

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET

30 NOVEMBER 2006

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

**Regeneration & Transport – Lead Cabinet Member – Councillor Robert Cook
Environment – Lead Cabinet Member – Councillor Steve Nelson**

STILLINGTON COMMUNITY ENERGY SCHEME BUSINESS CASE

1. Summary

The purpose of this report is to support the principle of entering into an agreement with Gaz de France to develop one or two wind turbines at the Stillington Forest Park. The scheme has been developed in conjunction with the Parish Council, local business and Gaz de France to deliver economic, social and environmental benefits. The project will be subject to a formal planning application should cabinet determine to take this forward.

2. Recommendations

1. That the Stillington Community Energy Scheme is approved in principle.
2. That the Corporate Director for Development and Neighbourhood Services is authorised to progress negotiations with Gaz de France and enter into an exclusivity agreement.
3. That the Corporate Director for Development and Neighbourhood Services in consultation with Cabinet Member for Environment and the Director of Law and Democracy is authorised to enter into the required agreements to give effect to the Scheme should the Scheme be viable and planning permission be obtained.

3. Reasons for the Recommendations/Decision(s)

The Government has a set target of 10% renewable energy generation by 2010 and the position at 2005 (latest data available) indicates that just over 4% was being generated through renewable means.

Businesses and the wider community are being affected by rising energy costs and the impact of the climate change levy. This proposal offers a way to support business through additional generation of renewable energy and a mechanism to invest in this development. The local community will derive direct and indirect benefits through the Gaz de France proposal in terms of funding for local projects and Stockton Council will receive a lease contribution.

The contribution that this will make to the regional and national targets should also be considered.

4. Members Interests

Members (including co-opted members with voting rights) should consider whether they have a personal interest in the item as defined in the Council's code of conduct (paragraph 8) and, if so, declare the existence and nature of that interest in accordance with paragraph 9 of the code.

Where a Member regards him/herself as having a personal interest in the item, he/she must then consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest (paragraph 10 of the code of conduct).

A Member with a prejudicial interest in any matter must withdraw from the room where the meeting is being held, whilst the matter is being considered; not exercise executive functions in relation to the matter and not seek improperly to influence the decision about the matter (paragraph 12 of the Code).

Further to the above, it should be noted that any Member attending a meeting of Cabinet, Select Committee etc.; whether or not they are a member of the Cabinet or Select Committee concerned, must declare any personal interest which they have in the business being considered at the meeting, and if their interest is prejudicial, they must also leave the meeting room during consideration of the relevant item.

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Environment – Lead Cabinet Member – Councillor Steve Nelson**

STILLINGTON COMMUNITY ENERGY SCHEME BUSINESS CASE

SUMMARY

The purpose of this report is to consider entering into an agreement in principle, and subject to planning approval, with Gaz de France for the development of wind turbines on Stillington Forest Park as part of a community energy scheme.

RECOMMENDATIONS

1. That the Stillington Community Energy Scheme is approved in principle.
2. That the Corporate Director for Development and Neighbourhood Services is authorised to progress negotiations with Gaz de France and enter into an exclusivity agreement.
3. That the Corporate Director for Development and Neighbourhood Services in consultation with Cabinet Member for Environment and the Director of Law and Democracy is authorised to enter into the required agreements to give effect to the Scheme should the Scheme be viable and planning permission be obtained.

DETAIL

Background

1. The Northern Energy Initiative (TNEI) conducted a study of potential wind turbine locations on behalf of the Tees Valley Authorities and Renew Tees valley in 2004 / 05. A total of six sites were identified in the Borough, most of which were on industrial land around the Seal Sands area with a total of between 100 and 150 Megawatt (MW) installed capacity.
2. In January 2005 Stillington Parish Council invited Stockton Council to their meeting to discuss issues around wind turbines, as there had been a site identified within Stillington that was felt to be suitable for a community wind farm and was on land owned by Stockton Council.
3. Following that meeting it emerged that the North East Iron Refining Company (NEIR) were also considering the feasibility of installing a wind turbine on their land to offset the considerable electricity requirements of their operation.

