of their wider energy vision for their city / council, there are 5 basic options available.



Source: IPPR City Energy: A new power house for Britain (2014)

- Annex C details such options. As part of the wider strategic renewable energy ambitions and strategy for CYC, the Council will look at these options and delivery model(s) to deliver the most preferential outcomes.

Consultation

- At this early stage, only Housing Officers working in the area of Fuel Poverty have been consulted on this report.

Options

- CYC to continue to proceed with the current work above.
- If Economic & City Development Overview and Scrutiny Committee wish to consider and develop new streams of work in this area, including a energy buying schemes, this will require additional resources to carry out the work.

Council Plan

- Protect the environment – The programme will ensure the Council continues to address climate change, fuel poverty, rising fuel bills and sustainable energy generation. It will offer energy efficiency measures that will reduce city-wide carbon emissions and fuel / energy bills.

It will also promote and increase small scale and large scale renewable energy generation across the city.

Implications

18. The following implications have been considered:

Not applicable as this is a report outlining current work.

- (a) **Financial**
- (b) **Human Resources (HR)**
- (c) **Equalities**
- (d) **Legal**
- (e) **Crime and Disorder**
- (f) **Information Technology (IT)**
- (g) **Property**
- (h) **Other**

Risk Management

19. Not applicable at this stage

Recommendations

20. i) To note progress and to note the future long term strategy for decentralised energy generation in the city.

Reason: A lot of work ongoing in this area.

ii) To explore views and ideas of the Committee surrounding these areas covered in the report.

Reason: To understand the Committee's ambitions in this area.

Contact Details

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Annexes

Annex A- The Save Money by Saving Energy Programme

Annex B- Summary of the Transformational Carbon and Energy Management Programme

Annex C- Energy Supply Models

Annex A: The Save Money by Saving Energy Programme

Aim

The overarching theme of this project is to continue to save residents money on their fuel bills, through two different streams of work: switching energy tariffs via the Big Community Switch and using less energy in the home.

- Saving money by switching energy. The funding will allow the continuation of a dedicated resource for the saving money by switching energy scheme (part of the national Big Community Switch). It will build on the momentum built from the first switching scheme in December 2013 to February 2014. The next two scheduled switches are August 2014 and January 2015.
- Save Money by Saving Energy. A dedicated officer will continue to reach the community through face-to-face energy efficiency advice and 'up skilling' both CYC employees and other relevant agencies.

Objectives

See table overleaf:

Objective	Describe how the project meets the objective
Individuals are equipped with the knowledge and skills to bring about their own financial stability	<p>This project aims to reach 976 residents in the identified areas. We will achieve this through face-to-face events, social media, press releases and email/telephone advice. We will directly influence 120 people at events held in each area or by advice given over the phone. The events give residents clear and concise verbal and written information on how they can lower their energy consumption and reduce costs.</p> <p>We will ensure that, from working with our stakeholders such as Advice York and Age UK, we will disseminate each other's key messages to ensure the reduction of residents' financial obligations.</p>
Advice and information services achieve greater coordination	<p>Hold three workshops for council departments and relevant city-wide agencies, coordinated by the project officer and external training partners. NEA and iChoosr training have already been held to great success. This will transfer the knowledge and confidence for employees to advise their clients on the best advice to reduce their fuel bills. Another purpose of these sessions is to ensure that all relevant agencies are aware of each other's work and to ensure we're able to better advise and signpost our customers.</p>
Awareness and understanding of the benefits system (by residents, advisors and sign-posters) is increased	<p>This project prioritises the benefits relevant to reduce heating bills, such as the Winter Fuel Payment and Cold Weather Payment. For all other benefits, we signpost to the Council's Benefits team and Advice York, all of whom have benefitted from the workshops we've held at West Offices.</p>
Cost of living (food, fuel, childcare and white goods and furniture) for those living in poverty is reduced.	<p>This project focuses on supporting residents to reduce their fuel bills through two avenues. First, the Big Community Switch. In the December 2013 switch, the average saving for those who switched to the winning tariff from their old supplier was £169 per annum.</p> <p>Second, up to £280 per year can be saved through simple no cost or low cost actions around the home². Additionally, it is widely recognised that those in fuel poverty are more likely to need additional support from organisations such as the Trussell Trust (food banks). Through this project, we have worked with the two food banks within the city and the Community Furniture Store, to make sure these related messages are passed on to those who would benefit most.</p>

