

# The Role of Local Authorities in Delivering the Low Carbon Economy

Andy Deacon – Director of Delivery  
Energy Saving Trust



# Context

- Nottingham Declaration began in 2000, over 90% of councils signed up
- Other campaigns such as 10:10, Get Serious About CO2
- No longer have national indicators
- Discussion of local carbon budgets and the Local Carbon Framework pilots
- LGA and DECC Memorandum of Understanding
- Committee on Climate Change, CLG, DECC under Home Energy Conservation Act all working on guidance
- Changes to FIT, RHPP/RHI, CRC
- Role of planning policy through NPPF and Zero Carbon Homes
- Refresh of the Nottingham Declaration to reflect where councils are on climate change in 2011

# Covenant of Mayors Support



## INSPIRATIONAL FINANCING SCHEMES

Food for Thought for Covenant Signatories

### DELFT (NETHERLANDS): Cooperation with local energy utility

#### OBJECTIVE

Meeting ambitious climate goals through the establishment of a new local district heating network.

#### PROJECT IN A NUTSHELL

- The District Heating Company - Eneco Delft Ltd, is a new special-purpose company that has built, run and maintained the new district heating system initiated by the Municipality of Delft.
- This company supplies an estimated 20,000 homes with space heating and hot tap water. Heat is produced by means of cogeneration and the use of low-temperature industrial residual heat.
- The energy utility Eneco New Energy is the mother company of the District Heating Company, owning 97 % of the shares. Eneco will build and operate the system.
- Shareholders owning 3 % of priority shares include: Municipality of Delft, Municipality of Midden Delfland, Eneco and three housing associations.

#### RESULTS

- Investment costs: about €120 million (production and distribution).
- Expected CO<sub>2</sub> emissions reduction compared to 2008 levels: min. 18,500t.
- Return on investment for the District Heating Company: min. 7.4 % including tax measures and a national grant for the residual heat pump station.

The project was implemented in the framework of the European SESAC project and co-financed by the CONCERTO programme.

➕ More info (EN): [www.concerto-sesac.eu](http://www.concerto-sesac.eu)

