

A CORPORATE ENERGY STRATEGY FOR CAMBRIDGESHIRE COUNTY COUNCIL

To: General Purposes Committee

Meeting Date: 20th December 2016

From: Executive Director, Economy, Transport and Environment

Electoral division(s): All

Forward Plan ref: Not applicable *Key decision:* **No**

Purpose: To share the draft Corporate Energy Strategy for Cambridgeshire with Committee, and seek approval to consult externally on the draft Strategy (Appendix A).

Recommendation: Committee is asked to agree

- a) The draft principles and priorities of the draft Corporate Energy Strategy as set out in section 2.3 and 2.4 of the report;
- b) External key stakeholder consultation of the Corporate Energy Strategy (appendix A); and
- c) The timetable for finalising and approving the Corporate Energy Strategy as set out in section 2.9.

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1. BACKGROUND

- 1.1 The UK is becoming increasingly dependent on imported energy, such as oil and gas. Currently we import approximately 40% of our energy needs. This is at a time when global demand for energy between now and 2040 is set to increase by 34%, and global competition for fuels is predicted to increase prices.
- 1.2 In 2012, Government published the Energy Bill to deliver electricity market reform (EMR) that sought to attract investment to replace current methods of energy generation, such as coal fired power stations and old nuclear facilities. EMR also sought to upgrade the grid by 2020 to cope with the rising demand for electricity. The focus of the EMR was to enable Government to address energy security issues, and to support growth, thus enabling UK businesses and consumers to have secure supplies of energy, which would benefit the economy in terms of jobs, growth and investment.
- 1.3 The Government's UK Energy Efficiency Strategy (2012) promotes the ethos that the UK should only use the energy that it really needs. The strategy calculated that through reducing energy consumption, and by promoting cost-effective investment in energy efficiency, the equivalent of 22 power stations might not be required. Government has, therefore, been keen to support the public sector in developing energy efficiency projects.
- 1.4 In addition, legislation was passed in 2010 to allow Local Authorities to sell electricity generated from renewable sources, enabling councils to generate income from developing local renewable energy projects, either on their own or in partnership. This was intended to encourage the development of local renewable electricity projects.

2. MAIN ISSUES

- 2.1 Members, through Committee and other discussions, have indicated a desire to grow the Council's energy ambitions, and bring forward larger energy projects with the aim of making better use of our assets, generating income and reducing energy consumption. Therefore, it has been proposed that a Corporate Energy Strategy for Cambridgeshire to enhance collaborative working on energy both internally across services, and externally with partners such as Peterborough City Council be developed.
- 2.2 In addition to buildings, the Council has a range of assets including transport, farm estate, waste, potential housing and other land sites that could present energy opportunities. The strategy will set out the Council's energy ambitions to enable projects to be identified as potential opportunities to generate income, and improve energy efficiency.
- 2.3 The Council's business plan includes a vision for Cambridgeshire to be a *Sustainable and Prosperous Place*. Essential for a modern, low carbon economy is a clean, secure and sufficient supply of energy as even minor disruptions in supply can cause major problems for communities and businesses. The Council can play a role in supporting this vision by agreeing a set of principles and priorities that support the exploration of energy opportunities using its assets. Key principles are:
 - Help to secure energy supplies and infrastructure on our assets that supports the needs of our businesses and communities;
 - Maximise commercialism, income generation and making best use of our assets;

- Build energy resilient communities through aligning our assets with local needs
- Exploit new technologies to reduce energy consumption; and
- Integrate energy solutions with waste, transport, housing and digital infrastructures to bring new solutions and innovation to our growth agenda.

2.4 To deliver the benefits to the Council, and its communities, six priorities have been identified. These are:

- Local energy generation through the use of locally available fuels and assets to generate electricity and heat;
- Supplying energy through investing in infrastructure to supply consumers directly or indirectly;
- Energy efficiency by reducing consumption and waste and helping to make fuel supplies go further;
- Managing costs through collective purchasing and contract negotiations;
- Selling energy to generate income to local consumers; and
- Supporting growth through integrating energy and digital infrastructure with transport and housing projects we develop to support the management of supply and demand of energy.

