

Finance and Resources Committee

10.00 a.m, Thursday, 27 August 2015

Approval to Grant a Licence to Edinburgh Community Solar Co-operative to Install Solar PV Panels on Council owned Buildings

Item number	7.27
Report number	
Executive/routine	
Wards	

Executive summary

On the 3 December 2013, the Corporate Policy and Strategy Committee approved the signing of a Memorandum of Understanding (MoU), between the City of Edinburgh Council and the Edinburgh Community Solar Cooperative (ECSC), a local community benefit society, for the development of a community-owned Solar PV scheme on 25 Council buildings.

The purpose of this report is to seek authority to grant a 21 year licence to Edinburgh Community Solar Limited, known as Edinburgh Community Solar Co-operative (ECSC), to install community-owned Solar Photovoltaic (PV) panels on the roof of 25 Council owned buildings.

Links

Coalition pledges	P15 , P33 , P50 , P53
Council outcomes	All
Single Outcome Agreement	SO4

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Recommendations

That Committee:-

- 1.1 Approves the grant of a 21 year licence to Edinburgh Community Solar Co-operative for the installation of Solar PV Panels on Council owned buildings.

Background

- 2.1 On the 3 December 2013, the Corporate Policy and Strategy Committee approved the signing of a Memorandum of Understanding, between the City of Edinburgh Council and the Edinburgh Community Solar Cooperative (ECSC), a local community benefit society, for the development of a community-owned Solar PV scheme on 25 Council buildings.
- 2.2 On the 13 January 2015, the Transport and Environment Committee delegated decision making on this issue to the Director of Services for Communities, in consultation with the Convenor and Vice-Convenor of the Committee.
- 2.3 Heads of Terms outlining the principles for an agreement, between the Council and ECSC, were signed in March 2015.

Main report

- 3.1 A legal contract to grant ECSC a licence to install Solar PV Panels on the roofs of 25 Council buildings has been drafted. The contract also sets out the service and community benefits to be delivered by ECSC. The contract will be for 21 years.
- 3.2 Following signing of the Heads of Terms, ECSC secured financial support from CARES (Community and Renewable Energy Scheme) and has entered the project delivery stage. ECSC expects to be in a position to start raising funds (to purchase and install the Solar PV System) through a community share offer by early autumn. The contract agreement, granting licence to use the buildings, requires to be in place before ECSC release the share offer.
- 3.3 Negotiations are ongoing between the Council and ECSC on the terms of the licence, and associated contract documentation. The intention is for the contract to be signed by early September 2015 to align with the forthcoming share offer.

- 3.4 A list of 25 buildings, along with four reserve buildings, for inclusion in the scheme has been identified (Appendix 1). Each building will be subject to further survey by ECSC's contractor, on appointment, to establish technical suitability. Consequently, the list may be subject to minor revision if the installation of a Solar PV System on any individual property is deemed technically challenging or cost prohibitive. Any changes to this list would be subject to approval from Council Officers and ECSC.

Measures of success

- 4.1 Measures of success relate to meeting Capital Coalition Pledge commitments and objectives, including meeting the Council's commitment to encouraging the development of community energy co-operatives, under Pledge 53. The project will also assist in meeting Pledge 50, specifically the Climate Change (Scotland) Act 2009, which requires the Council to contribute to national emissions reduction targets, deliver any statutory adaptation programmes, and act in a sustainable manner.
- 4.2 Further measures of success include reductions in the use of grid supplied electricity in individual buildings, and an associated reduction in electricity charges and building-related carbon emissions.

Financial impact

- 5.1 Assuming all panels remain operational for the full term of the contract, ECSC's proposal could deliver an estimated net benefit of £0.6m to the Council through reduced electricity charges. The final level of benefit will be dependent on future electricity price increases, and actual electricity generation from the installations.
- 5.2 The ECSC requires no capital investment from the Council, and no ongoing maintenance costs over the 21 year period.
- 5.3 The installation of the 25 solar panels would bring an estimated reduction in carbon tax of £0.24m over the 21 year period. Any saving would depend on the continued existence of the tax in its present form.
- 5.4 The creation of a community benefit fund, from ECSC's surplus revenue, will have a direct financial impact on beneficiaries, albeit at a low level for the first 10 years of operation. It is estimated that £1m will accrue to the community benefit fund over the 21 year period.
- 5.5 At the end of the agreement, ECSC shall transfer ownership of the Solar PV System to the Council. This will be worth a further £1m to the Council if all panels continue to generate electricity over remaining five years of their estimated operational life.
- 5.6 Members in the scheme will receive a return on investment envisaged at 5% +RPI.

