

GM Housing, Planning and Environment Overview & Scrutiny Committee

Date: 01 February 2021
Subject: Greater Manchester Go Neutral – Smart Energy Opportunity Pipeline
Report of: Mark Atherton, Director of Environment, GMCA

Purpose of Report:

To update on the Go Neutral Smart Energy call-off framework, to support the city region's public bodies in optimising renewable energy generation and storage on their estates and assets. The Go Neutral Framework aims to accelerate the delivery of up to 300MW of renewable generation across the conurbation over the next 3 years through the creation of portfolios of smart energy opportunities.

Recommendations:

The Committee is requested to:

1. Note the progress made in establishing the Go Neutral – Smart Energy Framework
2. Note that if viable projects are achieved, GMCA partners may require additional support to access funds to further develop and deliver the projects.
3. Note the environmental outcome is to substantially reduce the carbon emissions of Greater Manchester's public estate, through new and additional renewable energy generation and storage capacity.

Contact Officers:

Mark Atherton, Director of Environment, GMCA

mark.atherton@greatermanchester-ca.gov.uk

Sean Owen, Head of Low Carbon Policy, GMCA

BOLTON
BURY

MANCHESTER
OLDHAM

ROCHDALE
SALFORD

STOCKPORT
TAMESIDE

TRAFFORD
WIGAN

1. Introduction/Background

1.1 Greater Manchester has set ambitious plans to be carbon neutral by 2038. Key to achievement of this is increasing investment in smart energy infrastructure and clean energy generation.

1.2 The Scatter GM preferred carbon reduction pathway sets out the need for solar PV on 50% of domestic properties and an additional 5.5km² on commercial roof space and ground mounted sites. Deployment at this scale will require the region to develop a long-term pipeline of land, car park and building based generation opportunities with an effective route to market.

1.3 Our response to this challenge is Go Neutral - a GMCA-led smart energy programme to decarbonise our city region and deliver social value, community wealth-building and inclusive growth, with a focus on affordability and impact.

1.4 In conjunction with other GMCA-led low-carbon initiatives, Go Neutral will put GM on the pathway to:

- Take control of how we generate, use, and trade our energy locally to create a resilient and connected energy system.
- Create investment opportunities that will support new jobs and skills on our pathway to carbon neutral by 2038; and
- Create greener, healthier, and more affordable lifestyles.

1.5 The Go Neutral programme will identify, develop, and deliver a pipeline of smart energy opportunities via a range of investment and delivery models. The initial phase will seek

to deliver 85 MW of solar power generation with battery storage and electric vehicle charging infrastructure. These will be located on circa 430no. public sector owned land, car park and building assets. It is expected to require circa £155m of capital investment and £5.5m at-risk revenue expenditure, via a range of investment and delivery models.

2. Progress

- 2.1 Activity to assess, prioritise, and shortlist public sector owned assets is now nearing completion. This has involved geospatial assessment of the sites, GMCA/partner review, and determination of a preferred shortlist for the call-off framework. This exercise will help to de-risk the sites being brought to market and provide clear signals to the market on partners readiness to engage.
- 2.2 A total of 9,436 land assets, 864 car parks and 2,495 buildings were submitted by public sector partners for the site assessment and prioritization exercise. For the initial phase, circa 10% of these assets are undergoing review by GMCA partners. Of the sites that have been reviewed and confirmed onto a preferred shortlist so far, we are on track to achieve our target size of opportunity pipeline for the call-off framework.
- 2.3 Through this activity we have received unanimous support from partners (ten Districts, Environment Agency and TFGM) to engage with the next stage of the process.
- 2.4 Ongoing soft market testing and engagement has endorsed our approach to developing the opportunity pipeline and the intention to bring forward portfolios of opportunities into the call-off framework. It is acknowledged that a portfolio approach will provide greater opportunity for innovation, investment, and value sharing propositions.
- 2.5 Positive discussions are underway with Electricity Northwest Ltd (regulated business) to support the programme in reviewing shortlisted sites for potential grid constraints and opportunities. This insight will provide valuable information to support prospective bidders in developing their proposals.
- 2.6 Discussions with GMCA's Internal Governance Team and partners are underway on a solution for data sharing, which will utilise the ISG structure already in place and will require an NDA between GMCA and the awarded agents to the call-off framework.

3. Framework Process

3.1 The framework has 3 lots to enable a broad coverage and/or portfolio of assets to be catered for across buildings, car parks, ground mounted generation A 4th lot will encompass all measure types with the ability for third party investment options to be included.

