

REPORT TO: Executive Board

DATE: 19 March 2020

REPORTING OFFICER: Chief Executive

PORTFOLIO: Environmental Services

SUBJECT: European Regional Development Funding (ERDF) Renewable Energy Scheme

WARDS: All

1.0 PURPOSE OF THE REPORT

On 20th September 2018 the Executive Board gave approval to seek tenders for a Design, Build, Operate and Maintenance contract for the development of a 1MW Solar Farm on the former St Michaels Golf Course. Authority is now sought to waive Standing Orders to extend the farm by 250kw under the existing contract.

2.0 RECOMMENDATION: That

- 1) the decision to waive Standing Order 1.14.4 iv of part 3 of Procurement Standing Orders and to extend the award of the existing Design, Build Operate and Maintenance Contract to Absolute Solar and Energy to allow for the Solar Farm at St Michaels Golf Course to be extended from 1MW to 1.25MW be noted; and**
- 2) Council be recommended to vary the Capital Programme.**

3.0 SUPPORTING INFORMATION

The Council awarded a contract to Absolute Solar and Wind in July 2019 to build a 1 MW solar farm following an OJEU tender process. The value of the tender was £1,277,000. 50% of the funding for the scheme was provided by the European Regional Development Fund with the remainder of the capital match funded by the Council.

Post contract award and prior to the start of construction the opportunity arose to extend the farm by 250kw and future proof the current scheme with a view to exporting the electricity to the proposed new Leisure Centre in Moor Lane/other Council buildings. The cost of the extension was £180,700. This was budgeted at 69.5p/Wp whilst the contractor was on site. The Council's Technical adviser to the project advised this was a competitive price in line with current market values and the original tender price. Such a project extension would extend the existing infrastructure, and would thus have a lower build cost per watt-peak whilst the contractor was on site. As the contract awarded was still

current it was considered commercial advantageous to the Council to accept the offer and progress the extension as a waiver to the existing contract.

The electricity from the extended farm will initially be exported to the grid but in designing the existing solar farm measures have been installed to allow the electricity to be used at other Council facilities including the proposed new Leisure Centre in Moor Lane. The extension will be funded in full by the Council and will not be subject to any ERDF. Initially the Council will receive an income in the region £10,500 for the exported electricity in year one. If the electricity was exported for the life time of the project 25 years and taking account of energy price inflation the payback period would be in the region of 15 years. A 3.8% rate of return.

Providing the electricity is used at Council facilities this would reduce the demand for energy purchased at a commercial rate from a supplier. This would benefit the Council by approximately £25k per annum significantly reducing the payback on the capital investment to 7-8 years and creating lower energy bills over the preceding 20 years.

The additional 250kWp array would reduce the Council's CO2 emissions by 61 tonnes per annum, or 1,412 tonnes over 25 years.

Not extending the farm under the existing contract would have meant a further procurement exercise with associated costs and staff time and was unlikely to have achieved a more competitive price given the contractor was already on site.

This would have resulted in the Council having to forego a clear financial or commercial benefit. Additionally it was not practicable for reasons of urgency which could not reasonably have been anticipated to procure the extension through a tender process without forgoing the commercial advantage to the Council.

The decision to agree the extension to the Solar Farm under the existing terms and conditions and waive Standing Orders was agreed by the Chief Executive, in consultation with the Leader of the Council under his urgency powers.

4.0 POLICY IMPLICATIONS

Nationally the Government has set a target for the UK to reduce its Carbon Emission in the period 2028-2032 to 57pc below 1990 levels. The Council also set its own reduction targets and these are currently being met. The Council has recently declared a Climate emergency which calls for the Council to produce and use more renewable energy in its buildings. This scheme will help contribute to further reductions and support the Council's ambitions.

5.0 FINANCIAL IMPLICATIONS

The capital cost of £180,700 will be met from the Capital Programme and this will need to be varied accordingly.

The income generated from the sale/use of electricity will repay the Capital costs within 8 years and then create a long term income stream for the Council.

6.0 Implications for the Council's Priorities

6.1 Children and Young People in Halton

None

6.2 Employment, Learning and Skills in Halton

None

6.3 A Healthy Halton

None

6.4 A Safer Halton

None

6.5 Halton's Urban Renewal

The Scheme will bring back into use a Council asset that has been unused for some years and is unsuitable for major development. It will contribute to the Council's targets to reduce carbon emissions and will demonstrate local leadership in promoting locally generated renewable energy, removing the reliance on traditional fossil based fuels.

7.0 RISK ANALYSIS

7.1 A risk register for the scheme has been developed that puts in place control measures to mitigate against the main risks.

8.0 EQUALITY AND DIVERSITY ISSUES

None

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

None under the meaning of the Act.

