

Delegated Officer Report

Decision Maker:	Emma Barton, Executive Director for Place and Economic Growth
Date of Decision:	9 June 2022
Subject:	Wrigley Head Solar Farm – review and next steps
Report Author:	Andrew Hunt, Green Energy & Sustainability Manager
Ward (s):	Chadderton South / Failsworth

Reason for the decision: To provide a decision on whether the Council wishes to review the business case for Wrigley Head Solar Farm and explore options for delivery in light of positive changes in the status of the project and improvement in the outline financial model.

Summary: Background

The project is a 891kW ground mounted solar PV array at a Council-owned former industrial landfill site at Wrigley Head in Failsworth. The solar farm would improve the site, including in terms of biodiversity via wildflower planting and other measures, and would generate a significant amount of renewable energy, potentially contributing to the Council's 2025 carbon neutrality target and / or the borough 2030 target. The project would save an average of 50 tonnes of CO2 per annum over the lifetime of the scheme and cost around £1.1 million to develop.

The project was originally conceived in summer 2018 as part of a prospective ERDF-funded Greater Manchester level project, "Unlocking Clean Energy in Greater Manchester". An initial no-cost feasibility study carried out by Electricity North West indicated the potential for a viable solar farm at the Wrigley Head site, and further

feasibility work by Aecom confirmed that such a facility would be viable, either (with a 'private wire' connection) supplying electricity directly to a local business, or (with an ERDF grant subsidy) supplying electricity to the Council via the grid, by means of a "sleeving" agreement with our main energy supplier.

The ERDF project would have provided a grant subsidy at a rate of around 40% of the capital cost of the scheme. The Council has incurred costs of around £120K in developing the project up to and including the submission of a Planning Application.

In spring 2020, the impact of the coronavirus pandemic and national lockdown on the economy meant that the long-term outlook for wholesale electricity prices was revised downwards. The change in this assumption underlying the financial model for the solar farm meant that with the new outlook, the solar farm no longer showed a viable business case.

As a consequence, the project was considered by Cabinet in the summer of 2020 in the context of the Creating A Better Place capital programme review. A decision was taken at that time to stop work on the project.

Before work on the project was paused, a fee was paid to Electricity North West to accept a grid connection offer. A further 'staged payment' of around £35K was due in 2020 but was not paid as a consequence of the Cabinet decision to pause work on the project.

The solar farm scheme is dependent upon a cable easement across third party owned land. Two adjoining landowners have indicated a willingness to grant a cable easement across their land, however, no terms have been agreed. It is expected that the third-party landowner will want a payment or the transfer of the council's adjoining land for nil consideration for the grant of the easement.

Current Position

The project gained Planning Permission in December 2021, with a number of Planning Conditions attached relating to environmental

surveys and the construction of a screening fence alongside the tram track, which was agreed with TfGM in order to remove their objection to the scheme.

Electricity North West have confirmed that despite the non-payment of the 'staged payment' on the grid connection, the grid connection offer for the solar farm is still valid. Further details have been requested from ENWL to establish the process for re-commencing work on the grid connection and associated costs and timescales.

For the scheme to be taken forward, negotiations would need to resume with the third party landowners who own the land across which the cabling connecting the proposed solar farm to the ENWL grid connection point must pass. There is no guarantee that negotiations would succeed – however, the landowners have previously indicated a willingness to negotiate so there is equally no reason why negotiations should not succeed.

When the scheme was originally modelled financially, an electricity export price of around 5.5p / kWh was assumed. Since that time, the wholesale electricity price has risen substantially and the Council's main energy supplier EDF has informally offered an export price of 16p / kWh from May 2023. This means that the current financial model for the scheme shows a 7%-8% IRR without any form of grant subsidy, i.e. the scheme is now financially viable and showing a healthy return according to the existing model. However, the cost assumptions in this model would need to be revisited in order to accurately model the scheme as it stands today.

The GM Combined Authority has recently set up a procurement call-off framework for low carbon projects called the "Go Neutral" framework. This framework has a number of lots, including two lots which could be relevant for the Wrigley Head solar farm project. Lot 4 is for Council-funded ground mounted solar and Lot 5 is for developer-led hybrid low carbon projects on Council-owned land, which could include ground-mounted solar.

The Council can test the market for the Wrigley Head project by placing an "Expression Of Interest" on both lots 4 and 5 of the Go Neutral

framework. These EOIs can attract market feedback in terms of the practical deliverability of the project (Lot 4) and the investability of the project (Lot 5), i.e. contractors would reply to the EOI if they thought that the project was deliverable in terms of satisfying the technical requirements and Planning Conditions, and also if they thought that the project was financially worth developing from their own perspective. This market feedback will enable the Council to make a more informed decision as to whether to take the project forward, and if so what the preferred delivery model would be (i.e. Council funded or developer funded and led).

Although placing an EOI on the Go Neutral framework will not enable the Council to establish accurate costs for the scheme, the Council can disclose our budget / our estimated costs as derived from the original feasibility work on the scheme in the EOI and explain how these estimated costs have been calculated. We can ask for a high-level view / opinion on this from the market (e.g., whether they think it is reasonable or significantly under-estimated) but at EOI bidders will not be in a position to offer any detailed feedback or pricing – their commentary will be very high level, general and caveated. Costs can only accurately be determined at tender stage but nonetheless, feedback should enable the Council to establish whether the scheme could/should feasibly proceed.

