

# Transport and Environment Committee

10.00 a.m. Tuesday, 13 January 2015

## Edinburgh Community Solar Co-operative

<b>Item number</b>	7.19
<b>Report number</b>	
<b>Executive/routine</b>	Executive
<b>Wards</b>	All

### Executive summary

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Approval was given by the Corporate Policy and Strategy Committee, on 3 December 2013, to support a proposal for the development of a community owned solar energy scheme on Council buildings by Energy Community Solar Co-operative (ECSC).

A non-legally binding Memorandum of Understanding (MoU) detailing how the parties would work together was established to inform the process. A target of reporting to committee in January 2015 was set to detail the outcome of the dialogue process and make recommendations based on ECSC's proposals.

ECSC has submitted initial proposals which have been assessed by relevant officers. However, based on the information available, it is not possible to provide a recommendation at this time. ECSC has been asked to provide further information and resubmit their proposal by January 2015, to allow a recommendation to be made to the March Committee. This delay will impact on ECSC's financial model, due to changes in the feed in tariffs for solar photovoltaic panels.

This report provides an update for members the current position.

### Links

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<b>Coalition pledges</b>	<a href="#">P15</a> , <a href="#">P33</a> , <a href="#">P50</a> , <a href="#">P53</a>
<b>Council outcomes</b>	<a href="#">CO18</a>
<b>Single Outcome Agreement</b>	<a href="#">SO4</a>

## Edinburgh Community Solar Co-operative

### Recommendations

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It is recommended that Committee:-

- 1.1 Notes the content of this report and the ongoing dialogue with ECSC;
- 1.2 Agrees to receive a report at its meeting in March based on ECSC's final proposal; and
- 1.3 Notes that there has been positive engagement with ECSC by officers to assist in driving the project forward.

### Background

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- 2.1 Approval was given by the Corporate Policy & Strategy Committee on 3 December 2013, to support a proposal by ECSC for the development of a community owned solar energy scheme on Council buildings. This is a new co-operative set up to procure, install and manage solar photovoltaic (PV) panels.
- 2.2 The installation of the panels is proposed to be funded through a public share offer. The return on investment for the co-operative will be generated from Feed in Tariff (FiT) payments from OFGEM, as well as payments made by the Council for electricity consumed by the buildings hosting the PV system.
- 2.3 Any profit generated by the co-operative will be reinvested into the local community through a community benefit fund.
- 2.4 In order to provide economy of scale, and maximise the benefit from FiT payments, ECSC is looking for 25 suitable roofs across Council buildings. FiT revenue reduces for any additional roofs over 25, therefore ECSC has selected this number to optimise both revenue and economies of scale.
- 2.5 Community buildings to be looked at include schools, community centres, care homes, leisure centres and multi storey housing.
- 2.6 ECSC has been registered under the Industrial and Provident Societies Act 1965 with a registered name of "Edinburgh Community Solar Limited" and has been set up as a community benefit society. ECSCs primary objective is to deliver benefits to the community it serves. Members will be offered a return on their investment in the Society. The Council has a permanent seat on the ECSC Board and can help direct its activities.

## Main report

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- 3.1 The current dialogue with ECSC is governed by a non-legally binding Memorandum of Understanding (MoU), which was approved by the Corporate Policy and Strategy Committee in December 2013. The MoU provides for the parties to work together in good faith to explore how the Council can lower its carbon emissions and generate sustainable solar energy.
- 3.2 There has been a good collaborative working relationship with ECSC to date. Both parties have responded to the requirements of the MoU with regular meetings focussed on driving the project forward.
- 3.3 Around 25 buildings have been identified as having potential for solar PV. The focus over the last few months has been on building surveys commissioned by ECSC. However, there were some delays to this process, in part, due to the time taken for ECSC to secure funding, but also the time needed to carry out and produce the surveys.
- 3.4 Although aiming for September 2014, ECSC submitted a proposal to the Council in mid October 2014, which was assessed by officers. The consensus was that the proposal did not contain sufficient information to allow a detailed assessment of the project, and assess risks to the Council. Consequently, officers have worked with ECSC to outline the level of detail required, giving them the opportunity to clarify issues.
- 3.6 Detailed feedback was provided to ECSC and a number of follow-up meetings were held, including a risk workshop. ECSC indicated that it found this contribution and feedback positive, and also understood the need to address the issues identified.
- 3.7 ECSC submitted a revised proposal on 14 November 2014, which has been reviewed by Council officers. Appropriate feedback has been provided with a view to allowing ECSC to submit their final proposal. ECSC has advised that this will be issued in January 2015. This will then be used to inform a final report to the Transport and Environment Committee in March 2015.
- 3.8 It is expected that the revised proposal will include a business model for the project, as well as clarity on how the co-operative will be governed and a detailed risk assessment and project plan.

