

Committee:	Dated:
Corporate Asset Sub-Committee (CASC)	5 th October 2017
Subject: CDP Targets post March 2018 & Energy Procurement	Public
Report of: The City Surveyor	For Information
Report author: Mansi Sehgal, Corporate Energy Manager	

SUMMARY

This report recommends an approach to adopting long term Carbon Descent Plan (CDP) targets post March 2018. It also provides a quick overview on Energy Procurement (a separate exercise currently underway).

The CDP-15 plan expires in March 2018 and it is recommended to consider adopting between 25% to 40% energy reduction targets by 2025 from 2008 levels. To support a successful implementation of the new target, between Oct'17 - Dec' 2017, the Energy Team proposes to engage with service departments to assess the viability and scope of targets within their areas and thereafter reporting back to CASC with a firm target and an implementation plan.

With regards to procurement, an Energy Working Group was set up in August 2017, chaired by the Corporate Energy Manager, to review existing arrangements and discuss options available to review the energy purchasing contract post Sept 2018. The working group has agreed to progress on the option of 'going for a full OJEU Compliant tender'. This proposal will be further discussed and agreed in the Facility Services Category Board scheduled for 18th September 2017.

RECOMMENDATION (S)

It is recommended Members:

- Note the contents of this report.
- Support the recommendations of this report.

MAIN REPORT

Carbon Descent Plan (CDP)

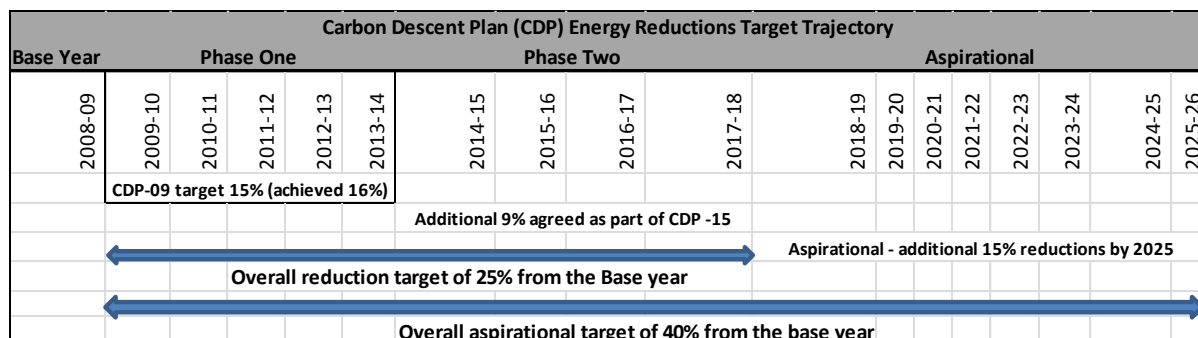
1.0 CDP 2009

A corporate wide target of 15% kWh reduction was set for 2013/14 from 2008 levels. At the end of 2013/14 the City had already surpassed the phase 1 target of 15% with a reduction of 16%. In July 2014 a report to the Efficiency & Performance Sub (and Summit Group in June 2014) "Carbon Descent Plan 2009 - year 5 - End Year Energy Target Review 2013/14 (CS/233/14)" stated that the Corporation had achieved its CDP-09 target.

1.1 CDP 2015

Following the success of the CDP-09, an additional 9% reduction target was agreed and approved by Chief Officers Group (COG) in July 2014 by the end of 2017/18. Please see below for the current target trajectory.

Figure 1: Carbon Descent Plan Target Trajectory



Benchmarking Results

- 2.0 As presented in figure 1, the current CDP targets are expiring in March 2018. This presents the Corporation with a perfect opportunity to review its current long term ambitions and improving upon from its current reporting practices.
- 2.1 To facilitate, an extensive benchmarking (mainly through primary research) was carried out with a view to ascertain best practices and current trends existing in both the private and public sector. Companies like British Land, Land Securities, British Properties Federation, Aviva were contacted. To cover public sector, various London Boroughs such as Islington, Camden, H&F, Enfield, Haringey, Westminster and Royal Borough of Kensington and Chelsea were contacted. Discussions also took place with London School of Economics and University of London.
- 2.2 Discussion topics included setting targets and reasons behind, future aspirations, popularity of solutions like RE: FIT, adoption of ISO 50001 and projects and actions that were taken in reducing their consumption and emissions.
- 2.3 Some of the key messages that came out from this exercise were as follows:
- No consistent target setting approach; some want to lead by examples/ some are doing bare minimum.
 - Drivers are different- a few driven by compliance and regulations and some want to be seen as leaders.
 - Local authorities (LAs) are looking at a bigger picture and not just focussing on operational consumption. For example delivering on topics such as fuel poverty and local economy were popular choices.
 - Within private sector, Health and Wellbeing is one of the emerging topics currently being explored as part of overall sustainability agenda.
 - Lighting, Solar PVs and Asset Rationalisation are some of popular project choices.