² Source: Energy Saving Trust

Annex B: Summary of the Transformational Carbon and Energy Management Programme

Project Aim
To create a new coordinated, transformational carbon and energy management plan that will reduce utility consumption and spend, increase CYC and city-wide renewable energy generation and ultimately help the Council and city to reduce carbon emissions.
Brief Description of Project
Actions <ol style="list-style-type: none">1. Create a new corporate carbon and energy management plan and invest to save programme2. Carry out energy audits and streamlining of utility data, processing and procurement3. Create a water management plan and invest to save programme4. Carry out detailed renewable energy feasibility studies to create investment grade business opportunities5. Carry out energy masterplanning studies to investigate low carbon district heat network opportunities
Expected Outcomes <ol style="list-style-type: none">1. A new transformational carbon and energy management plan and a new water management plan capable of<ul style="list-style-type: none">• reducing energy and water consumption• reducing CYC's utility expenditure (energy spend is ~£4.7m p/a and this could increase to £7m by 2019. Water spend is ~ £400kp/a)• reducing carbon emissions• reducing CYC's mandatory carbon reduction commitment requirements (~£230k)• increasing revenue generation through renewable energy generation• creating 2 invest to save programmes that could fund new projects and possible staff (similar schemes can save £1m – 10m over 5yrs)2. Streamlined management processes and procedures3. Up to 3 detailed renewable energy feasibility studies to develop investment grade opportunities from (PV and district heating)4. A long term renewable energy investment roadmap to guide and accelerate delivery of city-scale projects5. A new coordinated corporate utilities task and finish group6. Accelerated delivery of a strand of the Council's Transformational Programme7. Delivery of 2 outcomes of the Protecting Environment Council priority8. Commenced delivery of CYCs One Planet Living ambition enabling it to then consider wider elements of the framework and options for city-wide roll out

Annex C: Energy supply models

For cities that are interested in the potential of entering the energy supply market, the following five options exist – several of which are already being explored by leading local authorities.

1. **Fully licensed supplier:** a city sets up and runs an independent supplier, taking full responsibility for delivering all operational aspects of the business and meeting all regulatory licence conditions. Nottingham city council is the first city to pursue this approach and has issued a tender for relevant supplies and services.
2. **Joint venture:** a city works with one or more third parties to set up and run an independent supplier, sharing responsibility for operational delivery and meeting licence conditions
3. **Licence lite:** a city becomes a ‘junior supplier’ with responsibility for some aspects of operational delivery and meeting licence conditions, while a ‘senior supplier’ takes on the remaining responsibilities. The GLA is the first organisation to trial this approach and has recently invited tenders from potential senior suppliers.
4. **Partnership:** a city establishes a partnership with an existing supplier in which energy is provided using the supplier’s licence, and delivery of operational aspects of the supply business is shared. While not a local authority, Guinness Housing Association recently established such an arrangement with Spark Energy for providing energy to their housing residents (McCabe 2014). Ovo Energy has indicated that numerous local authorities have inquired about establishing a partnership arrangement through their ‘Ovo Communities’ offering.
5. **White label:** a city licenses use of their brand to an existing supplier who uses it to market to customers in the local area.

(Source: IPPR City Energy Report: A New Powerhouse for Britain)

Abbreviations

APSE – Association for Public Service Excellence

CERT – Carbon Emissions Reduction Target

CESP – Community Energy Saving Programme

CYC – City of York Council

ECO – Energy Companies Obligation

GDHIF – Green Deal Home Improvement Fund

IPPR – Institute for Public Policy Research

LCR – Leeds City Region

PV – Photovoltaic

SHP – Strategic Heat Programme

TCEMP – Transformational Carbon & Energy Management Programme