

# Decision Pathway – Report

**PURPOSE:** Key decision

**MEETING:** Cabinet

**DATE:** 05 March 2024

<b>TITLE</b>	City Leap Power Purchase Agreement		
<b>Ward(s)</b>	Citywide		
<b>Author:</b> Helen Reed	<b>Job title:</b> City Leap Client and Energy Service Manager		
<b>Cabinet lead:</b> Cllr Kye Dudd, Cabinet Member for Housing Services and Energy	<b>Executive Director lead:</b> John Smith, Interim Executive Director Growth & Regeneration		
<b>Proposal origin:</b> BCC Staff			
<b>Decision maker:</b> Cabinet Member <b>Decision forum:</b> Cabinet			
<b>Purpose of Report:</b> To seek approval to establish a Power Purchase Agreement to enable Bristol City Council (BCC) to purchase electricity generated by renewable energy systems funded and installed by Bristol City Leap (BCL) and other local renewable energy systems and establish arrangements to enable investments by BCL in energy efficiency measures for BCC sites.			
<b>Evidence Base:</b> <b>City Leap</b> <ol style="list-style-type: none"> <li>The council has set a target to be carbon neutral for our direct emissions by 2025. This is the most ambitious target of any major UK city council. It is set out in Corporate Strategy as aim ENV1: Carbon Neutral, which states the council’s commitment to achieve carbon neutrality for our direct emissions by 2025.</li> <li>In January 2023, the council established the City Leap partnership with Ameresco Limited to help deliver the council’s net zero ambitions, by taking a strategic approach to decarbonisation across the council’s estate. The primary and most urgent focus for City Leap has been in relation to the council’s direct emissions having regard to Corporate Strategy aim ENV1.</li> </ol> <b>Renewable Energy Generation Systems</b> <ol style="list-style-type: none"> <li>Bristol City Leap (BCL) is developing proposals for new renewable energy systems, both large-scale grid-connected and building-integrated systems.</li> <li>These new installations will be funded by BCL investment. In order to give confidence to BCL that its investment will generate an adequate return, it is proposed that the council would enter into agreements (Power Purchase Agreements) to buy the electricity generated by the installations (in effect act as ‘ofttaker’).</li> </ol> <b>BCL Large Scale renewables</b> <ol style="list-style-type: none"> <li>BCL propose to develop several large-scale renewable energy systems, including both wind turbines and solar farms. Delivery of these projects will be subject to leasing arrangements agreed between the council and BCL, the development of suitable infrastructure, and agreement on contractual arrangements for supply customers (including PPAs with the council).</li> </ol> <b>BCL Building-Integrated systems (Rooftops)</b> <ol style="list-style-type: none"> <li>BCL propose to develop rooftop-mounted solar photovoltaic systems on: <ol style="list-style-type: none"> <li>Schools</li> <li>HRA housing blocks</li> </ol> </li> </ol>			

- c. Council's corporate buildings
  - d. Council's Investment Portfolio buildings
7. At these locations, the majority of the power generated would be used within the building (offsetting grid demand) through a 'behind-the-meter' connection, with any surplus being exported for use in other council buildings.

#### **BCC/BCL Power Purchase Agreement**

8. The council would enter into Power Purchase Agreement (PPA) with BCL under which the council would buy the power generated by BCL-funded renewable energy systems. Such agreements would cover
- a. 'behind-the-meter' supplies for rooftop/direct wire systems
  - b. large scale renewables to supply council buildings
9. Further detail on the proposed PPA arrangements can be found at Appendix A.
10. This paper is seeking approval for entering into PPAs for an initial group of BCL Large Scale Renewables and Rooftop systems. This would supply locally generated zero-carbon electricity over 20 years (2025 – 2044).

#### **Other Renewable Energy Generation**

11. In February 2021, cabinet gave approval to enter into "*New contracting arrangements for Generators, which will allow pre-qualified renewable generators to enter long term supply arrangements for nominated council sites*". As a result of that approval, a Dynamic Purchasing System was set up to enable energy to be purchased from local generators. It is proposed to use the DPS to offer the opportunity for local generators to provide around 4MW of renewable energy from existing renewable energy systems. This will enable the council to have access to additional zero carbon energy whilst the new BCL energy systems are under construction.