Please refer to appendix 1 to find out more on benchmarking results.

Recommendations post CDP-15

Targets

- 3.0 Based on the benchmarking results, it is proposed that CoL consider adopting an energy reduction target between 25% - 40% by 2025 from 2008 levels. This approach would allow the Corporation to be at par with its peers as most of the organisations who were contacted during benchmarking had set ~40-50% reduction target between 2025 and 2030.
- 3.1 However for a successful implementation, the Energy team proposes to engage with service departments between October – November 2017 to assess the viability of targets within their areas and thereafter reporting back to CASC with a firm target and an implementation plan.

Scope

- 3.2 During the first six months of 2017, a piece of work was conducted to benchmark City of London's performance on responsible issues, sponsored by the Chamberlain and facilitated by the Economic Development Office. This survey benchmarked City's performance against indicators such as community engagement, governance, and environmental impact.
- 3.3 Energy was one of the survey topics looked at and extending the scope of the CDP targets was discussed. At present, only consumption relating to operational portfolio is measured and suggestions were made to consider Housing and indirect consumption from the Investment property portfolio.
- 3.4 As part of the target review exercise (3.2), the team further proposes to engage with departments like Markets and IPG to explore options to extend it further to cover indirect emissions. It is further recommended to engage with Housing to gather information on their current practices and future aspirations. These discussions will allow the Corporation to make an informed decision of reviewing and extending its current CDP scope (please see appendix 2).

Revised baseline year – 2016/17

- 3.5 The Energy Team recommend introducing an interim baseline of 2016/17. In past two years, a lot of work has been done in improving the overall quality of energy data and there is greater confidence in accurately monitoring the performance changes from this more recent year. The weather in 2016/17 was fairly typical, which also makes it a good baseline from which to measure future performance against.

Weather corrected reporting

- 3.6 Until now the Corporation have been reporting its performance in absolute terms. It is recommended the reporting of performance against all targets is corrected for the weather to reduce the impact of year-to-year weather fluctuations which may mask the actual performance achieved.

Energy intensity indicators

- 3.7 To provide improved monitoring of the underlying performance efficiency of energy consumption it is recommended that intensity of energy used per a relative variable is established. The most appropriate variable will depend on the use of the buildings. For example, for office buildings it is proposed their performance is measures in terms of energy consumption per meter squared floor area, number of workstations and number of occupants.

The Q1 performance report for 2017/18 will include results in kWh/m² and kWh/workstation for Guildhall Complex office areas.

- 3.8 The ability to monitoring energy intensity is dependent on the available quality of data on the energy consumption and selected variable (i.e. number of workstations). This can be facilitated through investment in additional sub-metering and data communication systems where viable and the Energy Team are in the process of conducting a study on such improvements for the Guildhall Complex.
- 3.9 It is recommended that alongside the energy performance, the consumption is reported in terms of carbon emissions to provide an indication of the environmental impact, supporting the Corporation's Climate Change Mitigation Strategy.

ENERGY PROCUREMENT

- 4.0 The City of London has been procuring its energy through Kent County Council (LASER) for the past 10-15 years. However in recent years the market has evolved and has experienced an increased amount of innovation happening in this particular area. Therefore it is recommended to look beyond the existing Central Purchasing Bodies (CPBs), similar to the current supply, to secure a more favourable contract for the Corporation.
- 4.1 To address this challenge a Working Group was set up and included representations from the key stakeholders from across the organisation i.e. Housing, DBE (Street lighting), Markets, Guildhall, Barbican, Open Spaces, Investment Portfolio, Comptrollers, Finance, Accounts Payable and City Procurement.
- 4.2 Various options were presented and discussed by this group, of which the recommended option has been to 'go out for an open tender' to secure the next energy purchasing contract for the Corporation. Further discussions are to take place at the Facility Services Category Board scheduled for 18th September 2017.

