

<b>Committee(s):</b> Housing Management and Almshouses Sub (Community and Children's Services) Committee	<b>Dated:</b> 14/01/2022
<b>Subject:</b> Portsoken Community Energy Project - Aldgate Solar Power (ASP)	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	<b>1, 2, 12</b>
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>N</b>
<b>If so, how much?</b>	<b>N/A</b>
<b>What is the source of Funding?</b>	<b>N/A</b>
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	<b>N/A</b>
<b>Report of:</b> Director of Community and Children's Services	<b>For Decision</b>
<b>Report authors:</b> Paul Murtagh Assistant Director Barbican & Property Services	

### Summary

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

### Recommendations

Members are asked to:

1. Accept and agree the PPA Agreement.
2. Accept and agree the lease agreement.
3. Approve the installation of community-owned solar panels on the roof of the Middlesex Street Estate by Aldgate Solar Power (ASP).

### 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. At its meeting on 24 May 2021, Members received a further report updating on progress with the project and, approval was given to proceed with the installation of community-owned solar panels on the roof of the Middlesex Street Estate.

### **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 a 36.8kWp 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 around 7.3 tonnes of CO<sub>2</sub> 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 additional load of the solar panels.

### **Legal Due Diligence**

8. The Corporation's legal team has reviewed and completed 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. Members are asked to review and agree the lease agreement, which is attached as Appendix 'A' to this report.
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) has also been agreed 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. Members are asked to review and agree the PPA, which is attached as Appendix 'B' to this report.
11. In the interest of both parties, a minimum price floor of 12.10p 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 £4,000 to £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.

## **Finance**

13. ASP has advised that the capital cost of purchasing and installing the solar panels will be £46,709. ASP has secured £17,334 grant funding from the Mayor of London to cover 33% of the capital costs. The grant required ASP to install the solar panels by September 2021 however, the GLA has subsequently granted an extension until March 2022 to allow time for the Corporation to give its final approval to the project.
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 was successful in its application 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.
16. The remainder of the capital cost of this project has been raised through community shares. Raising the finance through community shares retains community-ownership as, residents can join ASP as a member through the purchase of shares. Residents can invest anything between £50 to £8,000 and will receive an average 3% return on their investment.

## **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 36.8kWp of solar generating capacity;
- Generation of 572MWh of clean renewable electricity over the 20-year life of the project;
- Carbon savings of around 7.3tCO<sub>2</sub> per annum and a total of 146tCO<sub>2</sub> 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.

### **Appendices**

Appendix A – Lease Agreement

Appendix B – Power Purchase Agreement

Paul Murtagh

Assistant Director, Barbican & Property Services

T: 020 7332 3015 E: [paul.murtagh@cityoflondon.gov.uk](mailto:paul.murtagh@cityoflondon.gov.uk)