

Committee	Dated:
Housing Management & Almshouses Sub Committee	26 March 2019
Subject: Portsoken Community Energy Project	Public
Report of: Director of Community & Children's Services	For Information
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Summary

The purpose of this report is to update Members on progress with the development of the City of London's first community-owned solar power station in Portsoken Ward on the Middlesex Street Estate.

Recommendations

Members are asked to:

1. Note and comment on this report.
2. Continue to support the project and consider the funding options to finance the scheme.

Main Report

Background

1. At its meeting on 21 January 2019, Members of the Housing Management & Almshouses Sub-Committee received and considered a Briefing Note on the Portsoken Community Energy Proposal which, provided Members with details of an initiative to establish the City of London Corporation's (CoLC) first community-owned solar power station in Portsoken Ward on the Middlesex Street Estate.
2. The proposal is led by a group of Portsoken residents working in partnership with Repowering London, a not-for-profit organisation with a strong track record in delivering community energy schemes on social housing estates.

3. Members noted and, in principle, gave their support for the proposal and, agreed to consider the final technical and feasibility study that, would be produced in February/March, at its next meeting.

Considerations

4. Since the last committee briefing, Repowering London has completed the technical and financial feasibility study for the scheme. The technical survey confirmed the site has a solar potential of 50kWp that would cost £48,000 to install. However, the solar panels can only be connected to the building's communal supplies and not the Artizan Street Library. As such, the site is not eligible for the Feed-in-Tariff (FIT) pre-accreditation which is only applicable for non-domestic sites.
5. As the project is no longer reliant on the FIT, this removes the time constraints to complete the installation by March 2020. The project can now be planned at a pace to suit the CoLC, particularly in relation to the planned roofing works.
6. The capital finance required for the project will need to be raised through a combination of community shares and alternative finance options including, carbon offset funds, donation from corporate bodies through their Corporate Social Responsibility (CSR) strategies or, the social value element from the procurement of the planned roofing works.
7. Repowering and Portsoken Community Energy have also been successful in securing a grant of £10,000 from the CoLC's Stronger Communities funding to engage the community and develop the project over the next 12 months.

Technical Update

8. The Technical site visit with Repowering London's Technical Director and the solar installer Ecolution, has confirmed that the site has capacity for at least 50 kWp which, would cost £48,000 if the installation was to take place alongside the roof works and the access infrastructure could be shared.
9. The installer would be able to connect the solar panels to the landlord supply for the communal areas and shops but not to the Artizan Street library due to the layout of the meters on-site and the design of the buildings which, makes installing additional cable runs very difficult. This would mean that Repowering cannot apply for pre-registration / pre-accreditation as only 100% non-domestic sites are eligible.
10. The implication of the technical design is that we lose the security of the FIT income. The scheme will therefore only have two revenue streams, the sale of electricity to the CoLC for onsite usage, and the sale of exported electricity to a licensed supplier.
11. Repowering estimates that 80% of the solar generated will be used onsite for the communal areas. Repowering is working on a more detailed analysis of the energy data, but early indications are positive.

12. By working outside of the Feed-in-Tariff, we do not have the time constraint of installing by March 2020 and can plan the solar installation at a pace to suit the CoLC, particularly in relation to the planned roofing works. The roofing works are expected to take place in the next 18 to 24 months.
13. With regard to the financial viability of the scheme, we will need to finance the capital outlay of £48,000 using a combination of community shares, donations and carbon offset funds. We could still retain community-ownership as local residents can join the co-op as a member by way of a nominal £1 subscription and create a community fund from surplus income.

Financial Options

14. Portsoken Community Energy and Repowering's preference is to retain the community-ownership model through community shares that allows for democratic principles of one member one vote, local decision making and governance. However, as the site is not available for the FIT, we will need to consider blended funding options to finance the upfront capital cost of the scheme.
15. Repowering has developed a financial model for the scheme that indicates at least 50% of the capital cost (£24,000) can be raised through community shares. The community shares would still offer investor members an average 3% return on investment whilst also maintaining a community fund of an estimated £10,000. Residents who are unable to invest can join the Society with a £1 membership fee. All members have an equal say in the Society irrespective of the amount invested.
16. It is proposed that the remaining £24,000, that is 50% of the capital costs, can be raised through the following options:
- Carbon offset funds - the London Plan and the CoLC's Local Plan set targets for carbon emission reduction through development relative to Building Regulations requirements. A carbon offsetting contribution is payable where development is unable to meet these carbon emission reduction targets on site.
 - Corporate Social Responsibility (CSR) – Corporates in the City of London can be approached to make a donation towards the cost of installation as part of their Corporate Social Responsibility strategy thereby supporting carbon reduction and the local community. Repowering's project 'Vauxhall Energy' secured a donation of £15,000 from the facilities management contractor for Lambeth Council.
 - Social Value contribution from the successful roof maintenance contractor in line with the CoLC's standard procurement process and described in the Responsible Procurement Strategy.

Project Benefits

17. Despite the varied financial options outlined above, the project will continue to provide the following environmental, financial and social benefits:

Environmental

- Installation of 50 kWp of solar generating capacity;
- Generation of 800 MWh of clean renewable electricity over the 20-year life of the project;
- Carbon savings of 20 tCO₂ per annum and a total 400 tCO₂ over the lifetime of the project.

Financial

- Creation of a Middlesex Street Estate community fund of an estimated £10,000, through the income generated from the sale of electricity to the CoLC and exported electricity;
- Offering residents and businesses a local ethical investment opportunity with an average 3% annual return on investment;
- Providing the CoLC with nominal savings on energy bills for the communal areas within Middlesex Street.

Social

- Allowing the wider community to take positive action against climate change while promoting renewable energy;
- Tackling fuel poverty through direct support and workshops;
- Providing training and work experience for young people;
- Bringing the community together and inspiring wider environmental activities.

Next Steps

18. Repowering will continue to work with the CoLC to progress this project and the next steps include:

- Commissioning a structural survey report subject to approval of grant funding from the Mayor of London;
- Engaging with the community through a series of public meetings, workshops and events. A public event has been organised for Monday 25 March and the Portsoken and Repowering team are door knocking the Middlesex Street Estate from week commencing 18 March;
- Identifying and securing alternative funding for 50% of the installation costs as outlined above;
- Working through the processes to secure legal approval on the Power Purchase Agreement and lease agreement.

Appendices

None

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