

Committee	Dated:
Housing Management & Almshouses Sub Committee	24/05/2021
Subject: Portsoken Community Energy Project - Aldgate Solar Power (ASP)	Public
Report of: Director of Community & Children's Services	For Decision
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Summary

The purpose of this report is to update Members on progress with this project and, to seek approval to proceed with the installation of community-owned solar panels on the Middlesex Street Estate in August 2021. This project will be the City of London Corporation's (the Corporation) first community-owned solar power station.

Recommendations

Members are asked to:

1. Note and comment on this report.
2. Approve the installation of community-owned solar panels on the Middlesex Street Estate by Aldgate Solar Power (ASP) in August 2021

Main Report

Background

1. At its meetings on 21 January 2019 and 23 March 2019, Members of the Housing Management & Almshouses Sub-Committee received and considered a Briefing Note on the Portsoken Community Energy Proposal which, provided details of an initiative to establish the Corporation's first community-owned solar power station in the Portsoken Ward on the Middlesex Street Estate. It is hoped that this project will act as a catalyst for the delivery of more community energy projects, that will contribute to the Corporation's target to become Net Zero by 2040.
2. The proposal is led by a group of Portsoken residents working in partnership with Repowering London (Repowering), 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.
4. There have been delays to the development of the project due to the pandemic last year. However, good progress has been made since then and, the final legal and technical due diligence is now complete.

Considerations

4. ASP (previously the Portsoken Community Energy Group) has been formally registered as a Community Benefit Society (CBS) with the Financial Conduct Authority in July 2020 (Registration Number 8430).
5. ASP is supported by Repowering who, has been responsible for completing the legal, technical and financial due diligence of the project. The development of the project was supported by the Mayor of London's London Community Energy Fund and the Corporation's Stronger Communities Fund.
6. ASP proposes to install 52kWp solar generating capacity on the flat roof of Petticoat Square on the Middlesex Street Estate. The project will supply locally generated solar electricity to the communal supplies and save 10 tonnes of CO₂ per annum.
7. The Corporation has recently completed the replacement of the roof coverings to Petticoat Square and, the roof is ready for the installation of the solar panels. As part of the technical due diligence a structural survey has been completed and the roof structure is able to take the load of the solar panels.

Legal Due Diligence

8. The Corporation's legal team has reviewed and, is in the process of completing the solar roof-top lease agreement that will allow ASP to lease the air space on which the solar panels will be located for a 20-year period at a peppercorn rent.
9. ASP is responsible for the maintenance, management and insurance of the solar panels for the 20-year duration of the project.
10. A Power Purchase Agreement (PPA) is also being completed between the Corporation and ASP whereby, the solar electricity generated onsite will be sold to the Corporation at a 5% discount on the Corporation's commercial electricity tariff.
11. In the interest of both parties, a minimum price floor of 11.99p index linked to CPI and a ceiling price of 15.53p index linked to CPI has been agreed. This ensures that ASP will be financially viable through the life of the project and the Corporation would be protected against future rises in the electricity price.
12. The Corporation would benefit from a modest £6,000 savings on its energy bills over the life of the project. This arrangement has been considered by City Procurement and, confirmation has been received that this agreement provides a reasonable return for the Corporation.

Capital Finance

13. ASP has advised that the capital cost of purchasing and installing the solar panels will be £52,529. ASP has secured £17,334 grant funding from the Mayor of London to cover 33% of the capital costs. The grant requires ASP to install the solar panels by September 2021.
14. The Corporation's roofing contractor, M H Goldsmith & Sons Limited, who completed the recent replacement roofing works on Petticoat Square, has committed to donating £2,500 towards the capital costs.
15. Repowering has applied to the Corporation for funding of £17,334 from its Neighbourhood Infrastructure Levy Fund (NILF), which will cover 33% of the capital costs, matching the Mayor of London's contributions. The outcome of the application will be known in July 2021.

