

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET

7 FEBRUARY 2013

REPORT OF CORPORATE AND SOCIAL INCLUSION SELECT COMMITTEE

CABINET DECISION

Environment – Lead Cabinet Member – Councillor Rose

SCRUTINY REVIEW OF ENERGY SUPPLY

1. Summary

The Corporate and Social Inclusion (CSI) Select Committee undertook a review of energy supply taking a detailed look at what the Council is seeking to achieve including the key objectives of energy provision at a long term stable price, security of supply, a reduction in carbon emissions and how to stimulate the renewable energy supplier and energy technology markets with the aim of increasing employment opportunities.

2. Recommendations

1. The Committee recommend the promotion of using photovoltaic cells wherever possible on Council owned properties and elsewhere.
2. The Committee recommend that the updated Sustainable Construction Policy reflect all advances in renewable energy technology to ensure buildings are as energy efficient as possible while delivering value for money.
3. The Committee recommend that whenever possible officers/Members use the electric cars that have been leased to Stockton Council.
4. The Committee recommend that Stockton Council ensure the cost of operation of pool cars is fully offset by reduction in business mileage.
5. The Committee recommend that initiatives such as Energy Service Companies to aid future energy supply for the Council are considered regarding their positive contribution to meeting the Council's objective on future energy supply.
6. The Committee recommend that Stockton Council do not commit to a specific course of action thereby allowing the flexibility to work alone or with others to best benefit from renewable energy.

3. Reasons for the Recommendations/Decision(s)

1. Reliance on current forms of energy supplies have a limited lifespan as there is a requirement to reduce carbon emissions substantially. The ability to benefit from renewable energy became a reality during the time of this review with the installation of photovoltaic (PV) cells on Council buildings.
2. In particular a link between the PV cells and electric charging points provides the opportunity for 'free energy' to charge electric cars leased to Stockton Council from electricity generated 'by Stockton Council'.

3. Current energy supply is delivered through natural gas and grid electricity that is purchased through supply contracts negotiated for the majority of North East Council's by NEPO. Flexible procurement has enabled the electricity and gas to be purchased using the futures market thus enabling optimum prices to be obtained. The Committee believe that Stockton Borough could benefit from exploring the opportunities provided by the industries in the vicinity.
4. One option is the establishment of a LA-controlled 'arm's length' Energy Service Company (ESCO) which would deliver energy projects on the LA's behalf. The benefit would provide the LA with an additional revenue stream and help it to meet its strategic objectives without being exposed to the associated risks.
5. The Committee support the utilisation of a wide range of renewable energy sources as no single source could currently provide the whole of the Council's energy requirements.
6. Particular support was expressed for the possibilities offered by wind power, especially the projected amounts of energy from offshore wind turbines when equated to what it could power within the borough.

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 (**paragraphs 10 and 11 of the code of conduct**).

A Member with a prejudicial interest in any matter must withdraw from the room where the meeting considering the business is being held -

- in a case where the Member is attending a meeting (including a meeting of a select committee) but only for the purpose of making representations, answering questions or giving evidence, provided the public are also allowed to attend the meeting for the same purpose whether under statutory right or otherwise, immediately after making representations, answering questions or giving evidence as the case may be;
- in any other case, whenever it becomes apparent that the business is being considered at the meeting;
- and must 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 (unless the interest arises solely from the Member's membership of, or position of control or management on any other body to which the Member was appointed or nominated by the Council, or on any other body exercising functions of a public nature, when the interest only needs to be declared if and when the Member speaks on the matter), and if their interest is prejudicial, they must also leave the meeting room, subject to and in accordance with the provisions referred to above.

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CABINET DECISION

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SUMMARY

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RECOMMENDATIONS

1. The Committee recommend the promotion of using photovoltaic cells wherever possible on Council owned properties and elsewhere.
2. The Committee recommend that the updated Sustainable Construction Policy reflect all advances in renewable energy technology to ensure buildings are as energy efficient as possible while delivering value for money.
3. The Committee recommend that whenever possible officers/Members use the electric cars that have been leased to Stockton Council.
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5. The Committee recommend that initiatives such as Energy Service Companies to aid future energy supply for the Council are considered regarding their positive contribution to meeting the Council's objective on future energy supply.
6. The Committee recommend that Stockton Council do not commit to a specific course of action thereby allowing the flexibility to work alone or with others to best benefit from renewable energy.

