

## **GREATER MANCHESTER LOW CARBON HUB BOARD**

Date: 29<sup>th</sup> July 2019

Subject: Solar PV collective Purchasing pilot for GM

Report of: Mark Atherton, Asst Director Environment

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### **PURPOSE OF REPORT**

The purpose of this paper is to present an opportunity for a Solar PV Collective Purchasing pilot across the 10 districts of Greater Manchester. This proposal aims to support GM's achievement of the Green Summit aspiration for the City Region to be carbon neutral by 2038, through the increased uptake of local renewable generation. This proposal will complete one of the 5 Year Environment Plan actions to: "examine the potential to establish a GM collective solar PV/battery purchase to drive up residential uptake".

### **RECOMMENDATIONS:**

The Board is asked to:

- Note the contents of the paper and its recommendations
- Note that contractual requirements are being finalized and that the GMCA had been asked to delegate approval to GMCA Treasurer, in consultation with the Portfolio Lead, to proceed with the appointment of a Solar PV Collective Purchasing partner, commencing with the pilot in September 19
- Advise how Board Member partner organisations could support the delivery of the roll-out

### **CONTACT OFFICERS:**

Mark Atherton, Assistant Director of Environment, GMCA  
[mark.atherton@greatermanchester-ca.gov.uk](mailto:mark.atherton@greatermanchester-ca.gov.uk)

## 1. Background

- 1.1. The GM Green Summit, held in March 2019, provided further detail on Greater Manchester's aspiration to be carbon neutral by 2038, meeting the challenge of climate change and supporting the transition to a smarter and cleaner future whole energy system.
- 1.2. One of the Green Summit outcomes, was the launch of the 5yr Environment Plan for Greater Manchester, detailing what we need to do as a region over the next 5 years. Priority 1 under 'Our Energy Supply' stated the need to increase 'local renewable generation by adding at least a further 45MW by 2024'.
- 1.3. As part of the region's drive to meet the challenge outlined within the Plan, a range of approaches are required, including leadership through our own estates, commercial, industrial and domestic properties. This proposal aims to target the domestic and small businesses 'able to pay' market through a collective purchasing, reverse auction.
- 1.4. As of 2018, only 2.5% of Greater Manchester's housing stock had solar PV, which highlights there is opportunity for greater uptake, and a key role for the GMCA and the District Councils to support this.
- 1.5. A Solar PV (photovoltaic) collective purchasing scheme would test the extent that a reverse auction approach can increase domestic rooftop solar installations across the region, currently 62% lower per household than the England average.
- 1.6. Identical reverse solar PV auction schemes have been undertaken in Norfolk, Greater London Authority and Sussex, administered by iChoosr (a specialist procurement company). These schemes benefited from local authority backing providing residents reassurances, which played significant part in their decision to participate. Overall, IChoosr have run 30 schemes over 3 countries resulting in 50,000 installations totaling 175MW of generation with a retail value in excess of £200m.
- 1.7. These schemes have achieved average cost reductions for residents of between 16-35%, for typical 3.5kWh installations, versus open market purchases.

## 2. Proposal

- 2.1. It is proposed that GMCA participate in the forthcoming iChoosr scheme planned for September 2019, across the 10 districts. This would provide the city region with the opportunity to increase our renewable generation by circa 5MW (towards our 45MW target), through a private investment of circa £6.7m. The timing proposed is to align with the next IChoosr scheme, which will run across a minimum of 3 UK regions.
- 2.2. GMCA would be required to invest circa £100,000 to cover marketing and communication costs, however, there is the potential to recoup this initial investment through referral fees for each successful installation. The aim of the scheme would be to achieve at least 1900 installs, leading

to the generation of circa £115,000 income from referral fees. If this level of success is achieved, the scheme could be cost neutral.