### Timescales

- 3.9 The original aim was to submit a final proposal from ECSC to the Transport and Environment Committee in January 2015. This date was to allow for an application for feed in tariffs for the project before the scheme changes in March 2015. Any change potentially impacts on the financial planning for the project.
- 3.10 While understanding fully the implications of the timescale on the ECSC proposal, it has not been possible for Council officers to make recommendations to elected members in the absence of key information and significant issues still remain to be resolved. Officers are working proactively with ECSC to help

address these, and it is hoped that these will be resolved in their final January 2015 submission. It is important that every effort is made to secure a suitable proposal which is acceptable to the Council.

- 3.11 A review of the final proposal will be carried out along with a full risk assessment, other options appraisals and best value assessment with appropriate recommendations made to Committee in March 2015.

## Measures of success

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- 4.1 Measures of success include meeting Capital Coalition Pledge commitments and objectives, including meeting the Council's commitment to encouraging the development of community energy co-operatives under the Capital Coalition's Pledge 53. The project would 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 A further measure of success includes reductions in carbon emissions associated with energy in operational buildings, as well as cost reductions in energy bills.

## Financial impact

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- 5.1 It is not possible at this stage to confirm specific financial savings for the Council. However, it is expected that the Council will benefit from purchasing electricity from ECSC's panels at a reduced price.
- 5.2 The creation of a community benefit fund will have a direct financial impact on beneficiaries.
- 5.3 Investors in the scheme will also receive a return on investment.

## Risk, policy, compliance and governance impact

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- 6.1 A full risk assessment of the ECSC proposal is needed to ensure that any potential negative impacts to the Council are fully considered, including best value, reputational damage or impact on Council business and service delivery. There are no compliance or governance issues at this stage. However, potential negative impacts will be assessed in any future reports.
- 6.2 The ECSC model is not the only potential route to market. The MoU does not provide exclusivity to ECSC and there is an inherent risk of challenge (on the grounds of best value) associated with opting to allow only ECSC to bid to operate the scheme using Council assets. To be assured of achieving best value it would be usual practice to test the market by means of a tender process.

## Equalities impact

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- 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.

## Sustainability impact

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- 8.1 The impacts of this report in relation to the three elements of the Climate Change (Scotland) Act 2009 Public Bodies Duties have been considered. In summary, the proposals in this report will help achieve a sustainable Edinburgh because they encourage the reduction of carbon emissions, increase the city's resilience to climate change impacts and improve social justice, economic wellbeing and environmental good stewardship.

## Consultation and engagement

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- 9.1 There has been ongoing engagement with ECSC and regular meetings between council officers and members of the ECSC Board.

## Background reading/external references

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- 10.1 [Edinburgh Community Solar Co-operative Proposal, Corporate Policy and Strategy Committee, 3 December 2013](#)

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## Links

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<b>Coalition pledges</b>	P15 – Work with public organisations, the private sector and social enterprise to promote Edinburgh to investors. P33 – Strengthen Neighbourhood Partnerships and further involve local people in decisions on how Council resources are used. P50 – Meet greenhouse gas targets, including the national target of 42% by 2020. P53 – Encourage the development of Community Energy Co-operatives.
<b>Council outcomes</b>	CO18 – Green – We reduce the local environmental impact of our consumption and production.
<b>Single Outcome Agreement</b>	SO4 – Edinburgh's communities are safer and have improved physical and social fabric.
<b>Appendices</b>	None.