

## CABINET

# Community Energy – ‘Generation Oldham’

## 1.0 Background

- 1.1 In January 2014 Oldham Council approved a strategy for “Sustainable Energy Alternatives”, which aims to maximise low carbon energy generation across the borough and generate income for community projects and programmes.
- 1.2 This paper is one of a series of papers relating to identifying and progressing renewable energy projects and puts forward for approval the approach and delivery plan for the “Sustainable Energy Alternatives” strategic paper.
- 1.3 This is a potentially unique project which brings together sustainability, lower energy costs for community buildings, and opportunities for communities to work together for mutual benefit.
- 1.4 A central element is the involvement of the Youth Council with a package that offers experience, skills development and opportunities to be directly involved in projects.
- 1.5 The proposals support a number of key strategies and initiatives, the cooperative agenda and Get Oldham Working in particular, as well as Oldham’s and Greater Manchester’s Climate Change Strategies with their target of a 48% reduction in carbon emissions by 2020 on a 1990 baseline.

## 2.0 The Opportunity

- 2.1 There exists an opportunity for community groups to install solar PV on roofs of community-owned buildings across Oldham, supported with resources and expertise from the Council and many other resources available to community energy groups both across Greater Manchester and nationally (details later in this report).
- 2.2 These opportunities have been considered and pulled together into a project with the working title, ‘Generation Oldham – Energy for the Future’. This project would deliver:-
  - Benefit to community buildings receiving solar PV systems from reduced energy bills due to the free electricity generated.

- Benefit to local residents from the opportunity to invest in new community energy projects, including receiving tax relief on their investments through the Enterprise Investment Scheme and Small Enterprise Investment Schemes.
  - Benefit in the form of a 'dividend' to local communities from funding pots generated by new renewable energy projects from Feed In Tariff payments, which would be spent on local projects, programmes and initiatives.
  - Electricity exported to the grid from the solar PV installations ultimately being supplied at a discount to fuel poor neighbourhoods on a social tariff, through a partnership with an energy supply company offering a 'licence lite' service to local authorities and community energy organisations, as part of a wider Oldham scheme.
  - Benefit to members of the Youth Council, through their involvement in the programme, from training and experience in one of the fastest growing sectors of the economy, renewable energy. This package would be developed in partnership with Oldham College and solar PV installers.
- 2.3 The Council's primary role would be to help establish a network of community energy collaborators, and support them to identify opportunities. This would be achieved through an initial launch event to establish interest from community groups and identify potential projects, followed by further events to develop these projects and encourage mutual learning and support between community groups. The Council would provide officer time and expertise and can also draw in funding and further resource from established community energy support networks both in Greater Manchester and around the UK.
- 2.4 The network could even deliver an over-arching community energy cooperative for the borough as its ultimate outcome.
- 2.5 It is envisaged that solar PV will be the main opportunity for community groups, using community-owned buildings.