DETAIL

1. In December 2009 Stockton Council's Cabinet agreed a Renewable Energy Strategy as a delivery mechanism to reduce carbon emissions derived from the Council's energy consumption. Stockton Borough Council committed to a 25% reduction in carbon emissions by 2013 whilst central Government set greenhouse gas reduction targets of 34% by 2020 and 80% by 2050.
2. To implement the Renewable Energy Strategy and move towards long term security of supply it was recognised that obtaining energy from low carbon and renewable sources were required. In March 2011 Cabinet considered the procurement of sustainable

energy supply as discussions with the Tees Valley local authority Directors of Environment 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.

3. A number of questions were formulated for this review to begin to identify a route to procurement of energy over a period of around 20 to 25 years that may provide the basis for any investment required to achieve these objectives on a commercial basis.

Should the Council begin to progress toward providing its own energy supply / becoming energy self-sufficient?

4. Reliance on current forms of energy supplies have a limited lifespan as there is a requirement to reduce carbon emissions substantially. The ability to benefit from renewable energy became a reality during the time of this review with the installation of photovoltaic (PV) cells on Council buildings.
5. In particular a link between the PV cells and electric charging points provides the opportunity for 'free energy' to charge electric cars leased to Stockton Council from electricity generated 'by Stockton Council'.

Should the Council take the lead with other LAs or develop unilaterally?

6. Current energy supply is delivered through natural gas and grid electricity that is purchased through supply contracts negotiated for the majority of North East Council's by NEPO. Flexible procurement has enabled the electricity and gas to be purchased using the futures market thus enabling optimum prices to be obtained. The Committee believe that Stockton Borough could benefit from exploring the opportunities provided by the industries in the vicinity.
7. One option is the establishment of a LA-controlled 'arm's length' Energy Service Company (ESCO) which would deliver energy projects on the LA's behalf. The benefit would provide the LA with an additional revenue stream and help it to meet its strategic objectives without being exposed to the associated risks.

Develop a portfolio of available energy resources to utilise?

8. Renewable energy technologies to reduce the energy related carbon emissions include the following:
 - Onshore Wind turbines – most available and affordable current technology but does require planning permission.
 - Offshore Wind Turbines - The United Kingdom became the world leader of offshore wind power generation in October 2008.
 - Solar Energy – in the form of heat through solar hot water panels.
 - Solar Electricity – in the form of photo-voltaic (PV) panels and tiles.
 - Biomass – typically wood and waste materials to provide heat with appropriate boiler plant.
 - Hydro-electricity – limited opportunity but an Archimedes screw generator has been installed as part of the Tees Barrage white water course upgrade.
 - Energy from Waste – Municipal waste is taken to the SITA plant where it provides fuel to generate electricity for the grid. At present there is no linkage between the waste stream and the electricity generated.
 - District heating - under consideration with potential use of process heat from local industry being explored.
9. The Committee support the utilisation of a wide range of renewable energy sources as no single source could currently provide the whole of the Council's energy requirements.

10. Particular Support was expressed for the possibilities offered by wind power, especially the projected amounts of energy from offshore wind turbines when equated to what it could power within the borough.

FINANCIAL IMPLICATIONS

11. The recommendations do not have any specific financial implications.

LEGAL IMPLICATIONS

12. The outcome of this process is likely to be contractual arrangements for energy supply over a long period requiring appropriate legal safeguards to be implemented regarding the supplying organisations.

RISK ASSESSMENT

13. Considered low risk at this stage since the process is concerned with accumulating data to inform the developing procurement process.
14. Risk will be reassessed at appropriate points through the duration of the process.

SUSTAINABLE COMMUNITY STRATEGY IMPLICATIONS

Economic Regeneration and Transport

15. The provision of renewable energy supplies and district heating/CHP provides significant opportunities for local business development for construction and ongoing maintenance support.

Environment and Housing

16. The low carbon energy supply arising from this will contribute to borough wide carbon emission reductions and improved air quality due to reduced individual gas boiler plant.
17. District heating schemes would provide opportunities for the provision of low cost heat supplies to adjacent domestic dwellings.

Children and Young People

18. The proposed low carbon energy supply is intended to provide long term price stability, reduced costs and therefore the potential for improved budget arrangements for schools and other Council operated support services for children and young people.

Liveability

19. This will improve the efficiency of energy use within the Borough and provide improved security of energy supply.

EQUALITIES IMPACT ASSESSMENT

20. This report is not subject to an Equalities Impact Assessment as it deals exclusively with the delivery of future energy supply to the Council with no direct impact to residents.

CONSULTATION INCLUDING WARD/COUNCILLORS

21. No direct consultation undertaken

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Education related? No

Background Papers

Renewable Energy Strategy – Cabinet Report – 17 December 2009

Procurement of Sustainable Energy Supply – Cabinet Report – 17 March 2011

Ward(s) and Ward Councillors: N/A

Property N/A