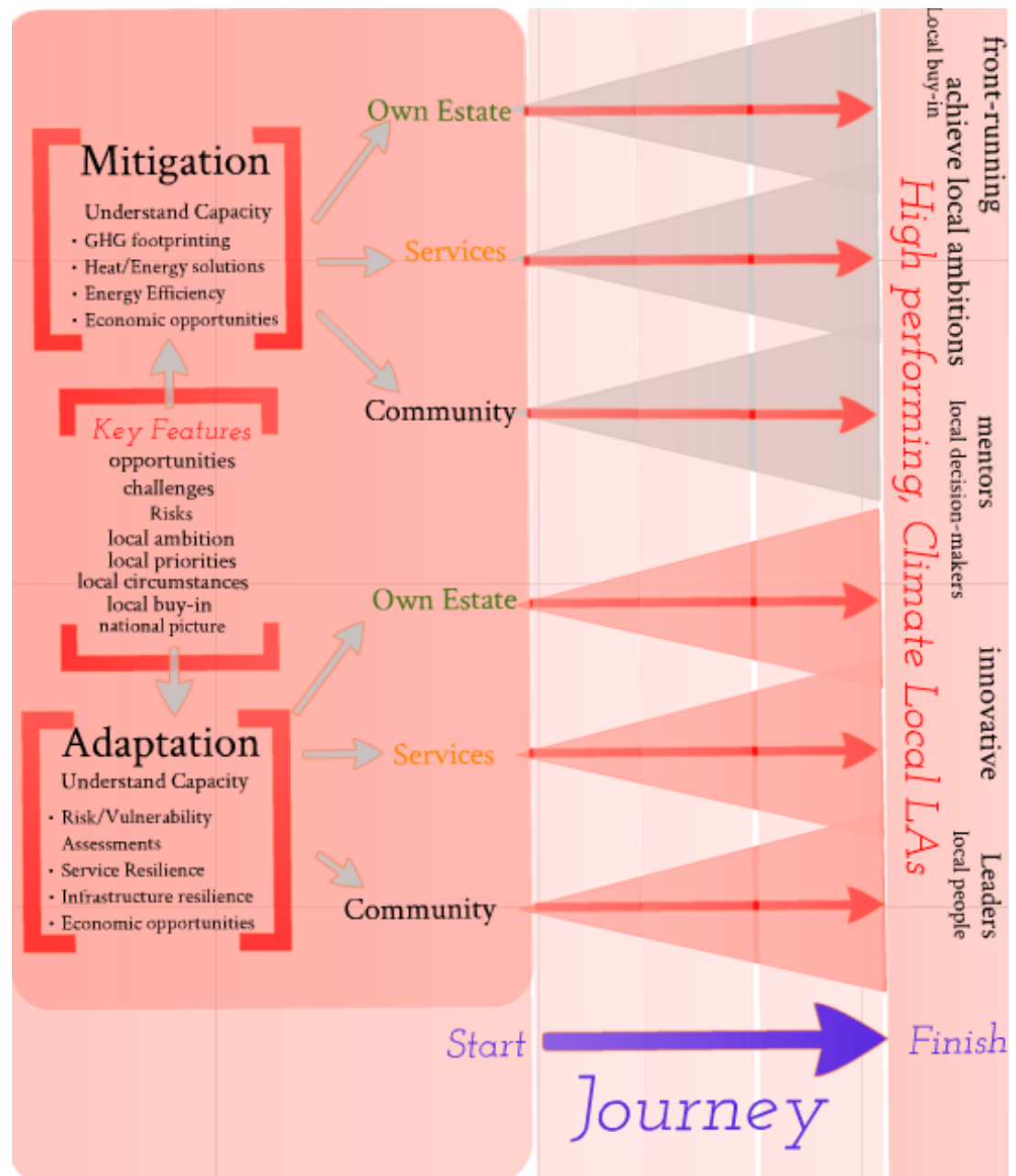


# Newcastle City Council

## Sustainable Energy Action Plan summary

INTERVENTION	UNIT	2005-2010	2010-2020
CHP Biomass	MWe	0	0
CHP Large Gas	MWe	0	0
CHP Buildings Gas	MWe	0	15
Heat from Power Station	MWth	0	0
PV Domestic	Homes	50	3000
PV Non Domestic	MWe	0	0
Wind Large	MWe	0	0
Wind Medium	MWe	0	3
Wind Domestic	Homes	0	100
Solar Thermal Domestic	Homes	100	5,000
Biomass Boilers Domestic	Homes	50	500
Biomass Boilers Non Domestic	MWth	0.1	1
Ground Source Heat Pump Domestic	Homes	10	500
Cavity Wall Insulation Domestic	Homes	17,000	27,000
Loft Insulation Domestic	Homes	26,000	41,000
Double Glazing Domestic	Homes	10,000	20,000
Solid Wall Insulation Domestic	Homes	20	10,000
Energy Efficient Lighting Commercial	000's m2	0	0
Double Glazing Commercial	000's m2	0	0
Street Lighting Efficient Lamps	Lamps	0	0
Domestic gas use reduction by behavioural change	%	5	10
Domestic electricity use reduction by behavioural change	%	0	10
Non-domestic gas use reduction by behavioural change	%	5	20
Non-domestic electricity use reduction by behavioural change	%	0	10
Transport fuel use reduction by behavioural change	%	1	4
Road transport efficiency improvements	%	2	12
Replace road transport fuels with biofuels	000's litres	3,000	13079
Replace road transport fuels with electricity	000's litres	0	4844
Greening Grid	%	0	20

