

Mobilising Local Energy Investment (MLEI) – UK Experience

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- Technical assistance - delivery of a large scale, city wide, cross tenure housing retrofit programme of energy efficiency and renewable measures.
- Investment and financing model
 - 10,000 to 15,000 homes to be retrofitted
 - first phase targeting 5,000 homes over the 3-year project period.
- Based on the UK Green Deal
- Delivery body to be appointed to carry out the programme.
- NCC leading work as a "pathfinder" for LAs in the North East of England.
- Estimated size of investment mobilised by NCC
 - €90 million for 15,000 homes
 - Around €30 million for the 5,000 homes targeted in the first phase
 - Will result in 8,900 tCO₂eq/a within the project life-time
- Project funding EUR 1 347 247 (EU contribution: 75%)



Newcastle - Objectives



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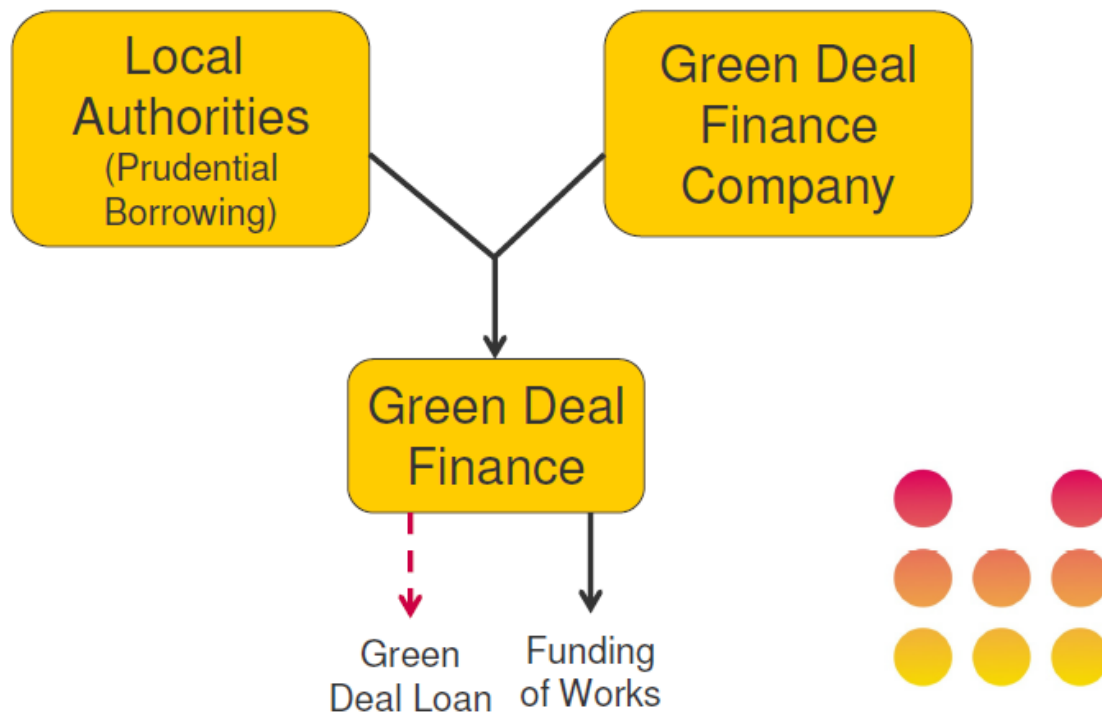


- Procure delivery partner
- OJEU competitive dialogue
- Use of public funding to fund works = local authority “prudential (low cost) borrowing and / or central Green Deal finance
- Use of local authority branding and endorsement
- Publicly managed contract (TRUST)