2.5 These principles and priorities have informed the draft Energy Strategy that is attached as **Appendix 1**. This sets out the key principles the Council could adopt when considering opportunities for new energy projects. It is proposed that this should be subject to a consultation for four weeks starting 3rd January 2017 – 31st January 2017 targeting key partners and stakeholders including Central Government and its agencies, District Councils, Parish Councils, Environment Agency, Greater Cambridge and Greater Peterborough Local Enterprise Partnership, Cambridge Cleantech, Housing Associations, Wildlife Trust and other key partners. The consultation results will be reviewed and the Draft Strategy updated and presented back to Members for decision on 21st March 2017. When the final strategy is adopted, this will provide a clear statement of the Council's intentions on energy issues and give officers a clear view of the type of projects that it is acceptable to investigate and develop further.

3. **ALIGNMENT WITH CORPORATE PRIORITIES**

3.1 **Developing the local economy for the benefit of all**

The external consultation on the Strategy has no significant impact. However, the Strategy when agreed and implemented, should contribute towards improved local energy security, which is fundamental to a thriving local economy. Benefits to the local economy come through helping to manage uncertain energy costs; potentially reducing the Councils costs for landfilling waste.

3.2 **Helping people live healthy and independent lives**

The external consultation on the Strategy has no significant impact on this objective but depending on actual projects that come forward, there could be a beneficial impact on health.

3.3 Supporting and protecting vulnerable people

The external consultation on the Strategy has no significant impact. The Strategy recognises that managing the Council's own energy costs through reducing consumption, generating and selling local energy should bring income to the authority to help front line services. In addition, schemes for collective buying of energy helps residents and businesses reduce energy bills and reduce the impact of future energy price rises.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

There are no significant resource implications for going to external consultation on the draft the Strategy. However, the implementation of the Strategy has implications including:

- *Making better use of our assets.* Investment in energy projects, particularly on county owned land, has the potential to provide a significant financial return.
- *Development costs.* The Council will be taking the upfront development risk on larger projects. If a project is successful, development costs are repaid. However, some projects may not get delivered for technical or other reasons despite costs being incurred. However the assumption will be that revenue generating schemes will need to cover all development costs.
- *Public Works Loan Board (PWLB) borrowing.* Financing new energy schemes will require the Council to continue to provide funding, e.g. by borrowing from the Public Works Loan Board. The Council will continue to carefully manage risks to projects.
- *Property implications.* There are a range of opportunities to explore for the Council's property and land assets. It is important for close collaboration to ensure projects are not competing or compromised by different agendas.

4.2 Statutory, Legal and Risk Implications

There are no significant implications for taking this draft strategy to consultation. Investment decisions would be made on a project by project basis, based on a sound business case.

4.3 Equality and Diversity Implications

There are no significant implications for taking the draft strategy to consultation and a community impact assessment is not required. When individual projects are developed and brought forward for investment decision, community impact assessments will be required for those eligible to do so.

4.4 Engagement and Consultation

The external consultation planned for the Strategy targets key stakeholders as specified in section 2.5. The consultation provides the opportunity to explore with partners a range of technologies, including wind and Energy from Waste (EfW), as potential development

projects for the Council's assets. It is important to note that consulting on the strategy does not replace the need for individual energy projects to undertake community engagement and public consultation or comply with local planning policies.

4.5 Localism and Local Member Involvement

There are no significant implications under this heading.

4.6 Public Health

Displacing fossil fuels through clean energy and reducing energy consumption will bring health benefits through improved air quality and tackling the impacts of climate change.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Name of Financial Officer: Sarah Heywood
Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?	Yes Name of Legal Officer: Lynne Owen
Are there any Equality and Diversity implications?	Yes Name of Officer: Tamar Oviatt-Ham
Have any engagement and communication implications been cleared by Communications?	Yes Name of Officer: Mark Miller
Are there any Localism and Local Member involvement issues?	Yes Name of Officer: Paul Tadd
Have any Public Health implications been cleared by Public Health	Yes Name of Officer: Iain Green

Source Documents	Location
<p>'Energy Trends' is a quarterly bulletin containing statistics on all major aspects of energy in the UK.</p>	<p>https://www.gov.uk/government/statistics/energy-trends-march-2016</p>
<p>The Draft Corporate Energy Strategy</p>	<p>\\ccc.cambridgeshire.gov.uk\data\ETE Growth & Economy\EIU\New Business\Strategy Development\Corporate Energy Strategy</p>
<p>Electricity market Reform: Contracts for Difference</p>	<p>https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/296341/EMR_CfD_Report_.pdf</p>
<p>Electricity and Gas Forecasts</p>	<p>https://www.ukpower.co.uk/home_energy/future-gas-electricity-price-forecast</p>