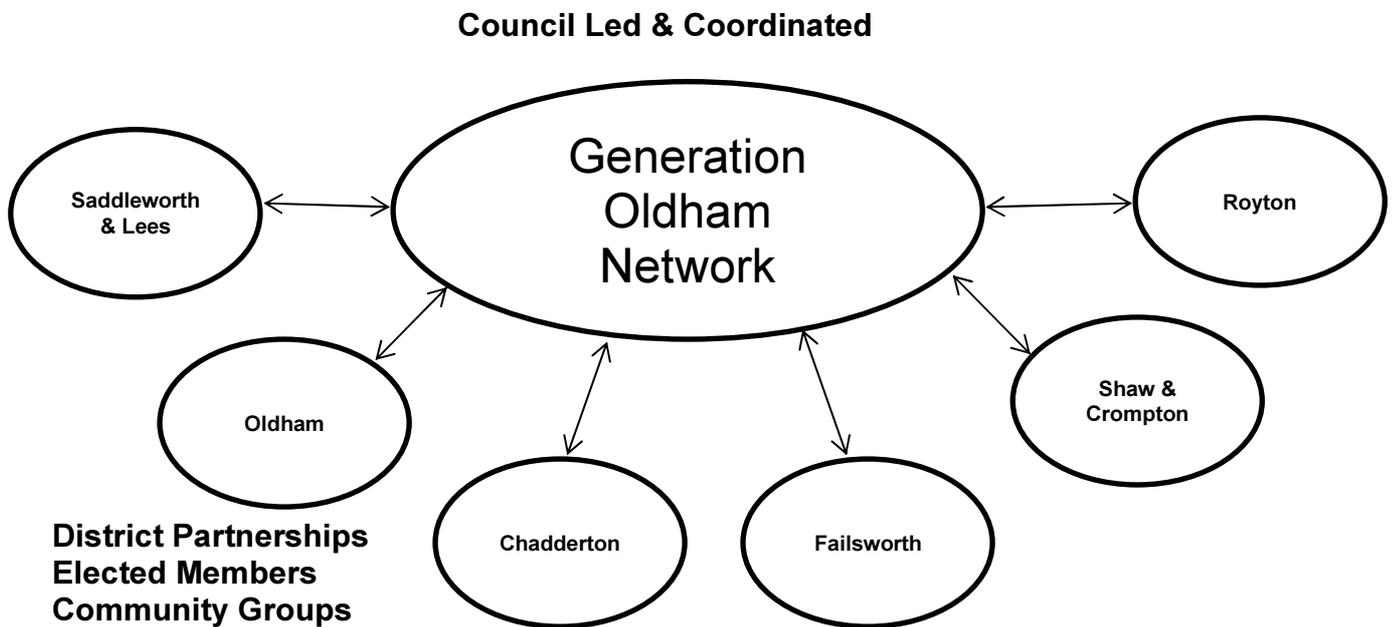
## Strategic fit

- 2.6 This proposal complements other work already underway to develop Oldham's approach to renewable energy and a potential community energy cooperative, the latter to be explored in a separate report.
- 2.7 The scheme will primarily contribute towards the Oldham and Greater Manchester Climate Change Strategy target of a 48% reduction in carbon emissions by 2020 on a 1990 baseline.
- 2.8 Whilst a GM-level approach to the retrofit of commercial buildings is under development, no AGMA offer is yet available. This proposal would not conflict with the public sector "One Estate" approach it concerns only community-owned buildings (Third Sector) and any buildings to be transferred to community ownership by the Council.
- 2.9 For Oldham as a cooperative borough, the community energy approach could be the most appropriate one for community buildings, giving local residents the opportunity to invest in their own communities and retaining the value generated by renewable energy within those communities and the borough as a whole.
- 2.10 The idea that a community energy pilot project within Oldham, leading a wider Greater Manchester project potentially supported by European funding, has been discussed and supported by both the Low Carbon Hub Climate Change Leads meeting and the GM European Funding meeting, and is supported in principle by Mark Atherton, GM Director of Environment.

## **3.0 Project Objectives 2014/15**

- a. One community energy scheme under development or fully operational in each of the six districts within the first twelve months.
- b. A network of community energy collaborators in place and operating effectively.
- c. Increased resident awareness of community energy options and opportunities
- d. A Youth Council representative in place for each district.
- e. A bespoke package of support and development opportunities in place for Youth Council champions.
- f. To secure external resources to support schemes and build community capacity.

## 4.0 Proposed Delivery Model



### 4.1 The Council's role and commitment

The Council's role would be to:-

- Hold a 'Generation Oldham' launch event, facilitated by the Youth Council, to engage community groups from across the borough.
- Hold a second event, focusing on providing expert advice to establish and progress the six community energy projects identified from the launch event.
- Bring in external resources from across Greater Manchester (e.g Carbon Co-op, Generating Success, Co-op Hub), nationally (e.g. DECC Urban Community Energy Fund) and internationally (INTERREG Europe).
- Identify Council-approved suppliers for solar PV, such as Dyson who are the approved installer for the GM Green Deal programme.
- Establish and sustain a growing borough-wide community energy network under the name 'Generation Oldham'.

### 4.2 Role for other partners and organisations

- **Athene Environmental** is a local (Oldham) environmental consultancy specialising in technical support and community engagement. Their assistance has been offered for the 'Generation Oldham' project *pro bono* and potentially on a commission basis where appropriate.
- **My Green Investment CIC** is a local (Greater Manchester) consultancy providing *pro bono* support to new community energy projects. Currently supporting Oldham Council and AGMA on wind power development as an associate of JBA Consulting.

- **Sustainable Change Cooperative** is a local (Greater Manchester) environmental consultancy providing support for community energy organisations. Fiona Nicholls, from Sustainable Change Co-operative, has for a number of years worked with Oldham Council on our Environmental Management System.
- **Cooperatives UK** is a local (Greater Manchester) organisation, operating nationally, providing legal and governance support to new cooperatives, including registration services.
- **Pure Leapfrog** is a national organisation sourcing loan finance for community energy groups and providing a support service to take projects through to 'investment grade' status.