4. Subsequent meetings with NEIR, officers of Stockton Council, TNEI took place to look more closely at the potential of the site for wind farm development. The original idea of placing the wind turbines on the land owned by the Council and originally intended for business unit development were revised and moved to a more suitable position within the Stillington Forest Park.
5. Investigations into suitable partners to develop the site proved difficult and sometimes very one-sided, with one potential community wind farm developer being very prescriptive in the sites that they would consider and the constraints that they would impose.
6. At an estimated cost of around £1 million per Megawatt (MW) capacity, plus the costs of feasibility study, site survey, noise consultants, planning risks etc. Stockton Borough Council was not in a position to fund this type of project.
7. Late in 2005 contact was made with a consultancy company who are actively involved in the design and installation of wind farm developments on behalf of clients in the energy field. This then led to meetings with Gaz de France, the leading gas supply company in France and the fourth largest natural gas buyer in the world, with net sales in 2005 of €22.4 billion.
8. Gaz de France indicated that they were keen to expand their renewable energy generation portfolio in the UK considerably over the next few years and were interested in looking at the potential for the Stillington site. Furthermore they were in a position to fund feasibility studies and the other on site investigations needed. Although it is a French company they have a base in the UK in Leeds with a staff of 175.

Strategic Context

1. The Government has a set target of 10% renewable energy generation by 2010 and the position at 2005 (latest data available) indicates that just over 4% was being generated through renewable means. In fact the Dti reported that to meet the renewable electricity generation target through wind turbines alone would require between 3,000 and 5,000 turbines.
2. The North East Renewable Energy Strategy published in March 2005 stated, "It may be possible for the region to produce 13% of the electricity it consumes by 2010 from onshore renewable resources." It further stated that the regional target should be apportioned with 138MW being assigned to the Tees Valley. A 30MW Biomass power station is due to be on stream in 2007/08 at Wilton but the bulk of this renewable energy target is expected to be produced through wind energy.
3. Businesses, particularly those using large amounts of energy, are paying an additional tax through the climate change levy. To avoid this they need to meet efficiency targets and utilise energy from renewable sources. One such business, NEIR uses electric induction furnaces, and employing 25 people is located adjacent to the proposed wind turbine development and is facing increasingly difficult targets to reduce its reliance on electricity derived from non-renewable sources.
4. With renewable energy generation at such a low level nationally it inevitably attracts a premium price and applies further pressures on businesses that rely heavily on energy as part of the manufacturing process. This project will provide much needed renewable energy, help to drive premium prices down and support businesses in meeting their obligations to reduce their CO2 emissions.
5. Climate change is becoming increasingly an issue at a local, national and global level. To reduce the impact will require measures to reduce the energy requirements of the community as well as businesses and the need to invest in renewable energy technologies.

Project status

1. Gaz de France commissioned a feasibility study with consultants Garrard Hassan & Partners that commenced on the Stillington Forest Park at the end of August 2006.
2. The outcome of the feasibility study was that this site does present an opportunity to site up to two wind turbines. The hub height for a single turbine would be 80 metres and for two turbines it would slightly smaller at 60 metres.
3. The study did highlight the need to carry out further investigations into the background noise levels prevailing in areas that would be sensitive to the development. It also recommended that wind speed measurements would need to be collected over a period of several months using an anemometer located on site and at a height equivalent to the proposed turbine hub.
4. There are other site investigations required in relation to ground conditions and stability, which is particularly important, as part of the park was a former waste site where slag and other waste from the foundries were deposited. The whole site was subject to a remediation scheme in 1996/97 to enable it to be used for a public open space but there is a lack of detailed information on what lies beneath the capping clay.

