

REPORT TO: Executive Board
DATE: 20 October 2022
REPORTING OFFICER: Chief Executive
PORTFOLIO: Climate Change
SUBJECT: Halton Smart Micro Grid
WARDS: All

1.0 PURPOSE OF THE REPORT

A request for a waiver in compliance with Procurement Standing Order 1.14.4 iv of part 3 of Procurement Standing Orders is sought to allow a direct contract award to Horizon Energy and Power to provide technical support development of the Halton Micro Grid including submitting a planning application and developing all documentation to enable design and build tenders to be invited.

2.0 RECOMMENDATION: Executive Board give approval that

- 1. Procurement Standing Orders 2 and or 3 be waived pursuant to Standing Order 1.14.4 (non-emergency procedures – exceeding a value threshold of £100,000), 1.14.4 (iv) where compliance with Procurement Standing Orders would result in the Council having to forego a clear financial or commercial benefit); and**
- 2. a contract award be made to Horizon Energy and Power as their quote demonstrates value for money against the ESPO Public Sector Procurement Framework rates and of their expertise and detailed knowledge of the Halton Micro Grid Project.**

3.0 SUPPORTING INFORMATION

- 3.1 The Council completed construction of a 1MW Solar Farm, connected by private wire to the DCBL Stadium, on the former St Michael's Golf Course in September 2020.
- 3.2 Following completion of the project further feasibility work has been undertaken to see if there is scope to extend the Solar Farm and create a micro grid connecting in the Municipal Building, Lowerhouse Lane Depot and the new Leisure Centre in Moor Lane.
- 3.3 The project would increasing the size of the Council's solar current PV generation portfolio by installing a combination of additional rooftop and solar farm solar PV generation schemes. This would aim to bring the

total installed capacity to 5.1MW and would be achieved by extending the existing Solar Farm by 2.95MW and installing an additional 900kw of roof top solar.

- 3.4 The Project will be supported by a battery storage scheme in order to maximise the use of solar PV power overnight, and support the use of heat pumps at the new Leisure Centre and provide an EV electrical charging infrastructure at Lowerhouse Lane Depot to enable electrification of the fleet.
- 3.5 The project has previously been endorsed by the Executive Board and funding approved of up to £250,000 to support the predevelopment costs. (EXB 75/2022 refers)

4.0 LCR INTERNAL INVESTMENT PANEL

- 4.1 The Scheme has the endorsement of the LCR Internal Investment Panel with the potential for a grant allocation of £2.5m towards the capital costs of the scheme.
- 4.2 A key condition of the Investment Panel's decision is that the Council provide an updated cost for the project to reflect current market prices. They would expect this to be supported by 2-3 fixed price proposals from Design and Build contractors. Once the fixed price proposals are received, an updated financial model will be produced.
- 4.3 The LCR will commission an independent industry proven technical expert to check the reasonability of the project's current assumptions, including revenue, lifecycle, operational, renewal and maintenance assumptions, as well as cashflow projections.

5.0 Specialist Consultancy Support

- 5.1 To meet the condition set out by the LCR Internal Investment Panel will require the Council to undertake a procurement exercise and seek planning approval for the scheme. This will require specialist consultancy support in a number of areas as follows:-
 - Survey & Design
 - Drawing Production
 - Engineering Design work
 - Planning Screening Application
 - Planning Application Studies
 - Tender Specification
 - Tender, Evaluate and Down Select
 - Business Case Analysis
- 5.2 The Council appointed Horizon Power and Energy to undertake consultancy work in relation to the initial solar farm project. They have provided a quote for the above scope of work for the Micro Grid Project.

- 5.3 The work will be awarded as two separate contracts. One for the work associated with the Planning application and associated studies to support the application which is £64,094 net of vat. The second contract will provide specialist consultancy support for the Design Build, Operate and Maintenance contract which totals £117,575 net of vat. The combined costs equate to 1.8% of the capital works value. This funding is at risk if the project did not proceed.
- 5.4 A benchmarking exercise of the costs submitted by Horizon Power and Energy has been undertaken against the consultancy rates on the ESPO Public Sector Procurement Framework. This shows that the costs of the work proposed by Horizon Power and Energy are in line with the framework rates. The average hourly blended rate proposed by Horizon Power and Energy is £680 per day compared to an average blended daily rate of £751 across the framework. Given the extensive knowledge Horizon Power and Energy have in relation to the project and the cost comparisons it is proposed a direct award be made to them.

6.0 POLICY IMPLICATIONS

- 6.1 Nationally the Government has set a target for the UK to reduce its Carbon Emission in the period 2028-2032 to 57pc below 1990 levels. The Council also set its own reduction targets and these are currently being met. The Council has also recently declared a Climate Emergency, which calls for the Council to produce and use more renewable energy in its buildings. This scheme will help contribute to further reductions and support the Council's ambitions.

7.0 FINANCIAL IMPLICATIONS

- 7.1 The project would require approximately £7.5m of funding by the Council as match funding to any successful SIF bid. The net benefits to the Council are set out in section 5.0 above.

8.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

8.1 Children and Young People in Halton

None.

8.2 Employment, Learning and Skills in Halton

None.

8.3 A Healthy Halton

None.

8.4 A Safer Halton

None.

8.5 Halton's Urban Renewal

The Scheme will bring back into use a Council asset that has been unused for some years and is unsuitable for major development. It will contribute to the Council's targets to reduce carbon emissions and will demonstrate local leadership in promoting locally generated renewable energy, removing the reliance on traditional fossil based fuels.

The project will also act as a demonstrator project for the Liverpool City Region (LCR) and could provide a model to be replicated across the LCR on differing scales.

9.0 RISK ANALYSIS

- 9.1 A risk register for the scheme would be developed that puts in place control measures to mitigate against the main risks. The initial risk is the development costs should the project not proceed.

10.0 EQUALITY AND DIVERSITY ISSUES

None.

11.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

"None under the meaning of the Act".