Once the Go Neutral EOI market test is complete, an options report can be prepared for consideration by Cabinet with a recommendation as to whether and how the scheme should be taken forward.

What are the alternative option(s) to be considered? Please give the reason(s) for recommendation(s):

Option 1: Do nothing. Under this option, no further work will take place on the project, and no further expenditure will be incurred. However, the £120K incurred thus far on developing the project would be abortive expenditure.

Option 2: Progress the project. Under this option, market testing will be carried out using the GMCA “Go Neutral” procurement call-off framework to secure high-level market feedback on outline costs, delivery and financing options as well as practical deliverability in terms of

meeting the Planning Conditions attached to Planning Permission for the project and on-site technical considerations. Once this exercise is complete, an options report for the project will be presented to Cabinet.

Consultation: including any conflict of interest declared by relevant Cabinet Member consulted.

Consultation has taken place with the Cabinet Member for Finance and Low Carbon.

Recommendation(s):

Option 2: Progress the project. Under this option, market testing will be carried out using the GMCA “Go Neutral” procurement call-off framework to secure high-level market feedback on outline costs, delivery and financing options as well as practical deliverability in terms of meeting the Planning Conditions attached to Planning Permission for the project and on-site technical considerations. Once this exercise is complete, an options report for the project will be presented to Cabinet.

Implications:

*What are the **financial** implications?*

The market testing exercise for the solar farm project should enable the Council to obtain high-level assurance that there is an appetite within the market to develop the project and that the estimated costs of the scheme are aligned to market expectations and can be financed from within the existing revenue budget.

The results of the market testing exercise will be used to develop the Council’s plans for the project and report to Cabinet the Council’s options for developing the project.

(James Postle)

*What are the **legal** implications?*

The Greater Manchester Combined Authority has entered into multi lot framework agreements to enable local authorities to achieve carbon reduction and other benefits through the implementation of smart energy technologies on public sector owned assets.

Five lots were advertised but only Lots 1, 2, 4 and 5 were awarded.

The Council is proposing to undertake market testing under Lots 4 & 5:

- Lot 4: Ground mounted solar PV and battery storage (grid connected and private wire (5 contractors appointed)).
- Lot 5: Integrated smart energy system (5 contractors appointed).

If the Council wishes to proceed with its projects following completion of the market testing, further approvals will be needed to progress a mini competition between each of the interested contractors appointed to the relevant lot. A call off contract utilizing GMCA's advertised call off terms and conditions would be entered into with any successful contractor.

[Sarah Orrell]

What are the **procurement** implications?

Early engagement of the Commercial Procurement Team is key to ensure requirements are procured in line with any applicable funding conditions, public procurement law and the Council's Contract Procedural Rules. Procurement will conduct due diligence on the GMCA Go Neutral Smart Energy Framework Agreement DN562301 GMCA 374. Expressions of Interest run under the relevant Framework Lots will not commit the Council to proceeding with the project through the Framework or otherwise, but if sufficiently detailed can establish valuable information on levels of market interest, market insights and feedback which can inform/support viability and the scoping of options, thereby enabling an informed strategy to be developed to ensure the Council proceeds with the most advantageous option through the most appropriate route to market. The strategy and any resultant process will require input and support from various Council teams; Legal in particular with reference to the form of contract/contract suite.

[Emma Tweedie]

What are the **Human Resources** implications?

N/A

Equality and Diversity Impact Assessment attached or not required because (please give reason)

EIA not required – no implications for vulnerable groups.

*What are the **property** implications*

As indicated in the report, the solar farm scheme is dependent upon the Council being granted permanent rights to install and maintain an electricity cable across third party owned land, to the ENWL grid connection point on Tweedale Way. Two adjoining landowners have previously been approached about this and both indicated a willingness in principle to the granting a cable easement across their land, however, given that limited technical information was available at that time, no terms were discussed or agreed. Only one adjoining landowner needs to grant the cable easement, however, it is expected that the third-party landowner will want a payment or the transfer of an area of the council's adjoining land (not required for the solar farm) for nil consideration. The Council will also be required to pay the third-party landowner's legal and surveying fees.

[Liz Garsrud]

Risks:

The Council has demonstrated a commitment to this scheme in the past which would be abortive cost if it did not proceed. The current increases in electricity prices provide an opportunity to re-evaluate the viability of the project so the development can proceed by either the Council facilitating or developing the project. The proposal set out in this report seems a sensible way to decide if the scheme is now viable to proceed.

[Mark Stenson]

Co-operative agenda

The proposed solar farm at Wrigley Head would demonstrate how a renewable energy generation facility can be sensitively incorporated into a semi-urban post- industrial setting with improvements in the ecology, amenity and visual appearance of the site, as part of the Moston Brook corridor. A local public consultation has been carried out as part of the Planning Application process, and if built the facility could also provide an educational resource for local schools. The project could potentially in future provide electricity for an Oldham Local Energy Market to assist residents and businesses with their energy bills, as set out in the Oldham Green New Deal Strategy.

[Andrew Hunt]

Has the relevant Legal Officer confirmed that the recommendations within this report are lawful and comply with the Council's Constitution? Yes

Has the relevant Finance Officer confirmed that any expenditure referred to within this report is consistent with the Council's budget? Yes

Are any of the recommendations within this report contrary to the Policy Framework of the Council? No

There are no background papers for this report

Report Author Sign-off:	
	Andrew Hunt
Date:	9 th June 2022

In consultation with Executive Director –

Signed :  Date: 10 June 2022