Source of Green Deal Finance



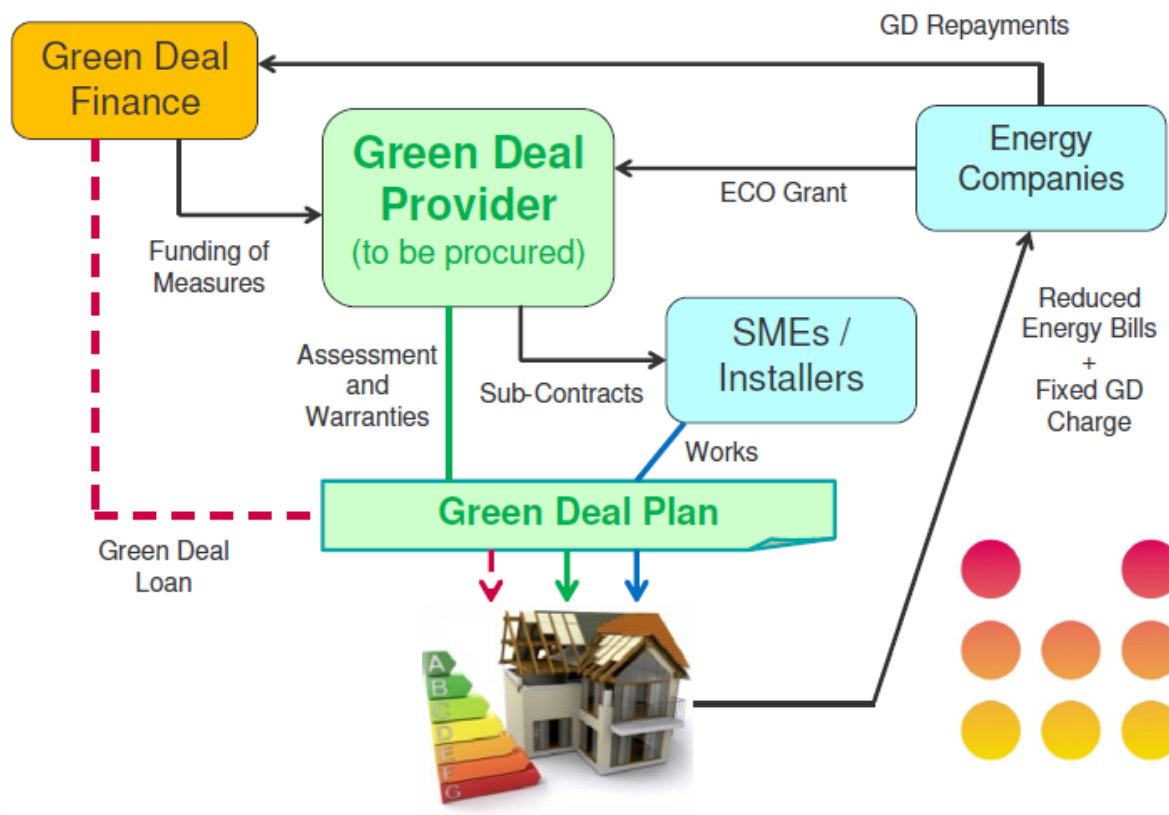
Newcastle – Delivery model



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Proposed Delivery Model



- Technical Assistance will be used to develop a longer term framework/model that:
 - aligns different public sector funding opportunities
 - leverage private money to grow an Investment Fund(s) for low carbon energy infrastructure delivery in Greater Cambridge and Greater Peterborough.
- Project will set up the mechanisms to assist delivery of the Investment Programme
 - Through the newly developed Fund
 - It will also establish the vehicle for longer term investment.
- Technical Assistance will deliver a minimum of €17 million in energy efficiency and renewable energy sources projects through the Investment Fund.
- EUR 1 117 246 (EU contribution: 75%)

Cambridge – expected results



- Support low carbon infrastructure investment through:
 - Set up a long term finance model/Fund(s)
 - Set up Energy Services Company(ies) (or appropriate mechanism)
- Set up a delivery vehicle for retrofit schemes for housing (scalable)
- Deliver an investment programme of approximately €17.03 million minimum (€34 million maximum) to test and refine its effectiveness.
- Will result in a potential overall reduction of:
 - 14,333 tonnes of CO2 through EE measures
 - Deliver 12,339,000 KWh/year or 1,061 toe/yr reductions in primary energy consumption and renewable energy installations
 - Generate 26million KWh/year or avoiding 2,229 toe/yr.
- Includes two district heating schemes, retrofit of social housing with micro-renewables and other EE measures in schools and public buildings.

Cambridge – Finance Model



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- A finance model which aligns private and public sector investment to support low carbon infrastructure investment
- The project will identify:
 - which public sector funding streams can be brought together with private finance to create a fund that can be invested in low carbon infrastructure.
 - For example using Feed in Tariff, Renewable Obligation Certificates, Green Deal, Community Energy Funds, S106, Community Infrastructure Levy and other funding
- A Community Energy Fund (CEF) to collect developer contributions from the delivery of new housing



- The bid to IEE is to provide Oxford City Council and Oxfordshire County Council with technical assistance to mobilise large scale investment in local energy infrastructure.
 - Submitted in May 2011
 - Value: €1.54m of revenue funding
- To support a programme of activity for:
 - community scale investment in renewable energy projects alongside commercial scale investment starting initially with the public estate (City Council, County Council and NHS) but developing into the private sector
 - work with investors and the commercial sector to broker business relationships and investment to develop Oxfordshire's potential to deliver renewable energy projects.

Oxford – investment vehicles



- This project will enable Oxford City Council, Oxfordshire County Council and the Low Carbon Hub (and a range of community partners) to:
 - Developing an OxFutures Fund, a special purpose financial vehicle for major energy and low carbon infrastructure development
- Developing a social enterprise (The Low Carbon Hub), bringing forward and supporting investment in domestic and community scale renewable energy projects
- Developing investment in community-owned energy projects
- Enabling investment in whole house domestic retrofits
 - aligning the Green Deal, Oxford City's Green Deal plus, Feed in Tariff and Renewable Heat Incentive
- Supporting the local economy and training through the implementation of renewable energy projects.

Summary



- Relatively early stage for a number of these projects – procurement underway
- PPP and Special Purpose Vehicles used to blend public and private sources of funding, including feed in tariffs and green deal finance
- Local authorities have multiple drivers – jobs, skills and growth as well as energy and carbon saving
- In the UK, national governments have set the frameworks, but local schemes are seeking to make best use of these
- Scope for replication in other cities/Member States

Thank you for your attention



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