

Proposal to tender a procurement contract for a Solar Energy Farm

Date: 14th October September 2022

Report of: Chief Officer Sustainable Energy and Air Quality

Report to: Director of Resources

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

Leeds City Council is proposing to develop one or more solar farms to further address and meet our sustainable electricity needs. The report outlines:

- the benefits of developing a solar farm;
- procurement needs of the project;
- the process being followed to select a suitable site;
- the potential financial and legal implications; and
- risks.

Recommendations

The Director of Resources is recommended to:

- a) provide authority to procure a contract to design, build, operate and maintain as a minimum one solar farm.

What is this report about?

- 1 This report seeks authority to procure a contractor to design, build, operate and maintain a solar farm on land within the Leeds metropolitan boundary as well as legal and technical advisors. It also sets out the approach the Council will take to site selection and its potential for energy production.

What impact will this proposal have?

- 2 Leeds City Council declared a climate emergency in 2019 with the ambition of becoming a net zero city by 2030 and as an organisation has committed to reducing its own direct emissions by 50% by 2025. Energy use contributes a significant proportion of the Council's carbon emissions, and it is recognised that measures are needed to both reduce consumption across its services and increase the volume of energy being supplied from zero carbon sources.

- 3 The Council published an Energy Strategy and Action Plan in February 2022 setting out that its energy consumption is to be 100% from zero carbon sources by 2023 in line with the climate emergency ambition. Given the very significant costs of energy, especially in the context of the current position with global markets and Council budget pressures, managing these cost impacts is also a key priority.
- 4 As part of the Energy Strategy and Action Plan the Council committed to exploring the potential for large-scale renewables generation in Leeds, and as such the Council is now looking at bringing forward solar farm capacity with the Leeds boundary to generate a significant proportion of the Council's own electricity demand.

Procurement

- 5 In order to counter the energy price increases, delivery timescales are key and for this reason our preferred procurement approach would be to use a framework. The various frameworks and the capacity of the suppliers that they represent is being reviewed with the support of procurement colleagues.
- 6 To aid the main procurement process, external legal and technical advice will also be procured separately to ensure that we have suitable advisors to develop both the contracts and specification as well as helping during evaluation.
- 7 Full details regarding the outcome of the procurement will be reported to Executive Board in December 2022.

Site Selection Process

- 8 A technical advisor is currently supporting the council by carrying out a site selection process to identify a suitable site. This process has involved reviewing sites against a range of criteria such as existing land use, future development proposals, topography, flood risk, heritage restraints, and grid connection capacity to assess their suitability.
- 9 Land outside of the Green Belt is being prioritised, but if this is not possible and suitable land cannot be found, then a site within the Green Belt will be identified and following a planning application LCC will have to apply to the Secretary of State for Levelling Up, Housing and Communities, for agreement as outlined in the National Planning Policy Framework on the basis of Very Special Circumstances.

Business case

- 10 Exact costs are not known until a preferred site is chosen and a procurement is concluded. However, it is estimated that the development of a 10MWp capacity solar farm may have a construction cost upwards of £10 million.
- 11 An initial feasibility assessment suggests that the development of a solar farm will ease the pressures associated with the council's energy budget and provide more control over energy spend. It is anticipated that the solar farm may generate around 7-10% of the council's electricity demand, but again this is based on current assumptions.
- 12 Dependent on the outcome of the site selection process there may be opportunity to develop more than one solar farm to maximise the potential volume of electricity generated from renewable energy, which will also benefit budget pressures by further reducing electricity costs.

How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 13 Through the development of a solar farm there will be consequential biodiversity net gain improvements, either on or off site and this is likely to improve the surrounding local green space.

- 14 The site will provide more energy security for the council; energy produced by the solar farm will also allow the council to make savings, easing the financial burden on the organisation's budget. It will also expand the green jobs market in the city.
- 15 The Zero Carbon benefits of the solar energy farm are clear: it will provide green and sustainable energy. This further propels the council's objective to be a Zero Carbon city by 2030.

What consultation and engagement has taken place?

Wards affected: None

Have ward members been consulted? Yes No

- 16 Cllr Hayden (Executive Member for Infrastructure and Climate) and Cllr Coupar (Deputy Leader and Executive Member for Resources) have been briefed.
- 17 Once we have a short list of sites, affected Ward members will be briefed.

What are the resource implications?

- 18 There are no financial implications associated with the decision to authorise a procurement. Full financial details, including the outcome of the procurement exercise, will be reported to Executive Board in December 2022.

What are the key risks and how are they being managed?

19 Risks of the project are outlined below:

- a) There is a risk that the council's procurement documents are insufficiently scoped or defined appropriately, which could result in a delay to the procurement exercise due to the need to further refine the council's requirements or poor contract performance. The appointment of legal and technical advisors will mitigate this risk.
- b) There is also a procurement risk associated with a lack of appetite or insufficient number of potential bidders who tender for the contract. The demand for solar farms and other renewable generation technology has increased significantly, and as such organisations may not have the capacity to bid. A market sounding exercise will be undertaken to understand market capacity.
- c) Due to market demand, supply chain issues, and increasing costs within the renewables and construction industries, there may be a risk associated with bidders being able to hold their tendered prices. Opportunities for mitigating these risks, such as placing early orders, will be explored with bidders.
- d) Other risks associated with the delivery of the solar farm will be set out in the report that will be taken to Executive Board in December 2022, however the key risks are likely to be in relation to:
 - i. Potential changes to government policy related to solar.
 - ii. Planning approval is a risk to the overall delivery of the project. We may be reliant on the Secretary of State's approval and so every effort will be put into ensuring the Secretary knows the site is best used for this project, and the benefits it will bring to LCC and the local community.

What are the legal implications?

- 20 All procurement regulations will be followed, as we continue to work closely with the Procurement and Commercial Services team. Further legal implications will be explored and fully detailed in December's report to Executive Board.

Options, timescales and measuring success

What other options were considered?

- 21 LCC's Energy Strategy and Action Plan was agreed in February 2022 by Executive Board, and details the Council's commitment to sourcing 100% sustainable and renewable energy by 2030 in line with the climate. This will contribute towards our Zero Carbon by 2030 ambitions.
- 22 During the site selection process, a number of sites will be considered to further increase the energy generated and reduce our dependency on purchasing wholesale energy.

How will success be measured?

- 23 The delivery of a successful procurement.
- 24 Delivery of the project in a timely manner is a key indicator for success. This will significantly ease the financial burden of energy costs for the council going forward.

What is the timetable and who will be responsible for implementation?

- 25 Early October 2022: commence procurement activity in a view to conclude this in November 2022. This will provide an understanding of the costs associated with the development and operation of the solar farm, and the subsequent impact on the council's energy budget.
- 26 Further details of the timetable including design, construction, and rough deadline for the farm becoming operational will be reported to Executive Board in December 2022, alongside the outcome of the site selection process and details of the planning application requirements.
- 27 The Chief Officer, Sustainable Energy and Air Quality team will be responsible for implementation.

Appendices

- N/A

Background papers

- N/A