- 2.3. The £100k will be used to fund direct marketing to households and businesses, either via each individual Local Authority (paid for by the project) and/or via a centralised coordinated approach. The 'ask' of participating authorities would therefore be that they support the marketing of the scheme to their residents.
- 2.4. The marketing of the scheme may include: direct mail, local adverts/articles, press releases, social media and venue information sessions. It is estimated that this will involve between 30-60 hours of LA officer time (per District). For those Districts that wish to participate (the preferred option) the cost of time and materials will be funded by the project and allow the District to co-brand the initiative. This will be supplemented by a centralized marketing campaign to cover the whole of GM.
- 2.5. The scheme provides the ability to support a range of 'able to pay' participants including domestic residents and small business owners, up to 30 panel installations.
- 2.6. As part of the scheme, the option to support further deployment of solar PV across smaller public buildings and ALMO/RSL stock provides the opportunity to de-risk the required investment highlighted in point 2.1.
- 2.7. Further detail explaining the reverse auction, the proposition to the householder, how the scheme works and the commitment of the Local Authorities can be found in Annex 01 – Domestic Solar PV Collective Purchasing Scheme.
- 2.8. All of the suppliers' costs including (but not limited to) the system, cabling, installation & scaffolding are included in the bid, yet individual designs are bespoke. Due to the volume, small differences in pricing for this are omitted. This means for example that residents will pay the same if their panels are installed portrait or landscape, or if they need 5 or 10 meters of DC cable. For cost elements that have more impact, such as non-standard scaffolding, an extra cost is defined and communicated with the customer. These costs are subject to survey. Customers are never obligated to accept changes to their offer that result in higher costs.

### **3. Single source supplier justification**

- 3.1. It is proposed we explore the contractual arrangements with iChoosr, with the intention of awarding a contract to act as the partner for a collective solar purchasing scheme in Greater Manchester. Although there are many different solar PV panel suppliers operating in GM and the UK, the services iChoosr provide, as a procurement aggregator, are distinctly different to those of a PV supplier.

- 3.2. There is currently no other company delivering the services required to support a region wide solar PV community purchasing scheme, iChoosr is the only realistic source of supplying these services.
- 3.3. iChoosr have been operating and running solar PV schemes for over several years, across Belgium, Netherlands and the UK, with approximately 40,000 households taking up the offer leading to an installed capacity in excess of 120MW.
- 3.4. iChoosr will be paid a small fee per installed PV panel, paid for by the selected solar PV provider, which will be agreed by iChoosr and be the same for all participating providers who participate in the reverse auction, so that there will be no preferential treatment.
- 3.5. It is acknowledged that where the expected contract for services is between £10,000 and £50,000, the service required should be procured competitively. However, an exception from this requirement may be approved where there is an absence of direct competition. GMCA will not pay iChoosr nor spend directly with iChoosr as they gain their payments via charges to the supply chain providers.
- 3.6. Numerous energy related workshops have been completed over the past 12 months, exploring different ways to stimulate the market. No other viable alternatives have been found.
- 3.7. The contract with iChoosr is proposed to be a service concession (co-branded by the participating district and GMCA), meaning:
  - That the GMCA will allow iChoosr to exploit the services commercially
  - That iChoosr assumes the entire commercial risk of the arrangement (they must continue to provide the services fully in accordance with the contract even if they are making a loss)
- 3.8. Customers that have complaints or queries can contact iChoosr via a freephone number or email provided in the scheme. They manage resolution of the issues. If a customer approaches the council, the council would hand over the complaint to iChoosr. The contract iChoosr has with installer obligates the installer to rectify them. For the customer, the resolution is guaranteed through warranties. iChoosr demands a minimum set of warranties that have to be offered by the participating suppliers and the manufacturers.

#### **4 Recommendations**

The Combined Authority is asked to:

- Note the contents of the paper and its recommendations
- Provide approval to explore the contractual requirements supporting this proposal and agree an allocation of £100k from funds set aside to support delivery of the GM 5 Year Environment plan.
- Subject to legal advice, delegate approval to Chief Executive/Head of Legal, in consultation with the Portfolio Lead, to proceed with the appointment of a Solar PV Collective Purchasing partner, commencing with the pilot in September 19.