# Roadmap for local authority activity



# Framework template – working document

LGA-FrameworkMatrix-v2-28 [Read-Only] - Microsoft Excel

File Home Insert Page Layout Formulas Data Review View

Clipboard Font Alignment Number Styles

AF6

Local Authority Name	Climate Change Mitigation											Comments column to allow LAs to define scope and comment on actions	Relevant resource and indicator links to be available for each topic area
	Topic areas requiring action												
	Energy Efficiency		Renewable Energy		Land use & Agriculture		Decentralized Energy		Low carbon economy				
LA functions and wider community areas within which actions are to be implemented:												Comments on actions	
	Priority	Level	Priority	Level	Priority	Level	Priority	Level	Priority	Level			
<b>Own Estate:</b>													Resource & Indicator
Vehicle fleets management	2	L1											Resource & Indicator
<b>Integration of climate change best practice into management of its own affairs/estate:</b>													Resource & Indicator
Buildings & infrastructure management & maintenance	2	L2											Resource & Indicator
Staff and contractors travel													Resource & Indicator
Procurement & services	2	L1											Resource & Indicator
<b>Services:</b>													Resource & Indicator
Arts and culture													Resource & Indicator
Business and licensing													Resource & Indicator
Emergency Planning													Resource & Indicator
Education and libraries	0												Resource & Indicator
Environment, recycling and waste													Resource & Indicator
Housing													Resource & Indicator
Leisure and parks (natural environment)													Resource & Indicator
Local Planning and building control													Resource & Indicator
Transport, parking and streets													Resource & Indicator
Health, wellbeing and social care													Resource & Indicator
<b>Community:</b>													Resource & Indicator
Informing and influencing businesses decisions													Resource & Indicator
Informing Communities, Groups, Individuals													Resource & Indicator
Transport and travel choices													Resource & Indicator
Ecosystems and biodiversity (Natural environment)													Resource & Indicator
Influencing higher tier, regional and central government decisions													Resource & Indicator
<b>High Performing? Highlight where you are High performing and could share experience with other LAs to help them achieve more</b>													
The stages in the journey are described below providing guidance in choosing appropriate levels													

Yellow arrows explain how the framework can be used

For each LA function and topic area combination:  
 (1) Review and prioritise the element (or to remove if not applicable)  
 (2) Identify where LA is on journey for this element, as defined by processes set out below

Working&ConsultationGuidance Resilience Chart3 Mitigation Indicators Resources-links

# Case Study (Birmingham)



## ■ **Birmingham Energy Savers Phase 3 Pathfinders' programme:**

- Large scale retrofitting of 15k homes cost of ~ £100m (£275m including West Midlands partners with an option to extend the scheme value up to £1.5b by 2020 with 22 WM orgs

## ■ **EST commissioned by Birmingham City Council to:**

- develop business case for green finance modelling
- undertake housing stock modelling to underpin finance model
- provide economic impact analysis
- write, review and provide feedback on EIB and ELENA applications
- facilitate phone calls with EIB and ELENA

## ■ **Progress to date:**

- April 2011: BCC Cabinet approval
- March 2011: Submitted ELENA funding application of £1.3m (90%) to contribute towards procurement and marketing costs and supply chain development (total value = £1.5m). Awaiting decision.
- July 2011: Legal and financial advisors appointed
- Sep 2011 : OJEU procurement process initiated (consortium approach)

