REPORT TO	DATE OF MEETING
Cabinet	16th November 2011

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SUBJECT	PORTFOLIO	AUTHOR	ITEM
Installation of Photovoltaic Technology to the Civic Centre Offices, West Paddock	Finance & Resources	Martin Fahy	5

SUMMARY AND LINK TO CORPORATE PRIORITIES

The proposal outlined in this report aims to gain approval for the installation of photovoltaic technology to generate green electricity and income for the council. It links directly to the Council's aspirations of making a Clean Green sustainable community, promoting an Efficient, effective and exceptional council

RECOMMENDATIONS

That Cabinet agrees that

1. a procurement process be commenced to install an array of photovoltaic equipment on the roof top of the Civic Centre in line with the details in the report.

2. expenditure of £111,000 be authorised, £37,000 from this years capital programme and £73,000 from the Asset Management reserve, to deliver the project.

3. if the tariff and financial return are reduced then a report be presented to re-consider the viability of the project.

DETAILS AND REASONING

Local authorities and public sector bodies continue to be tasked with making savings and reducing carbon emissions, as well as being committed to sustainable energy management. On this basis an appraisal of suitable renewable energy sources has been undertaken. This appraisal has concluded that there is a strong case to consider the introduction of solar photovoltaic technology, with the potential to achieve a reduction in electrical consumption, carbon emission levels, a return on investment, and a revenue income stream over the next 25 years.

The Civic Centre building is a prime site for the use of photovoltaic technology and its design lends itself to being a near perfect site for installation. The roof space available is some 732 m^2 with no shading and a, south orientation. This provides an area suitable for some 120 modules in an array and a total collector area of 200 m^2. In terms of visual impact the array would be hidden almost completely by the parapet wall surrounding the roof.

As Members may be aware the Government has introduction incentives for the installation of photovoltaic technology by making available relatively generous Feed in Tariffs (FiT) whereby individuals, organisation and businesses in England, Wales and Scotland can claim cash back for electricity they produce from eligible renewable and low carbon sources.

The Government scheme provides a fixed payment for the electricity generated and for any unused electricity that is exported to the grid. However in the case of the Council the current consumption will outstrip the electricity generated by the roof top scheme, and is not anticipated

that there will be any substantial export. An additional benefit is that electricity generated and consumed by the offices will be free. The current fixed payment for electricity that is generated is 31.4p / KWH, and is guaranteed at this time, attracting inflationary increases for the next 25 years.

Officers have been evaluating the technology and watching the market for a reduction in what was a very inflated installation market. Installation costs have started to fall with a corresponding increase in activity. This increase in take up of both the FiT scheme and available loans has surprised many including the Government and as a result there is now an expectation that the rates paid under the FiT payments will reduce for all schemes not installed and registered prior to the 31st March 2012.

The initial costing for the Civic Centre roof top scheme is £130,000 for a 29KWp system, which would have a return of £9,500 / Yr comprising of FiT income, purchase savings and export income which would roughly pay back £240,000 over 25 years. However, more recent estimates suggest that installation costs may have reduced by some 20% which would equate some £110,000 which would provide an even better return.

In addition to the strong financial case there are also green and sustainability factors. It is estimated that an annual carbon reduction of 13,500 Kg CO^2 or 13.5 Tonne CO^2 /Yr could be achieved strengthening further the Council's green credentials. The council production of CO^2 for 2010/2011 from electricity was 284 Tonnes; this would be reduction by 4.9%

To gain the best return when Government incentives through the tariff are at their highest, it is important that if the Council wishes to introduce a roof top photovoltaic system it must do so quickly so that it is registered and is operational by the 31st March 2012.

In terms of procurement, there are a number of frameworks and registered installers which will make the process more straightforward, and deliver the scheme before the March deadline.

At this moment in time consideration has only been given to an installation at the Civic Centre, but opportunities may be available on other Council buildings. In particular, dialogue has been opened with Serco Leisure to explore schemes on the leisure centres, and to examine the relative benefits and funding possibilities.

In conclusion it is recommended that the Civic Centre roof top installation of photovoltaic equipment is pursued. An amount of £37,000 is already identified in this year's budget to cover initial work on renewable sources of power. The remaining capital funding of £73,000 can be released from the Asset Management reserve. There is some uncertainty about the level of tariff and whether the Government will reduce the figure. It is recommended that the procurement process is begun and that if the tariff and financial return figures are fundamentally reduced, a further report on the scheme viability is presented to Cabinet.

WIDER IMPLICATIONS

In the preparation of this report, consideration has been given to the impact of its proposals in all the areas listed below, and the table shows any implications in respect of each of these.

FINANCIAL	Latest estimates for the scheme are £110,000. The potential return of £9,500 / Yr comprising of FiT income, purchase savings and export income which would roughly pay back £240,000 over 25 years. This result is based on the existing FiT rates of 31.4p, a probable worst case scenario would be a reduced FiT rate of 26p which would result in a return of £8000 p.a. i.e. £200,000 over 25 years. £37,000 is included in this year's budget for such a scheme and the remaining £73,000 can be released from the Asset Management reserve.

LEGAL	Contracts will have to be prepared by the Council's Legal Section

RISK	The main risk to the Council is that the existing FiT rate 0f 31.4p KWh may be changed at short notice by the government. As explained in 4.1 above it is unlikely these schemes will stop, more likely is a reduction of the rates which would change the dynamics of the scheme i.e.; a reduced income and reduce the rate of return but still leaving a viable scheme. These variables should be known prior to contract commitment allowing the council, in adverse circumstances, to suspend, delay or withdraw from the scheme.

OTHER (see below)	<u>Planning</u> Planning permission, structural surveys and building control approval will be required. <u>Asset Management</u> The proposal is consistent with the Council's adopted Asset Management Plan which seeks to maximise service delivery through use of property assets.

Asset Management	*Corporate Plans and Policies*	*Crime and Disorder*	*Efficiency Savings/Value for Money*
Equality, Diversity and Community Cohesion	*Freedom of Information/ Data Protection*	*Health and Safety*	*Health Inequalities*
Human Rights Act 1998	*Implementing Electronic Government*	*Staffing, Training and Development*	*Sustainability*

BACKGROUND DOCUMENTS

There are no background documents to this report.