#### 4.3 Role for the Youth Council

- 4.3.1 The Youth Council from the very beginning will be instrumental in the 'Generation Oldham' programme.
- 4.3.2 At the launch event, Youth Council representatives for each Oldham district will facilitate discussions around potential community energy opportunities.
- 4.3.3 For Youth Council members volunteering to become representatives, a package of training opportunities will be on offer, which could include a partnership with Oldham College and shadowing / work experience with people and organisations involved in delivery of community energy projects.
- 4.3.4 The ultimate outcome for each Youth Council representative will be an opportunity for a substantive role in running their community energy project, with attendant responsibilities and experience.

## 5.0 Resource Implications

- 5.1 Officer time plus a small budget (already identified) for promotion of events and seed corn funding. Local environmental consultancy Athene Environmental has offered *pro bono* or commission-based community engagement and technical support work, funded either through individual projects or external funding. Positive resource implications could include a potential 800,000 Euro bid to INTERREG Europe (bid deadline January 2015), plus access to the Department of Energy & Climate Change's Urban Community Energy Fund, to be launched in 2015.

## 6.0 Risks

- 6.1 This scheme relies on the interest and ability of local community groups to engage in community energy projects. Whilst the Council can support, signpost and enable, the Council is not in control of this factor, and timescales and scope for delivery will largely depend on the capacity and enthusiasm of local groups.
- 6.2 Additional risks are a failure of the INTERREG Europe bid or a withdrawal of government funding opportunities following national policy changes, which could impact on timescales for delivering all of the objectives of the project.
- 6.3 One potential change in Government policy is the current consultation to potentially remove tax relief from investments in community energy co-ops. The Small Enterprise Investment Scheme and Enterprise Investment Scheme both provide tax relief on investments of this type, giving an additional incentive for investment in community energy projects. A major reason for allowing tax relief on these projects is the risk associated with community energy start-ups of this nature.
- 6.4 The potential risk of removal of tax relief can be mitigated in a number of ways:-
- Aggregate community energy projects to achieve economies of scale which will give a better return for investors.
  - Source finance for community energy schemes in the form of loans so that they are already built when residents are given the opportunity to invest, thus de-risking the project for investors. Risk is a major reason why tax relief is currently offered, but by removing risk from a scheme, tax relief is not so important.

- Adjust the size of the community dividend pot so that the return to investors is acceptable. This is a last resort as the benefit to communities is one of the main advantages of community energy schemes.

## 7.0 Generation Oldham – Headline Project Plan

### Short-term actions

Action	Lead	Timescale	Resources
Preparation for 'Generation Oldham' launch event	Environmental Policy	Oct 14 – Nov 14	Officer time
'Generation Oldham' launch event with presentations from existing community energy organisations	Env Policy / Corp Policy / Youth Council	3 <sup>rd</sup> Dec 14	Officer time / Corp Policy budget
Draw up "shortlist" of six potential community energy projects, one in each Oldham district	A Hunt	Dec 14	Officer time
"ION" Boot Camp - Energy	C Devaney / Env Policy	Jan 15	Officer time
Second "Generation Oldham" workshop event with community energy support organisations to develop action plans	A Hunt / J Addy	Feb 15	Officer time / Corp Policy budget
Prepare bid to INTERREG Europe for GM Community Energy project	A Hunt / D Catherall	Oct 14 – Dec 14	Officer time
Submit bid to INTERREG Europe for GM Community Energy project	A Hunt / D Catherall	Jan 15	Officer time

### Medium-term and long-term actions

Action	Lead	Timescale	Resources
Development and delivery of new community energy projects in Oldham	A Hunt / J Addy / Community groups	March 15 – March 17	Officer time / grant funding from external community energy support organisations / Athene Environmental
Delivery of INTERREG Europe bid if successful	A Hunt / GM Low Carbon Hub	July 15 – July 18	Officer time / INTERREG Europe funding
Submit list of small scale wind power sites in Oldham to DECC Urban Community Energy Fund as part of a GM bid	A Hunt / S Barrett	June 15	Officer time
If DECC UCEF bid successful, incorporate into INTERREG Europe bid	A Hunt / GM Low Carbon Hub	July 15 – July 18	Officer time / DECC UCEF funding / INTERREG Europe funding