

Results of the Consultation on the draft Heat Supply Agreement for Swaffham Prior Community Heat Project

To:	Environment and Sustainability
Meeting Date:	15 th October 2020
From:	Executive Director, Place and Economy, Steve Cox
Electoral division(s):	Burwell
Key decision:	No
Outcome:	A revised final draft Heat Supply Agreement (HSA) for the Swaffham Prior Community Heat Project to share with the community.
Recommendation:	<p>The committee is asked to:</p> <ul style="list-style-type: none">a) Note the consultation process and metrics set out in paragraphs 2.1 and 2.2;b) Agree the key proposed changes to the draft HSA as set out in the tables under paragraph 2.3;c) Agree the updated Heat Supply Agreement is shared with the community for a second time, ahead of finalisation; andd) Delegate any further changes to the Heat Supply Agreement to the Executive Director, Place and Economy in consultation with the Chair of Committee and the Green Investment Advisory Group.

Officer contact:

Name: Sheryl French
Post: Programme Director, Climate Change and Energy Investment
Email: Sheryl.French@cambridgeshire.gov.uk
Tel: 01223 728552

Member contacts:

Names: Councillors Joshua Schumann and Tim Wotherspoon
Post: Chair/Vice-Chair
Email: Joshua.schumann@cambridgeshire.gov.uk
Timothy.wotherspoon@cambridgeshire.gov.uk
Tel: 07841524007

1. Background

- 1.1 In July 2020, Committee approved a draft Heat Supply Agreement for the Swaffham Prior Community Heat Project and to consult with Swaffham Prior residents and businesses to seek comments on the key terms of the agreement.
- 1.2 The business model for the Swaffham Prior Community Heat Project has been developed on the basis of three key income streams. These are heat sales to customers, Renewable Heat Incentive (RHI) and selling carbon credits to local businesses. There are wider income/savings opportunities that are also under investigation such as grid flexibility services, fibre broadband and Power Purchase Agreements (PPA) which will also contribute to the overall business model.
- 1.3 The sale of heat from the Project to customers is facilitated by a Heat Supply Agreement (HSA). This is a contract between Cambridgeshire County Council and homeowners / businesses for the supply of renewable heat for heating and hot water in homes via a district heating network. The Heat Supply Agreement sets out the responsibilities of both parties, the terms and conditions for the supply and sale of heat to customers, allows the Council to install a Heat Interface Unit in homes / businesses and a connection to the district heating network.
- 1.4 This report shares the mechanisms, metrics and feedback from the community consultation and recommends changes to the consultation draft Heat Supply Agreement approved in July 2020. The community have requested a revised final draft HSA is shared with them for review ahead of finalisation. Please note, customers will be asked to sign the final HSA once the Council has made its investment decision and before construction starts on site.
- 1.5 The outcome of this report is to share an updated Heat Supply Agreement (HSA) with Swaffham Prior community that reflects their feedback from the recent consultation. If further changes are required to the HSA, it is proposed that these are delegated to the Executive Director, Place and Economy in consultation with the Chair of Committee and Green Investment Advisory Group. The Green Investment Advisory Group is a sub-group of the Environment and Sustainability Committee, with cross party representation, set up to steer green investment projects as they develop.

2. Main Issues

- 2.1 The community consultation ran from 24th July - 4th September 2020 and was designed for on-line engagement to manage social distancing and the Covid-19 risk. The intention of the consultation was to provide the full details of the HSA agreement to the community, to allow detailed discussion on its content and the project team to listen to the community feedback. The consultation was also a key step to build trust with future customers and to demonstrate commitment to a long term relationship between the Council and the community. The key consultation activities included:
 - Summary 'easy-read' cover document and case studies sent to all homes;
 - Hardcopies of the full HSA were made available through the village pub;

- The project website included 4 short films explaining the Heat Supply Agreement and copies of the full agreement [Swaffham Prior Heat Supply Agreement hyperlink](#) were available for download; and
- 2 online public meetings were held on 12th and 27th August, attended by 15 residents.

2.2 The consultation metrics include:

- Over 30 people engaged with the document via online meetings / written response;
- 18 written responses were received (only 4 responses were from those who attended the public meetings);
- 7 people indicated that they felt the HSA was ready for signing;
- 107 comments / queries were received in total;
- The consultation attracted a small number of residents who have not previously participated in public meetings, 3 new faces in total; and
- The Heat Supply Agreement page was the most visited on the website (122 views) after the homepage (340 views) during this period.

2.3 The proposed changes to the HSA are summarised in the tables below. These tables identify the topic, consultation feedback and proposed changes to the HSA. The consultation draft of the HAS can be found [here](#).