#### **Investment in Energy Efficiency and Decarbonisation measures (Energy-as-a-Service)**

12. BCL is developing proposals to fund energy efficiency measures across the council's estate. This would enable BCL/Ameresco investment funds to be used to install and operate energy efficiency measures across the council's estate.
13. This investment would be repaid through charges levied on BCC, which would be offset by energy cost and carbon savings arising from the measures implemented.

#### **Environmental impact**

14. BCC's Environmental Impact Assessment has determined that significant benefits will arise from the proposal: these measures will enable the council's estate to be supplied with locally generated zero-carbon electricity and will help reduce energy demand across its estate. This is an essential step for the council to reach its 2025 net zero goal.

#### **Cabinet Member / Officer Recommendations:**

That cabinet:

1. Authorises the Executive Director Growth and Regeneration, in consultation with the Cabinet Member for Housing Services and Energy, to progress and negotiate long-term Power Purchase Agreements between the council and Bristol City Leap in accordance with the terms of the City Leap Concession agreement, in order to enable the supply of electricity to council sites, the final entry in to such agreements being subject to further cabinet or committee authority as appropriate.
2. Authorises the Executive Director Growth and Regeneration, in consultation with the Cabinet Member for Housing Services and Energy, to progress and negotiate long-term Power Purchase Agreements between the council and winning bidder(s) to provide zero-carbon electricity to BCC sites under the previously established Generation Dynamic Purchasing System, the final entry in to such agreements being subject to further cabinet or committee authority as appropriate.
3. Authorises the Executive Director Growth and Regeneration, in consultation with the Cabinet Member for Housing Services and Energy, to progress and negotiate leasing arrangements for council-owned sites

identified for large scale renewable energy generation, the final entry in to such agreements being subject to further cabinet or committee authority as appropriate.

4. Authorises the Executive Director Growth and Regeneration, in consultation with the Cabinet Member for Housing Services and Energy, to progress and negotiate energy efficiency investment arrangements between the council and Bristol City Leap in accordance with the terms of the City Leap concession agreement, in order to enable investment in energy efficiency and carbon reduction measures at council sites. Individual projects which would require a key decision under the current system of governance would need further cabinet or committee authority as appropriate.

**Corporate Strategy alignment:**

1. Environment and sustainability: Decarbonise the city, support the recovery of nature and lead a just transition to a low-carbon future.
2. Economy and skills: Economic growth that builds inclusive and resilient communities, decarbonises the city and offers equity of opportunity.
3. Mayor’s Climate Emergency Action Plan
4. One City Ecological Emergency Strategy

**City Benefits:**

1. Reduce the council’s and city’s carbon footprint contributing to sustainability
2. Support economic resilience and a green recovery in response to the economic impacts of Covid-19
3. Use learnings from the delivery experience to inform the development and design of further energy efficiency and heat schemes
4. Support local supply chain growth and job creation in the energy sector
5. Facilitate actions by city partners and citizens to reduce their carbon footprints
6. Deliver external funding for investment in the City

**Consultation Details:**

1. Property Services City Leap Working Group
2. Large Scale Renewables City Leap Working Group
3. Internal stakeholders who operate services from identified properties: Cemeteries & Crematoria, Culture, Adult Social Care, Adult Care Commissioning, Children’s Commissioning, Libraries, Housing Supply, Education.
4. Forms part of the Bristol City Leap Joint Venture Company’s remit of work as set out by the City Leap Concession Agreement.
5. Chief Finance Officer, Finance Business Partner, Executive Director for Growth & Regeneration, Cabinet Member for Climate, Ecology, Energy and Waste and Designated Deputy Mayor with responsibility for Finance, Governance and Performance as part of the exceptional approval process in order to seek approval to submit.
6. The council’s Strategic Climate and Environmental Emergency Board

**Background Documents:**

1. Mayor’s Climate Emergency Action Plan Update: [CEEP Appendix A1 - Update On Mayors Climate Action Plan Final.pdf \(bristol.gov.uk\)](#)
2. Decision Pathway – Report, Cabinet Approval, Establishing the City Leap Energy Partnership: [2022 12 06 Establishing the City Leap Energy Partnership - Cabinet Report - FINAL.pdf \(bristol.gov.uk\)](#)
3. One City Plan (third iteration): [One City Plan 2021 \(bristolonecity.com\)](#)
4. BCC Corporate Strategy, 2022-27: [Corporate Strategy 2022-27 \(bristol.gov.uk\)](#)
5. Decision Pathway for Sleeved Pool Electricity Supply and long-term renewable energy contracting arrangements, February 2021 - [ModernGov - bristol.gov.uk](#)
6. Bristol City Leap [five-year plan](#)