Community shares and local ownership

16. Should the NILF application be successful, the remaining 34% of the capital finance will be raised through community shares. If the application is unsuccessful, then a maximum of £26,000 (50%) of the capital finance will be raised through community shares and, the remaining 17% through alternative finance options including donations from corporate bodies through their respective Corporate Social Responsibility (CSR) strategies.
17. Raising the finance through community shares will retain community-ownership as local residents can join ASP as a member through the purchase of shares. Local residents can invest anything between £50 to £8,000 and will receive an average 3% return on their investment.
18. To ensure inclusion, residents who are unable to invest, can also join ASP by way of a nominal £1 subscription. True to co-operative democratic principles of one member one vote, all members, irrespective of the number of shares held, will have a vote and say in the decision-making process.
19. ASP is projected to create a community fund of a minimum of £10,000 over the lifetime of the project. The more grant and donations secured towards the capital cost, the more surplus income will be ring-fenced for the community fund. The members of ASP will determine how the funds are spent in the local community.
20. ASP will be supported by Repowering to raise the funds through community shares. Repowering has a successful track record of raising over £700,000 through community shares in London.
21. ASP has already secured £15,000 pledges to invest and, is confident that it will successfully raise the remaining capital finance for the project. ASP will launch a share offer in the spring of 2022.
22. Repowering has also secured a short-term loan from the Esmeé Fairbairn Foundation to purchase and install the solar panels to meet the timelines of Mayor of London's funding requirements. This will give ASP sufficient time to plan the

marketing strategy, produce the share offer and fundraise through community shares.

Community Engagement

23. In 2019, ASP organised three door-knocking sessions to raise awareness of the project among residents of the Middlesex Street Estate. As a result, ASP brought together a team of 13 volunteers and constituted a board of Directors. ASP held seven monthly meetings at the Artizan Street Library to bring together residents and Directors to shape and develop the project.
24. Repowering delivered a solar panel making workshop aimed at young people from the area, who spent the whole day making a solar panels phone charger and showed a great interest in the solar technology. Repowering also held two energy advice workshops.
25. ASP organised a logo design competition at the Aldgate School, with the headteacher announcing the start of the competition at the school assembly.
26. In 2020, ASP organised a get-together to involve new people in the group and reach out to more residents. The group brainstormed a new name and defined the objectives of the co-op. The get-together was attended by seven locals who all demonstrated an interest to get more involved in the project. Following the get-together, 16 people voted for the name Aldgate Solar Power. As a result of the COVID-19 pandemic, the face-to-face engagement work has been put on hold. ASP has however, kept the network updated with two newsletters and has grown its mailing list to 50 subscribers.
27. ASP has also built links with several community organisations in the City of London, such as the Aldgate Partnership, Benk + Bo, a local café and working space, who are very enthusiastic about the project. The local Directors have strong links with the Neighbourhood Watch group and the newly formed Middlesex Street Estate Resident's Association, to reach out to more residents and work together on community engagement.
28. Repowering has secured funding from the National Lottery Climate Action Fund to employ a part-time locally rooted Community Champion for ASP. The Community Champion will help the co-op grow and thrive, by identifying and recruiting volunteers and members, establishing partnerships with local organisations, building a pipeline of sites for further solar installations, raising awareness of community energy, and developing campaigns, activities and events within the local community.

Project Benefits

29. 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 10 tCO₂ per annum and a total 200 tCO₂ over the lifetime of the project.

Financial

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

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.

Pipeline of projects

30. Working in partnership with Repowering, ASP has also secured Mayor of London's London Community Energy Funds to complete technical and financial feasibility studies for the following sites
- City of London School for Girls (37kWp)
 - Redriff Primary School (130 kWp)
 - City of London Academy, Southwark (130 kWp)
 - City of London Academy, Highgate Hill (90 kWp)

Next Steps

31. Repowering will continue to work with the Corporation to progress this project and the next steps will include:
- Approval from the Housing Management & Almshouses Sub-Committee to proceed with this project.
 - Agreement and sign-off on the lease and Power Purchase Agreement.
 - Outcome from the NILF – July 2021.
 - Commission contractors to install solar panels – July 2021.
 - Installation of solar panels – August 2021.
 - Launch of community share offer spring 2022.

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