TOPIC	FEEDBACK	PROPOSED ACTION AND RATIONALE
Exclusivity of heating source to the Scheme Please note: the 'Scheme' is the Swaffham Prior Community Heat Project (SPCHP).	There is confusion as to which other heating systems residents can use in their homes.	The SPCHP will no longer be exclusive. It is proposed that customers will have their existing oil tanks and boilers disconnected and it will be personal choice as to whether they want these removed or not. Alternative heat sources for example solar thermal are to be encouraged. If homes have alternative hot water systems or Aga's they will only be prohibited if they interfere technically with the Scheme. It is proposed that this is discussed with residents during the forthcoming household surveys to understand the full extent of additional heating sources used by homes.
Removal and ownership of oil boilers	Residents have concerns about removing their oil	The HSA will make it clear that connection to the Scheme will happen preferably on the day of disconnection of an oil boiler or as soon as

	<p>boilers: (1) prior to being connected to the Scheme; and (2) to be disposed of by the Council.</p>	<p>possible. In the majority of cases residents should expect to have a same day connection to the Scheme. However, where this is not possible (e.g. due to inaccessibility or unforeseen delays in ordering parts) the Project Team will write to residents explaining why a same day connection is not possible and provide an alternative timescale for completion of the works. Residents will not be left without heat in the intervening period.</p> <p>Residents will be provided with the following two options on signing the HSA:</p> <p>(1) Removal of the oil tank and boiler as part of the project; or</p> <p>(2) Retention by the resident of their oil tank and boiler to dispose/sell or keep.</p>
Tariffs	<p>Residents are concerned that the current tariffs may be disproportionate for individuals living in smaller homes. This is because the fixed standing charge applies to all homes equally regardless of size, making the scheme more expensive for smaller homes than their current heat supply.</p>	<p>It is proposed to remodel the standing charge to find a more proportionate solution. Two options will be considered. These include number of bedrooms or boiler size.</p> <p>Option 1: Number of bedrooms</p> <ul style="list-style-type: none"> • Homes with two bedrooms or less; • Homes with three or four bedrooms; and • Homes with five plus bedrooms. <p>Option 2: Boiler size</p> <p>20kW, 30kW or 40kW as this reflects heat demand for a home.</p> <p>The solution that provides the most accurate modelling and that reflects the following practicalities and balances will be chosen:</p> <p>(1) Fairness for all residents;</p> <p>(2) The need to keep the Scheme financeable;</p> <p>(3) Practicality of retail solution; and</p> <p>(4) Achieving an outcome for all that is cheaper than oil or their existing heating solution.</p>
Price comparator	<p>Residents are concerned that oil as a comparator may become uncompetitive or redundant over time</p>	<p>It is proposed to change the comparator review timescales to every three years rather than every five years but initially, to keep the comparator as oil. However, wording will be added into the contract so that should the</p>

	and that in the future electricity may be a more appropriate choice as the grid decarbonises. It was also felt that the comparator should be every 3 years rather than 5 years.	existing comparator become off-market or impracticable then a consultation will be held with the Swaffham Prior Community Land Trust (SPCLT) on an alternative approach. The aim is to ensure that the Scheme remains competitive and valued by customers whilst also financially viable.
Restriction on transferring or selling the Scheme	Residents would like assurance that the Council will not sell the Scheme to a private company in the future.	To discuss with residents as part of the second review of the HAS. It is proposed to apply a restriction on sale of the scheme in the Heat Supply Agreement which would require agreement by the SPCLT. This will need to be facilitated through a 'community engagement agreement' with these parties for the duration of the scheme).
Cancellation Charge	Many residents have disapproved of the Cancellation Charge and have stated that it acts as a deterrent for them signing up to the Scheme.	<p>It is proposed that the cancellation charge is not included in the agreement for the following reasons:</p> <ul style="list-style-type: none"> (1) it is a deterrent for residents signing up; (2) in the event of scheme failure the cancellation charge does not fully recover the council's investment in the Scheme; and (3) the potential loss of income from residents not signing up for the Scheme could outweigh the costs recovered via the cancellation charge. <p>There are also further challenges when considering the resources required to collect the charges.</p> <p>Where a resident leaves the Scheme the Council will however make it clear that it will recover any reasonable uninstallation costs.</p>
Homes not currently suitable for the Scheme	There are homes in the community that are currently not eligible to the Scheme due to their existing heating system.	All homes will be surveyed for compatibility. Where homes are not compatible but keen to connect, for example homes that are currently fully electric; grants will be scoped to support homeowners to convert their heating systems to connect to the Scheme. Once homes are compatible with the Scheme homeowners can then proceed to sign an HSA with no upfront connection cost. Home surveys are currently being planned.