Potential Benefits from the Scheme

1. In developing this project extensive discussions have taken place with the Parish council and local business representatives to ensure that the interest of the community have been considered and taken on board. Further consultation took place through a public meeting on 31st October 2006 and will continue through briefings for the Parish Council, information within the Parish Council newsletter, through residents comments forms, and the provision of a web site with links from the Stockton Council site.
2. The Parish council are anxious to ensure that the community would derive a positive benefit from this proposal and the proposal from Gaz de France is that the Parish Council will receive what has been termed a community benefit fund annually and which they will administer and deliver projects on behalf of the community. Furthermore there will be an "Environment and Sustainability fund" which it is suggested would be administered by the Parish Council which would be for specific projects and initiatives for example with the local school and be focused on environmental issues.
3. Gaz de France have also indicated that they will fund a "community warden" who would have a multiple role, both in terms of being a presence to protect what is likely to be an investment of around £2.5m as well as supporting the management of the park and linking into wider community activities.
4. Stockton Borough Council will receive a "lease payment" which reflects the lease value and the value of the renewable electricity being generated. **Appendix 1** (exempt information) outlines the financial benefits being proposed, which are still subjective and need validating following further investigations and information on wind data, land liabilities etc.
5. Whilst local businesses are not able to have a direct connection to the electricity generated from this facility it will contribute to the overall availability of renewable energy on the market. Furthermore NEIR and another local business have expressed an interest in having a share in the development, which will help them to meet their climate change obligation through investment in renewable energy technology.

6. This proposal clearly offers a mechanism through which local businesses that are being affected by the climate change levy can buy into this scheme and reduce their taxation bill. This is particularly important when energy costs for NEIR have risen by 36% in the last twelve months. The security of the jobs of around 25 people is in jeopardy without this opportunity.
7. The output from this proposal is likely to be in the order of 7 GWh / annum which will provide the electricity needs for approximately 1,500 households and displace approximately 7,000 tonnes CO2 per annum. This is the first significant development of this sort in the Borough; other wind turbines have only been of the order of 132 KW for example at Bishopsgarth School.
8. There has been a lot of publicity recently on domestic wind turbines, (of the sort that is being sold in B&Q) which are fixed to the side of the house and can produce a maximum of 1KW electricity in the right wind conditions. This proposal is the equivalent of fitting around 7,000 houses with that type of turbine.
9. In terms of the wider environment issue there is no doubt that this proposal, the first of its kind in the borough, can make a significant contribution not only in output but also as a way of leading by example and opening the door to other potential projects.

FINANCIAL AND LEGAL IMPLICATIONS

Financial

Appendix 1 outlines the financial information.

Legal

Gaz de France have indicated that they would want to enter into an exclusivity agreement with the Council in order to enable them to progress site investigations, feasibility and viability of the Scheme, including planning approval. This means that provided the Scheme is viable, including the granting of planning permission, the Council can only seek to develop the wind turbine site with Gaz de France. If the Scheme is considered viable and planning approval is obtained a development and lease agreement will have to be negotiated and entered into. It is anticipated that the lease will be for the land at the base of the turbines only together with associated access.

The exact site of the turbines and access for their development has yet to be determined. It may be necessary to divert rights of way across Stillington Forest Park.

Issues of public liability and insurance will be considered as part of the further investigations into the viability of the Scheme.

RISK ASSESSMENT

The main project risks are to be borne by the developer. The risk to Stockton Council in terms of the project development and implementation can largely be addressed through the terms of the legal agreement.

COMMUNITY STRATEGY IMPLICATIONS

None.

CONSULTATION INCLUDING WARD/COUNCILLORS

Meetings with the Parish Council have been very positive with broad support in principle subject to confirmation of community benefits being in place.

Ward Councillor – Cllr Salt has been briefed on the development and attended the Parish Council briefing.

Around 55 residents attended a public meeting on 31st October 2006 and listened to presentations from SBC and Gaz de France. There followed a lively question and answer session and discussions around the issues raised. The consensus was that the scheme should be supported in principle and further information provided. The participants also welcomed the opportunity to feed into the range and nature of the benefits that the community would receive.

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Background Papers

Letter from Gaz de France (exempt information).

Ward(s) and Ward Councillors:

Cllr Salt

Property

Land in SBC ownership.