<b>Revenue Cost</b>	£89M	<b>Source of Revenue Funding</b>	Utilities Purchase budget
<b>Capital Cost</b>	£nil		

One off cost <input type="checkbox"/>	Ongoing cost <input checked="" type="checkbox"/>	Saving Proposal <input checked="" type="checkbox"/>	Income generation proposal <input checked="" type="checkbox"/>
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**Required information to be completed by Financial/Legal/ICT/ HR partners:**

**1. Finance Advice:** This cabinet report is seeking approval to enter negotiations with Bristol City Leap to set up Powershare Agreements. There are potentially significant savings associated with this type of agreement. However, the details of any potential contractual arrangements is not yet known. A fuller report will be submitted when the terms are better known.

**Finance Business Partner:** Ben Hegarty, Finance Business Partner Growth and Regeneration, 16 February 2024.

**2. Legal Advice:** Whenever the council purchase goods, works or services above certain thresholds, it must comply with its own procurement rules and/or the Public Contracts Regulations 2015 (and any applicable successor legislations, e.g Procurement Act).

The relevant officers should ensure they seek appropriate advice from the council’s procurement and legal team in relation to each arrangement contemplated by this report, to ensure these obligations are met.

The council also needs to ensure that any payments made, funds or land interests granted are at the market rate. The council has duty to obtain best value, and to ensure it does not grant any subsidies not permitted under the Subsidy Control Act 2022.

The council is under a duty by virtue of S123 of the Local Government Act 1972 to achieve best value for its assets and any disposal should be at the best price reasonably obtainable. The duty to seek best consideration is subject to certain exceptions, most notably section 2 of the Local Government Act 2000 providing the council with well-being powers to accept a disposal at undervalue within the £2 million threshold, where the authority considers the disposal will help it to secure the promotion or improvement of the economic, social or environmental well-being of its citizens.

The term of the proposed leasing arrangements is long at 20+ years with the potential of blocking alternative uses or disposal of assets. Each lease will need careful consideration by Property Services prior to commitment to this scheme.

**Legal Team Leader:** Sinead Willis, Commercial and Governance Legal Team Manager and Andrew Jones – Property Planning and Transport Team Manager 13 February 2024

**3. Implications on IT:** I can see no implications on IT in regard to this activity.

**IT Team Leader:** Alex Simpson – Lead Enterprise Architect. 23 January 2024

**4. HR Advice:** Having reviewed the report I can confirm that no HR implications are evident in the proposals.

**HR Partner:** Chris Hather MCIPD - HR Consultancy Manager - Growth and Regeneration 24 January 2024

<b>EDM Sign-off</b>	John Smith, Interim Executive Director Growth and Regeneration	24 January 2024
<b>Cabinet Member sign-off</b>	Cllr Kye Dudd, Cabinet Member for Housing Services and Energy	8 January 2024
<b>For Key Decisions - Mayor’s Office sign-off</b>	Mayor’s Office	5 February 2024

<b>Appendix A – Further essential background / detail on the proposal</b>	<b>YES</b>
<b>Appendix B – Details of consultation carried out - internal and external</b>	<b>NO</b>
<b>Appendix C – Summary of any engagement with scrutiny</b>	<b>NO</b>

<b>Appendix D – Risk assessment</b>	<b>YES</b>
<b>Appendix E – Equalities screening / impact assessment of proposal</b>	<b>YES</b>
<b>Appendix F – Eco-impact screening/ impact assessment of proposal</b>	<b>YES</b>
<b>Appendix G – Financial Advice</b>	<b>NO</b>
<b>Appendix H – Legal Advice</b>	<b>NO</b>
<b>Appendix I – Exempt Information</b>	<b>NO</b>
<b>Appendix J – HR advice</b>	<b>NO</b>
<b>Appendix K – ICT</b>	<b>NO</b>
<b>Appendix L – Procurement</b>	<b>NO</b>