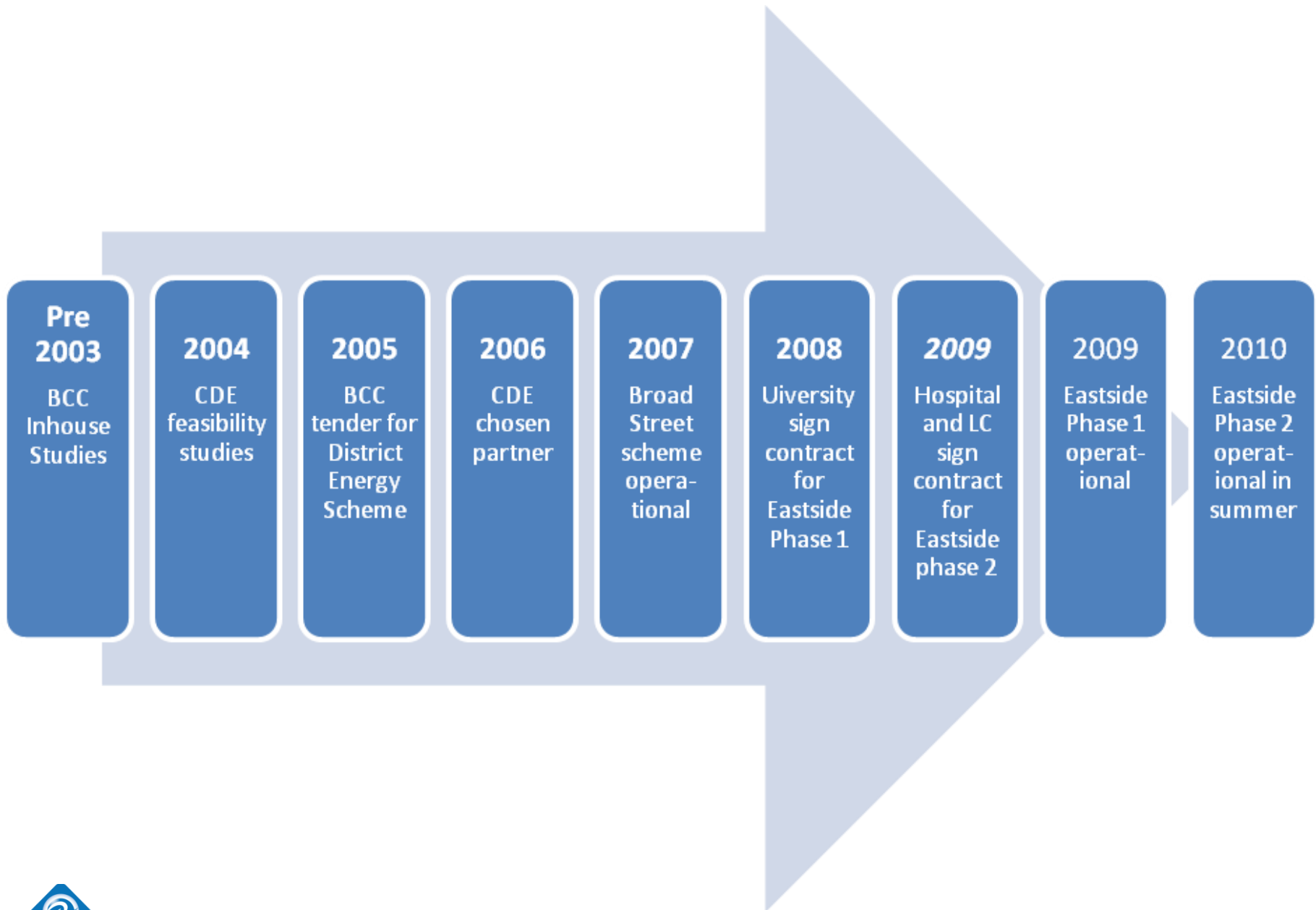


Currently in dialogue, final tender expected July 2012

# Birmingham District Energy Company

- Strategic aim to cut CO<sub>2</sub> emissions by 60% cut by 2026
- 3 separate district energy networks in 2 distinct areas
- Broad Street scheme
- Operational since 2007
- Saves around 4,000 tonnes of CO<sub>2</sub> each year
- Aston University scheme
- Operational since June 2009
- Birmingham Children's Hospital Scheme
- Operational since August 2010



