

Appendix A – Outline of the options considered

Option 1: Developing more solar on Council property

Council properties have been identified which could accommodate the next phase of solar installations. At the same time, an energy efficiency improvement has been identified for which there is no funding in the Council’s Property Maintenance programme. A “without commitment” procurement process has been undertaken; the financial and carbon savings are set out in Table 1.

Site/item	Capital investment	Annual income/Savings for the Council ¹		IRR for the Council	Estimated value to the tenant(s) (Year 1)	Estimated CO ₂ saving
		Year 1	Year 10			
21-27 Hollands Road, Haverhill Solar PV ²	£64,500	£5,000	£7,500	9.6%	£850	7 tonnes
Haverhill Depot Water efficiency	£21,000	£2,000	£2,500	7%	N/A	N/A
Total	£85,500	£8,500	£12,000		£850	9 tonnes

Option 2: Developing a “rent-a-roof” solar scheme for homes



Larger housing developers are arguing that renewables jeopardise the viability of development. A potential solution could be that the local authorities in effect rent the roof space to install solar panels on new built homes, taking the Feed-In Tariff while the homeowner saves energy so reducing their bill.

Economies of scale would be achieved and much of the procurement risk would be transferred since it would be for the developer, rather than the Council, to use its buying power and supply chain. The Councils would also have the ability potentially to set local employment conditions by negotiation with the developers.

To date, informal discussions have been held with, amongst others a major utility connection company a local housing association and a local authority already offering the scheme to its residents, to understand whether a model is viable.

¹ The Feed-In Tariff is index linked over 20 years.

² In addition to the financial returns for the Council, it will be possible to offer any generated electricity to the tenant under contract at a cheaper rate than they currently pay for grid supplied electricity.

Option 3: Developing a “rent-a-roof” solar scheme for local business



One of the barriers to businesses installing renewable energy technologies is access investment capital. Using its prudential borrowing, the Councils could work with local businesses by investing in a solar installation on their building. The Council would receive the Feed-in Tariff and the business would be supplied the generated electricity at a cheaper rate through some form of roof rental agreement.

The rent-a-roof offer would be open to all businesses across the district although to ensure value for money, it would be necessary to apply eligibility criteria. This would include technical criteria relating to the size, type and design of the host building and criteria regarding the ownership of the building and business electricity use.

Market research has shown that there is interest from businesses, although this may be limited by technical aspects, like business energy profile and building characteristics, the appetite of the key decision makers in the business and the level of financial return that could be offered.

Based on the appraisal, it is considered that the equivalent of three to five medium scale (150KWp) schemes could be progressed a year. For budgeting purposes, it has been assumed that the equivalent of three medium scale schemes could be advanced each year over a three year period. The predicted financial investment and returns are set out below.

Year	No. of schemes developed each year	Capital investment	IRR	Annual income for the Council	
				Year 1	Year 10
1	3	£540,000	9.75%	£48,000	£67,000
2	3	£540,000	9.75%	£48,000	£67,000
3	3	£540,000	9.75%	£48,000	£67,000
Total	9	£1.62 million	9.75%	£144,000	£201,000

Option 4: Brokering investment in renewable energy on behalf of local communities

Community energy schemes are one of the most effective ways of getting people engaged with energy issues. Energy companies are starting to offer support to communities to develop a package of energy-related benefits.

One company, OVO Energy³, offers four key elements to energy projects developed for the benefit of the local community:

- energy supply - set up their own supply business, from front to back office, from trading to marketing
- smart metering - customers will be able to see real time energy usage, which can be used to compare portfolios of homes to identify the most energy efficient or inefficient properties
- energy efficiency – companies are offering funding through the Energy Companies Obligation
- Power generation - can buy energy from local generators.

This offer is available to local authorities; appropriately scaled schemes have yet to be identified. Option 4 may, when fully evaluated, allow the Council establish an electricity tariff offer to local residents.

Option 5: Other renewable energy technologies

Initial work is underway and, where viable, proposed schemes will be brought forward for consideration.

³ <http://www.ovoenergy.com/blog/2013/11/community-owned-energy/#sthash.EnTW0x2D.dpuf>