Risk, policy, compliance and governance impact

- 6.1 ECSC's proposal has been subject to review by Council Officers and consideration by the Transport and Environment Committee, where issues around the risks including best value, reputational damage or impact on Council business and service delivery have been assessed. There are no compliance or governance issues arising at this stage.
- 6.2 The contract documentation will detail responsibilities, liabilities and benefits to CEC and ECSC for the duration of the agreement.

Equalities impact

- 7.1 The encouragement of community energy co-operatives is closely aligned to equality, and enables progress against the Equality Act 2010 duties to eliminate illegal discrimination, victimisation and harassment, advance equality of opportunity, and foster good relations. In addition, progress in this area also enables the enhancement of human rights for citizens and service users.
- 7.2 At the request of the Convenor and Vice-Convenor of the Transport and Environment Committee, it is proposed the composition of the Board of ECSC will have a balanced gender mix.

Sustainability impact

- 8.1 The impacts of ECSC's proposal in relation to the three elements of the Climate Change (Scotland) Act 2009 Public Bodies Duties have been considered.
- 8.2 In summary, the proposal will help achieve a sustainable Edinburgh through a reduction of carbon emissions, by increasing resilience to climate change impacts, and by improving social justice, economic wellbeing and environmental good stewardship.

Consultation and engagement

- 9.1 Discussions on the formation, governance and operation of ECSC have been ongoing between ECSC and the Council over the last two years.

Background reading/external references

- [Edinburgh Community Solar Cooperative](#), Transport and Environment Committee, January 2015
- [Edinburgh Community Solar Cooperative Proposal](#), Corporate Policy and Strategy Committee, December 2013
- [Business Bulletin](#), Transport and Environment Committee, January 2016
- [Edinburgh Community Solar Cooperative website](#)

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Links

Coalition pledges	<p>P15 - Work with public organisations, the private sector and social enterprise to promote Edinburgh to investors.</p> <p>P33 - Strengthen Neighbourhood Partnerships and further involve local people in decisions on how Council resources are used.</p> <p>P50 - Meet greenhouse gas targets, including the national target of 42% by 2020.</p> <p>P53 - Encourage the development of Community Energy Cooperatives.</p>
Council outcomes	All
Single Outcome Agreement	S04 - Edinburgh's communities are safer and have improved physical and social fabric.
Appendices	Appendix 1: List of Buildings.

Appendix 1

	Property Name
On list of 25	Cameron House Community Centre
On list of 25	Buckstone Primary School
On list of 25	Carrick Knowe Primary School
On list of 25	East Craigs Primary School
On list of 25	Currie Community High School
On list of 25	Redhall Primary School
On list of 25	Canal View Primary School
On list of 25	Dean Park Primary School
On list of 25	Tumbles at Portobello Gymnastics and Soft Play Centre
On list of 25	Ratho Primary School
On list of 25	Davidsons Mains Primary School
On list of 25	Oaklands Special School
On list of 25	Clermiston Primary School
On list of 25	St Ninian's Primary School
On list of 25	Carrickvale Community Centre
On list of 25	Gylemuir Primary School
On list of 25	Currie Primary School
On list of 25	Woodlands School
On list of 25	Liberton Primary School
On list of 25	Cramond Primary School
On list of 25	Drumbrae Leisure Centre
On list of 25	Wardie Primary School
On list of 25	St Catherine's Primary School
On list of 25	Ainslie Park Leisure Centre
On list of 25	Trinity Academy
Reserve List	Blackhall Primary School
Reserve List	Castleview Community Centre
Reserve List	Craighall Day Centre
Reserve List	Prospect Bank School

This property list does not necessarily represent the final list of properties to be included in the scheme. If, on further investigation, any named property is not deemed appropriate for inclusion in the scheme, by either party, then CEC and ECSC endeavour to work together to identify a suitable substitute building for inclusion.