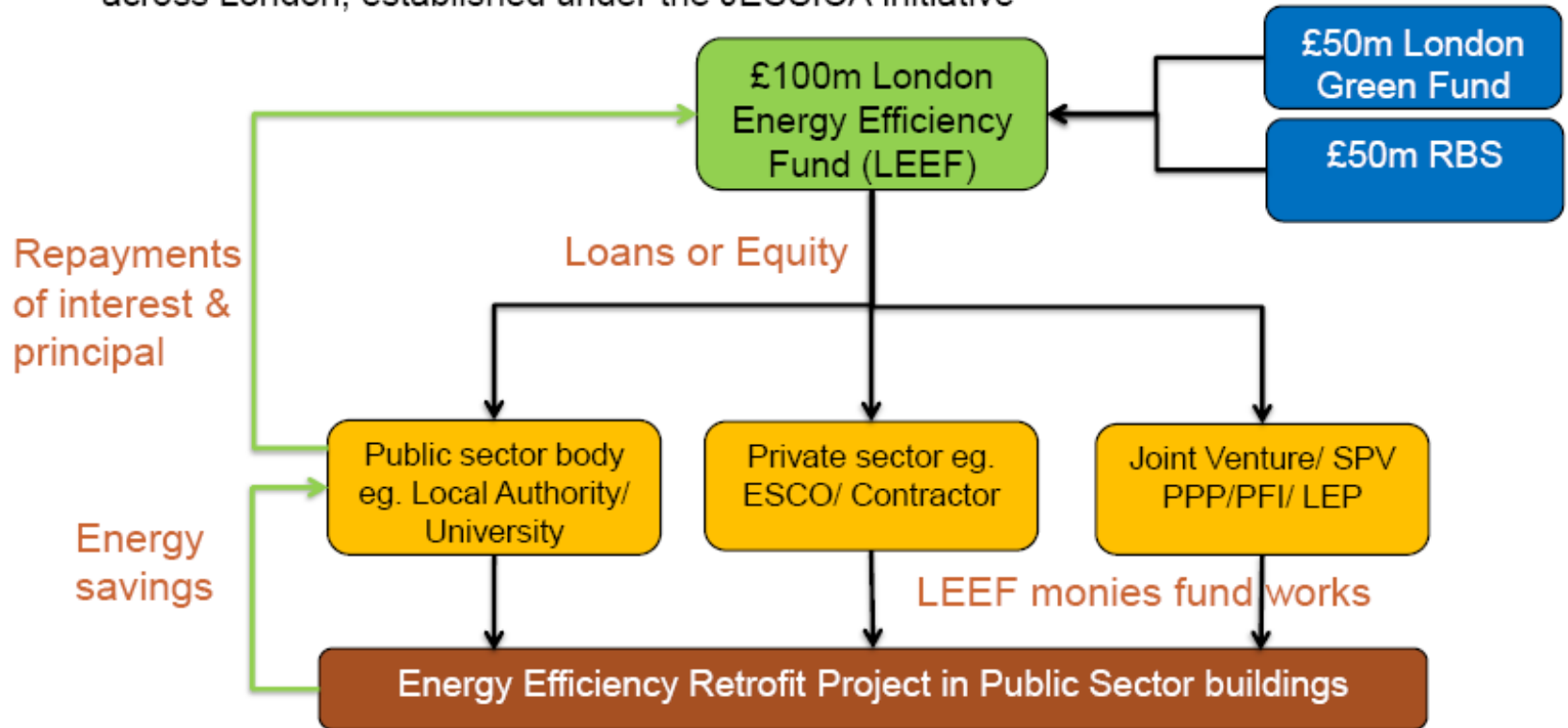


# London Green Fund

- The London Green Fund (LGF) is a £100 million fund set up to invest in schemes that will cut London's carbon emission. The fund was launched in October 2009 by the Mayor of London and the European Commissioner for Regional Policy - the first JESSICA Holding fund in the UK.
- It is made up of £50 million from the London ERDF Programme, £32 million from the London Development Agency (LDA), and £18 million from the London Waste and Recycling Board (LWARB). The European Investment Bank manages the London Green Fund on behalf of the LDA and LWARB.
- The LGF will provide funding for two UDFs that will invest directly in waste and energy efficiency projects. These will be 'revolving' investment funds, where monies invested in one project are repaid and then reinvested in other projects.

# London Energy Efficiency Fund

- A new source of finance for Energy Efficiency Retrofit projects in public sector buildings across London, established under the JESSICA initiative



# Role of Local Authorities

## Aligned Incentives

- Jobs
- Fuel Poverty
- CO<sub>2</sub> reduction targets
- Landfill reduction

## De-risking

- Own estate contracts
- Social housing
- Marketing support
- Planning
- Waste contracts

## Local Authority

## Convening power

- Project initiation
- Procurement
- Local initiatives (LEPs etc)
- Community leadership
- Project pipeline
- Scale

## Finance provision

- Revenue accounts
- Grants – UK and EU
- Prudential borrowing
- Credit enhancements