TOPIC	FEEDBACK	PROPOSED ACTION AND RATIONALE
Residents leaving the Scheme due to construction delay (Clause 3.5 HSA)	Residents may leave the scheme at any time following connection, they should not be prevented from leaving due to a delay in construction / connection.	This is a point of consistency and It is proposed that clause 3.5 is amended so that residents may terminate their heat supply agreement in the event of a significant construction delay. The Council will continue to mitigate this risk.
Freezing weather conditions (Definitions: Events Outside of Our Control)	Storm, lightning and freezing weather conditions, should not be justifiable reasons for relief from the Council being liable to supply heating and hot water, as this is when residents will rely on their heat system most	This was a drafting error. It is proposed these “Events Outside of Our Control” are removed and therefore heat supply is expected to be provided during such circumstances.
Residents’ restrictions on certain Connection Works (Found in Appendix 1 HSA)	Residents want a say in how the Connection Works will be carried out to their homes and any restrictions included within the HSA.	Home surveys will be undertaken prior to signing the HSA. The agreed approach and route for individual properties will be made clear in the HSA. If the Connection Works need to be amended for a resident, the changes will be listed in Appendix 1 of the HSA.
Attendance times (Found in Clause 6.1 HSA)	Three days is too short notice to give to residents for routine inspections, maintenance, repairs or upgrades.	It is proposed that the HSA be amended to provide residents with 14 days’ notice of such visits.
Consent to making changes to homes (Found in Clause 8.1 HSA)	Residents were concerned that under the HSA, they were prevented from making changes / alterations to their	It is proposed that Clause 8.1 of the HSA be revised to make it clear for residents that no consent is required from the Council for changes made to homes <u>except where the customer is looking to move or relocate Council’s equipment.</u>

	home and sought clarity on this matter.	
Residential Insurance	Residents are concerned that the Works will impact their home insurance.	Insurers require notification for all residential works and it will be important for residents to notify insurers of this scheme. It is not anticipated that insurers will find the scheme a problem (likely a net benefit) but an FAQ is being developed to assist people in answering questions raised by insurers.

3. Alignment with corporate priorities

3.1 A good quality of life for everyone

The Swaffham Prior Community Heat Project is offering residents and businesses the opportunity to decarbonise their heating and hot water by replacing oil boilers and tanks with a community renewable energy project that cuts burning of fossil fuel for heating homes at source. This should also provide improved air quality locally and air quality monitors are in place currently to monitor current levels of pollution.

3.2 Thriving places for people to live

The UK signed the 2015 Paris Agreement on Climate Change pledging to work towards global temperature rise remaining under 1.5 degrees. Supporting communities to shift off oil and manage their long term heating costs will help local places thrive.

3.3 The best start for Cambridgeshire's children

See section 3.1. Reducing local air pollution, preventing future fuel poverty and keeping homes warm supports better health outcomes for children.

3.4 Net zero carbon emissions for Cambridgeshire by 2050

The Swaffham Prior Community Heat Project is estimated to reduce annual carbon emissions from heating and hot water for homes in Swaffham Prior by 1250 tonnes per annum assuming 50% homes sign up from the outset of the project.

4. Significant Implications

4.1 Resource Implications

The financial viability of the project is dependent on the number of homes signed up to the Swaffham Prior Community Heat Project via the Heat Supply Agreement. The community feedback identified that some changes were needed to the HSA to encourage sign up to the project.

4.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications.

4.3 Statutory, Legal and Risk Implications

The HSA is a contract between the Council and heat customers and must comply with the Heat Trust standards.

4.4 Equality and Diversity Implications

There are no equality and diversity implications as addressed in the May and July 2020 papers to committee and referenced below in source documents.

4.5 Engagement and Communications Implications

The changes proposed to the HSA are a direct result of consulting with the community on the terms and conditions of the agreement.

4.6 Localism and Local Member Involvement

The local member is engaged with the details of the Project.

4.7 Public Health Implications

There are no significant implications of this report and proposed changes to the Heat Supply Agreement but the overall scheme provides a net health and climate benefit.

Have the resource implications been cleared by Finance? Yes

Name of Financial Officer: Jonny Trayer

Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement? Yes

Name of Officer: Gus Da Silva

Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or LGSS Law? Yes or No

Name of Legal Officer: Fiona MacMillan

Have the equality and diversity implications been cleared by your Service Contact?

Yes Name of Officer: Elsa Evans

Have any engagement and communication implications been cleared by Communications? Yes or No Name of Officer: Simon Cobby

Have any localism and Local Member involvement issues been cleared by your Service Contact? Yes Name of Officer: Emma Fitch

Have any Public Health implications been cleared by Public Health Yes or No

Name of Officer: Iain Green

5. Source documents

[Swaffham Prior Community Heat Project: Heat Supply Agreement and Retail Offer for Consultation](#), page 16, 10th July 2020, Environment and Sustainability Committee;

[Swaffham Prior Community Heat Project](#), 22nd May 2020, Commercial and Investment Committee;
and

[Heat Supply Agreement Consultation](#), Heating Swaffham Prior website.

[Consultation draft Heat Supply Agreement](#), Heating Swaffham Prior website