

**REPORT TO:** Executive Board

**DATE:** 13 July 2023

**REPORTING OFFICER:** Executive Director Environment and Regeneration

**SUBJECT:** Halton Micro Grid

**WARDS:** Borough-wide

## **1.0 PURPOSE OF THE REPORT**

To propose that the Council proceeds with a procurement process in respect of the provision of a Halton Micro Grid.

## **2.0 RECOMMENDATIONS: That;**

- (i) The intention to undertake a procurement exercise via The Chest with the purpose of securing a Design, Build, Operate and Maintenance Contract for the implementation of the Halton Micro Grid, be approved;**
- (ii) Council be asked to include the £11m total estimated cost of the Halton Micro Grid scheme within the capital programme, to be funded as outlined in section 5 below.**

## **3.0 SUPPORTING INFORMATION**

- 3.1 The Halton Micro Grid seeks to increase the size of the existing Solar Farm on the former St Michael's Golf Course 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.
- 3.2 The extension will be supported by a battery storage scheme in order to maximise the use of solar PV power overnight, support the use of heat pumps at the new Leisure Centre, and provide an Electrical vehicle charging infrastructure at Lowerhouse Lane Depot to enable electrification of the fleet.
- 3.3 The tender will invite bids from Engineering, procurement, and construction (EPC) contractors to support the Design, Build and Maintenance of the project.
- 3.4 It is anticipated that the value of the contracts in total is likely to be in the region of £11m, with a contract for maintenance of £ 1.9m over the 30 year lifetime of the project.

- 3.5 This figure is above the Public Contract Regulations 2015 threshold value and will be tendered accordingly. The open procedure will be used whereby expressions of interest are first obtained and then assessed.
- 3.6 The tender submissions will be evaluated on both price and quality; this being on a 30% price, 70% quality ratio and the most economically advantageous tender will be reported to this Board.
- 3.7 The cost of the works will be met from prudential borrowing and a grant of £2.5m from the Liverpool City Region Combined Authority.
- 3.8 A projected cash-flow illustration on the basis a £2.5m grant contribution indicated that the Council would break even, with the Council capital and interest for the funding borrowed repaid by the revenue stream from the electricity generated.
- 3.9 The project will fund a number of capital investments and deliver long term revenue benefits to the Council as follows:
- The project caps electricity prices to the Council at 2.5% p.a. increase for the renewable component of supply for 30 years. If market energy prices rose by 4% annually over the lifetime of the project, the net revenue benefits to the Council are in the region of £2.5m.
  - A £460K contribution to the Leisure Centre heat pumps.
  - The £454K funding for electric charging infrastructure at the Lowerhouse Lane depot.
  - De-carbonisation benefits. The connected buildings would use 67% of the energy generated, amounting to 115,190,000kwh green electricity produced over 30 years. This equates to 26,839 tonnes of carbon dioxide savings over the lifetime of the projects.
- 3.10 On receipt of the tenders a full business case will be developed and reported to the Board for approval.

#### **4.0 POLICY IMPLICATIONS**

- 4.1 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.

## **5.0 FINANCIAL IMPLICATIONS**

- 5.1 The project would require approximately £8.5m of funding by the Council, as match funding to the £2.5m grant which is being sought from the LCR Combined Authority Single Investment Fund. The annual capital financing costs of the Council's borrowing, would be fully funded from the income received from the electricity generated. The net financial benefits of the scheme to the Council, are set out in section 3 above.

## **6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

### **6.1 Children and Young People in Halton**

None.

### **6.2 Employment, Learning and Skills in Halton**

None.

### **6.3 A Healthy Halton**

None.

### **6.4 A Safer Halton**

None.

### **6.5 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.

## **7.0 RISK ANALYSIS**

- 7.1 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.

## **8.0 CLIMATE CHANGE IMPLICATIONS**

- 8.1 The connected buildings would use 67% of the energy generated, amounting to 115,190,000kwh green electricity produced over 30 years. This equates to 26,839 tonnes of carbon dioxide savings over the lifetime of the projects. This will significantly reduced the Council's CO2 and help meets its ambitions to be net zero by 2040 as set out in the Council's Climate Change Action Plan.

**9.0 EQUALITY AND DIVERSITY ISSUES**

9.1 None.

**10.0 REASON FOR THE DECISION**

10.1 To seek approval for the procurement of a Halton Micro Grid.

**11.0 ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

11.1 It is proposed to invite bids from Engineering, procurement, and construction (EPC) contractors to support the Design, Build and Maintenance of the project, which will provide alternative options from which the preferred solution will be identified.

**12.0 IMPLEMENTATION DATE**

12.1 01 August 2023.

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

There are none under the meaning of the Act.