

STOCKTON-ON-TEES BOROUGH COUNCIL

CABINET RECOMMENDATIONS

PROFORMA

Cabinet Meeting17th March 2011

1. Title of Item/Report

Procurement of Sustainable Energy Supply

2. Record of the Decision

Members were reminded that Stockton-on-Tees Borough Council had formally adopted the Renewable Energy Strategy following a Cabinet recommendation on 17 December 2009. This strategy recognised the need to develop low carbon and sustainable energy supplies to both provide security of supply and to counter the anticipated rising costs of fossil fuel based energy supply.

In addition the UK Government has set targets for carbon emissions reduction of 34% by 2020 and 80% by 2050. The latest Climate Change Committee Report, published on 6 January 2010 also recommends carbon emissions reduction of 60% by 2030. All these targets were related to the baseline year of 1990.

Conventional energy prices were predicted to rise considerably with a recent Ofgem report suggesting a doubling of wholesale energy costs by 2015 whilst five of the major utilities have predicted a 25% increase in prices by 2020.

Discussions with the Tees Valley local authority Directors of Environment have secured interest in approaching a Tees Valley wide initiative to seek supplies of renewable or low carbon energy supply through a long term contractual arrangement. In addition the Tees Valley local authorities had received a detailed report from Parsons Brinkerhoff, commissioned by Tees Valley Unlimited, that describes five potential district heating schemes, one for each local authority and using Combined Heat and Power plant for maximum efficiency.

In view of the high capital cost of renewable and low carbon energy supply it had been decided to test the market regarding the possibility of developing the Councils' future energy supply through a third party along the lines of a Power Purchase Agreement (PPA).

The publication of a 'Prior Information Note in the Official Journal of the

European Union (OJEU) in December 2010 led to an information exchange on 1st February 2011 at the Education Centre. Over 30 companies of varying sizes have engaged with this process.

RESOLVED that

1. The principle of a 'joint venture' approach to procurement of sustainable energy supply for the five Tees Valley authorities be agreed

2. Further work be carried out to explore the options for delivery mechanisms for the sustainable energy supply and report back to Cabinet.

3. Approval be given to taking the process forward to the next and more detailed stage in the form of a new OJEU Prior Information Notice.

3. Reasons for the Decision

To enable Stockton-on-Tees Borough Council, in partnership with the other Tees Valley authorities to explore routes to the procurement of a long term, sustainable energy supply that provides security of supply, price stability and carbon emission reductions.

4. Alternative Options Considered and Rejected

None

5. Declared (Cabinet Member) Conflicts of Interest

None

6. Details of any Dispensations

Not applicable

7. Date and Time by which Call In must be executed

Midnight on 25 March 2011

Proper Officer
21 March 2011