Conclusion

- 5.0 The current CDP-15 plan is expiring and it is recommended to consider adopting between 25% -40% energy reduction targets by 2025. To support a successful implementation of the new target, between Oct'17 - Dec' 2017, the Energy Team proposes to engage with service departments to assess the viability and scope

of targets within their areas and thereafter reporting back to CASC with a firm target and an implementation plan.

- 5.1 With respect to Energy Procurement, a decision with regards to the Working Group's recommended option, will be made by the Facility Services Category Board scheduled for 18th September 2017.

Mansi Sehgal

Corporate Energy Manager

City Surveyor's Department

E: mansi.sehgal@cityoflondon.gov.uk

Appendix 1– Presentation summarising Benchmarking Results

Benchmarking exercise



- A benchmarking exercise was conducted to find out current trends/ practices amongst both private and public sector.
- The following organisations were contacted to understand their motives behind setting targets, initiatives taken to achieve any reductions and key themes they were looking to implement in the near future:
 - British Land
 - Broadgate Estates
 - London School of Economics
 - Land Securities
 - Better Building Partnership
 - Broadgate Estates
 - Aviva
 - University of London
 - LB Islington
 - LB Camden
 - LB Hounslow
 - LB Enfield
 - LB Haringey
 - RBKC
 - City of Westminster
 - LB Tower Hamlets
 - LBH&F
 - Major Energy Users Council

Benchmarking Results (Scope)



Benchmarking exercise

- Land Securities- Operational Estate
- British Land –Scope 1 &2
- Aviva – includes wider issues on sustainability
- University of London – Scope 1 &2
- London School of Economics- Scope 1&2
- LB of Camden – includes domestic, transport
- RBKC –includes transport, waste, water and wider third party contracts
- LB of Haringey –includes housing, transport etc.
- LB Enfield- operational portfolio and vehicle fuel
- LB H&F – includes wider issues such as SRI/ responsible procurement

Recommendation for CoL

- Focus on Operational portfolio for next 2-3 years;
- In the meantime gather information on domestic, transport, IPG etc. to build a picture;
- Propose a plan thereafter as part of the review in 2021.

Benchmarking Results (Targets)



Benchmarking exercise

- Land Sec- 40% by 2030
- British Land – 55% by 2020 (5% year on year)
- Aviva – 50% by 2030
- University of London – 40% by 2023
- London School of Economics- 54% by 2020
- LB of Camden – 40% by 2020
- LB of Croydon – 34% by 2025
- RBKC – 40% by 2020
- LB of Haringey – 40% by 2020
- LB Enfield- 60% by 2025
- LB H&F – no set targets

Recommendation for CoL

- Recommend 40% until the end of 2025
- With a review planned at the end of 2021

Why

- ~2.25% year on year target – realistic and not too ambitious!
- Set out in the AECOM's report – aspirational target 40% by 2025.
- Informed by the benchmarking exercise.

Benchmarking Results (What to measure)



Benchmarking exercise

- Land Sec- kWh reduction
- British Land – carbon (scope 1 & 2)
- Aviva – carbon/ tCO2
- University of London – carbon
- London School of Economics- carbon
- LB of Camden – carbon
- RBKC – carbon
- LB of Haringey – carbon/ tCO2
- LB Enfield- carbon
- LB H&F – NA

Recommendation for CoL

- Introduce more than one indicator and relative measurement:
 - kWh/m2 or kWh/FTE
 - tCO2

Why

- These two indicators will provide information on cost and carbon and satisfy different customer type.
- Informed by the benchmarking exercise

Key messages from Benchmarking



Key messages that came out from this exercise were as follows:

- Targets not set by all.
- Not a very consistent approach in the industry – some want to lead by examples/ some are doing minimum.
- Drivers are different- a few by compliance and regulations and some want to be seen as leaders.
- The local authorities (LAs) are looking at a bigger picture and not just focussing on the operational bills. Looking to deliver on fuel poverty and local economy.
- Metering strategy was key to success for a few in delivering savings.
- Recommend to address the non-commodity costs of the energy bill

Appendix 2: Scope of the current CDP targets

