

Southend-on-Sea Borough Council
Report of Executive Director for Neighbourhoods and Environment
To
Cabinet
On
16th January 2020

**Agenda
Item No.**

Report prepared by: Jeremy Martin, Energy and Sustainability
Manager

Notice of Motion: National Community Energy Campaign

Relevant Scrutiny Committee(s): Place Scrutiny

Cabinet Member: Councillor C Mulroney

1. Purpose of Report

- 1.1. To present the Notice of Motion: National Community Energy Campaign which was referred to Cabinet from the Council meeting in December.

2. Recommendation

- 2.1 That in taking forward the Motion, Cabinet should support the Local Electricity Bill.**
- 2.2 That in taking forward the Motion, Cabinet should advise the press, local MPs and the promoters of the Bill as proposed.**
- 2.3. That in taking forward the Motion, Cabinet should note that maximising the financial and infrastructure benefits that may arise from this initiative will require investment in local renewable generation in future years.**

3. Notice of Motion

- 3.1. A Notice of Motion was presented to Council in December 2019 with the proposal that the Council:
- i. acknowledges the efforts that this Council has made to reduce greenhouse gas emissions and promote renewable energy;
 - ii. recognises that councils can play a central role in creating sustainable communities particularly through the provision of locally generated renewable electricity;
 - iii. further recognises:

- that very large financial setup and running costs involved in selling locally generated renewable energy to local customers result in it being impossible for local renewable electricity generators to do so,
 - that making these financial costs proportional to the scale of a renewable electricity supplier's operation would create significant opportunities for councils to be providers of locally generated renewable electricity to local people, businesses and organisations, and
 - that revenues received by councils that became local renewable electricity providers could be used to help fund local greenhouse gas emissions reduction measures and to help improve local services and facilities;
- iv. accordingly, resolves to support the Local Electricity Bill, currently supported by a cross-party group of 115 MPs and which, if made law, would make the setup and running costs of selling renewable electricity to local people proportionate by establishing a Right to Local Supply, and
- v. further resolves to
- inform the local media of this decision,
 - write to local MPs asking them to support the Bill, and
 - write to the organisers of the Bill, Power for People (at 8 Delancey Passage, Camden, London, NW1 7NN or info@powerforpeople.org.uk) expressing its support.

4. Background

- 4.1 The Local Electricity Bill was originally drafted by a not-for-profit campaigning company Power for People and was subsequently submitted as a Private Members Bill, sponsored by Jeremy Lefroy. The Bill received its First Reading on 6 September 2018 but failed to complete its passage through Parliament.
- 4.2 The Bill is now being promoted with a view to receiving enough support from MPs to make the Government adopt it.
- 4.3 The Bill seeks to place an obligation onto the Gas and Electricity Markets Authority (Ofgem) to set conditions for and grant a supply licence to any person that meets the conditions at a cost that is proportionate to the size of the applicant's business.
- 4.4 The purpose of this Bill is to facilitate the market for Community Energy groups and others to be able to sell electricity generated locally to local people rather than selling to the wholesale markets.
- 4.5 There are many technical, safety and consumer protection reasons why the markets are heavily regulated and this facility is not readily available. By making this an obligation on Ofgem, the promoters of the Bill are seeking to accelerate the process through which these obstacles are tackled. Nevertheless, the facility sought by the Bill is already available within the current regulations in defined circumstances, albeit through exceptions, and the Council is working to make this facility available to local people through its work on smart local energy markets.

- 4.6 The electricity grid in Southend is very heavily constrained and local generation would allow for increased capacity to relieve the current constraints on supply and growth. For sites that can use all of the electricity generated, renewable electricity is a good potential investment but the additional revenue available through exporting to the grid is low even when it is possible. Allowing generators to be able to access near retail electricity rates makes these investments more viable and widening the market through extensions to the current exemptions in the regulations or new regulations will substantially assist this market for Community Energy Groups or other investors such as the Council.

5. Other Options

- 4.1. To note the Notice of Motion but not to actively support it

5. Reasons for Recommendation

- 5.1. Major reductions in emissions are required across the world to mitigate against climate change and hold global warming to less than 2°C, preferably 1.5°C.
- 5.2. Local generation will assist with emissions reduction but will also provide for resilience against the current grid constraints.

6. Corporate Implications

6.1. Contribution to the Southend 2050 Road Map

The primary 2050 outcome that Local Electricity Generation will affect will be *Safe and Well: We act as a green city with outstanding examples of energy efficient and carbon neutral buildings, green open spaces, streets, transport and recycling.*

Local generation will assist with emissions reduction but will also help to increase available electricity supply and lower the current grid constraints.

6.2 Financial Implications

There are no immediate financial implications but to maximise the benefits that may accrue from the Local Electricity Bill would require capital investment in future years. Work is currently ongoing to provide for local generation on Council buildings and where possible through existing exemptions in the current regulations. Some of this work may lead to increased opportunities through extended regulation.

Any proposals for additional investment and/or disinvestment will need to be considered as relevant as parts of outcome delivery plans and our outcome based budgeting approach, as part of Council budget setting and in year financial management.

6.3 Legal Implications

None at this time. In delivering individual delivery actions the legal implications of each action would be considered.

6.4 People Implications

None at this time

6.5 Property Implications

None at this time.

6.6 Consultation

The Notice of Motion was presented to Council in December and consultation has been restricted to the Technical Advisors working with the Council on regulation in the electricity market

6.7 Equalities and Diversity Implications

An Equalities Assessment has not been undertaken on the totality of the project report and individual assessments would need to be undertaken for new projects and policy changes as part of their development.

6.8 Risk Assessment

A risk assessment has not been undertaken on the project report as, where appropriate, risk assessments would be undertaken in relation into the various interventions.

6.9 Community Safety Implications

Community Safety will need to be reviewed as part of each intervention considered.

6.11 Environmental Impact

Local renewable electricity generation would have positive environmental impacts that would be assessed as part of any proposed investment.

7. Background Papers

None.

8. Appendices

Draft Local Electricity Bill.