

Appendix 1: Solar PV Scheme

Briefing Note – West (Outer)



May 2011

Background

In April 2010 the Government launched a new incentive called 'Feed in Tariffs' (FITs) to encourage people to generate their own electricity from renewable energy sources. FITs are paid for every unit of electricity generated, with the rate paid varying according to the type of technology used. The most generous payment is for solar photovoltaic's (PV), which receives 43.3p per unit, with payments index linked and guaranteed for 25 years. However, following the 2010 Comprehensive Spending Review, the Department for Energy and Climate Change (DECC) set a cash ceiling on the amount of FITs that can be paid and rates for 2012/13 onwards are currently under review. It is likely that the reductions in FIT rates from April 2012 will be larger than the 8.5% indicated to date, in order to manage demand and keep FIT spend within the ceiling.

The payment of FITs at the highest rate therefore offers the Council a time-limited opportunity to derive maximum income from PV installations in 2011/12.

A number of organisations are marketing PV offers, which tend to be heavily weighted in favour of the company. Last year the Council was approached by Community Energy Solutions CIC (CES – a not-for-profit social enterprise based in Leeds) and Empower Community Management (ECM – providers of finance for renewable energy projects) who proposed a more equitable option. This was differentiated from other offers in that they offered a profit share approach, to share benefits between the Council, tenants and CES/ECM.

In December 2010, the Council's Executive Board recommended that a partnership be established with CES/ECM to install solar PV systems to Council homes. A Project Board was established to provide governance for the project and, following consideration of the business case for a number of options, recommended the installation of 5,000 PV systems in partnership with CES/ECM by March 2012. This presented the most prudent option and struck the optimum balance between maximising income, ensuring deliverability and minimising risk.

Project Structure

The project will require the establishment of a Special Purpose Vehicle (SPV) - called Empower Community Solar – to secure the funding for the project, own the solar panel 'assets', receive the FIT payments and establish contractual relationships between all parties involved (the Council, Empower Community Management, installation and maintenance sub-contractors etc). The Council's contractual relationship with the SPV will be via a Roof Access Agreement, which is still being negotiated.

A project operator (Wates Living Space) will be appointed by the SPV to supply and fit the solar panels. A further contract will be let by the SPV for the ongoing maintenance of the systems over the 25 year course of the FIT period.

Benefits

It is estimated that the scheme will enable tenants to save c£100 p.a. on their electricity bills, as the systems provide free electricity during daylight hours.

The scheme will generate a significant income stream to the Council, which will be used to finance other energy saving/carbon reduction projects, as agreed by the Executive Board in March 2011.

It will also provide an income stream to a local charitable foundation that is to be established for re-investment in other energy saving/carbon reduction projects.

The scheme will make a considerable contribution to reducing carbon emissions across the city.

May 2011

Areas Proposed for Inclusion

ALMO	Letting Area	NHO	Ward
WNWHL	Farnley	Greenthorpe	Farnley and Wortley
WNWHL	Heights	Greenthorpe	Farnley and Wortley
WNWHL	Old Farnley-Tong	Greenthorpe	Farnley and Wortley
WNWHL	Swinnow	Pudsey	Pudsey

It should be noted that not all properties in each area will be suitable for inclusion. Roof suitability is constrained by a number of factors, including the roof's:

- orientation (maximum energy is generated on roofs facing due south, although CES suggest potential for a full east to west 'arc of inclusion');
- level of shading (even a small amount of shading can seriously reduce generation)
- pitch (36° +/- 5°);
- condition (if the roof is strong enough to carry the additional weight of the PV panels and if it has sufficient lifecycle left to cover the period of the FIT payment); and
- area (a 2kWp system requires a minimum continuous roof area of 15m², generally meaning hipped roofs are not suitable).

Property suitability is further constrained by the condition of the wiring and the type of electricity meter in the property (wiring must be compatible with inverter & performance monitoring equipment).

There are further constraints on the number of installations that can be made to any individual cluster of properties connected to the same electric sub-station. The existing electrical distribution network was built to supply electricity from sub-stations to individual properties. Whilst it can accommodate the supply of some electricity back to the grid, care needs to be taken to avoid overloading the network during peak generation. Wates Living Space are working closely with CE Electric (the Distribution Network operator (DNO)) on this.

In all instances tenants will be required to sign a variation to their Tenancy Agreement before installations can be carried out. This is to ensure that the relevant legal rights are in place for the solar PV systems to be installed and maintained.

Project Team

A project team has been established, consisting of staff from the Council, ALMOs, BITMO, CES, ECM and Wates Living Space. The team are meeting regularly to develop consultation materials and delivery processes. This includes initial scheme advertising, survey letters, decision on whether properties are suitable or not, notification to tenant, tenancy variation etc. It has also developed proposals to run a programme of consultation events across 43 letting areas. Additional IT and technical sub-groups have been established to deal with detailed issues.

Consultation Proposals

This briefing note forms part of the initial high-level consultation proposals with Members, Area Committees, ALMOs and BITMO. This part of the consultation will take place during May/June 2011. Detailed consultation with tenants is planned from June to October 2011 on a letting area by letting area basis with individual letters to tenants and open days followed by individual tenant liaison.

Background Papers

LCC Executive Board Report – 15 December 2010

LCC Executive Board Report – 30 March 2011

Further Information

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Please contact the Project Manager if you require further information about this scheme.

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