3.2 During the tender exercise a 5th lot was envisaged, however due to the market responses received the Building Integrated Battery storage lot was not taken forward

3.3 The awarded delivery agents are highlighted in the table below.

Lot 1: Building mounted solar PV (with battery storage) :	Lot 2: Solar car ports (with battery storage)	Lot 3: Small scale ground mounted solar PV	Lot 4: Integrated smart energy solutions
Aberla	Aberla	Ameresco	SSE
CorEnergy	Ameresco	CorEnergy	Ameresco
Custom Solar	Emtec	Custom	Mitie
Emtec	Polysolar	Emtec	CorEnergy
EvoEnergy	Vital Energy	Evo	Robertsons – Clear Futures
NPS			
PolySolar			
Vital Energy			

3.4 The framework is open to all public bodies across the UK, with a £300m framework value. Entrants/users will be asked to sign a framework licence agreement, which enables use of the framework alongside formalising a 1% rebate to GMCA.

3.5 Mini competitions will be operated to appoint suitable contractors for portfolios of assets, with 4 stage gates thereafter leading to supply of services and installation as follows:

- Stage Gate 1: Feasibility and Options Appraisal
- Stage Gate 2: Investment Grade Proposals
- Stage Gate 3: Development of Integrated Smart Energy System
- Stage Gate 4: Delivery of Integrated Smart Energy system

3.6 GM districts will benefit from the recycled 1% rebate in the form of underwritten investment grade audits, as from Stage Gate, abortive costs are incurred by the framework users. This will de-risk the process for both user and developer/contractor to ensure delivery is achieved.

4. Opportunities/risks

4.1. The key opportunities include:

- Potential to deliver circa 85MW of new additional generation capacity to GM and associated carbon savings.
- A procurement framework that offers a flexible approach to project development and delivery, based on strategic need and value
- Opportunity to support local supply chains, apprenticeships, and employment initiatives through deployment at scale
- Options to leverage investment from the supply chain and private and community sector funders to ensure that all viable projects can be brought forward to delivery
- Utilisation of existing networks for potential suppliers/ consortia members, including collaboration with Growth Company
- Opportunity for Districts to collaborate with consequential efficiencies of scale
- This work will dovetail with the ERDF-funded Unlocking Clean Energy GM project and the IUK-funded Local Energy Market project to benefit from relevant intelligence, as well as valuable insight for the local energy market platform and value sharing propositions.

4.2. The key risks include:

- A lack of appetite from GMCA partners to participate in the framework and tender portfolio opportunities/ schemes meaning there is insufficient opportunity to make a call-off framework worthwhile.

- The sites that are offered to the market prove unviable/ undevelopable, meaning wasted time and cost in developing opportunities. It might also raise a lack of confidence in the GM opportunity among prospective suppliers, with reputational impact.
- Offered pipeline or opportunities are unattractive to the market, giving rise to a lack of interest from the market that will impact on delivery of targets.
- Partners unwilling to share data on shortlisted assets to prospective bidders, giving rise to insufficient interest from prospective suppliers in bidding for the framework due to limited insight of the opportunity pipeline.
- Insufficient resource/ timescales to support the set-up and ongoing management of the call-off framework, meaning that we are unable to proceed, or proceed at slower pace putting the previously agreed retention of business rate funding at risk.
- Commercial case doesn't stack up, creating a lack of investible opportunities, which puts the development spend and ability to achieve targets at risk.

5. Financial Implications

- 5.1 Day to day management of the programme and working with the partners to build the opportunity pipeline will be undertaken by committed funded roles in GMCA's Low Carbon, Data and Research Teams.
- 5.2 A call-off framework percentage fee model is proposed, whereby 1% of the capital works is charged to the project/supplier for using the framework. It is proposed this fee would be used to support framework management, quality assurance, and further feasibility studies to enable future additional pipeline delivery.
- 5.3 Once the framework is up and running, GMCA and asset owners will seek to procure feasibility studies and investment propositions via the framework. This will also be funded using the previously agreed retained business rate funding (£400k less spend on legal costs) and supplemented by the percentage fee model.
- 5.4 There is no financial requirement on Districts in setting up the framework and there will be an agreed quota of feasibility studies that will be procured by GMCA on behalf of the partners. However, District Officers will need to work with the central coordinating team to identify and bring forward prospective smart energy opportunities.

5.5 The future financial implications on the partners will depend on what investment model and delivery model they decide to take. This might involve 100% development and capital expenditure, 0%, or a shared investment proposition. This is likely to be determined before partners tender specific portfolios of opportunities. GMCA might be required to support partners with accessing funds to develop and deliver their projects.

6. Recommendations

The committee is requested to:

1. Note the progress made in establishing the Go Neutral – Smart Energy Framework
2. Note that if viable projects are achieved, GMCA partners may require additional support to access funds to further develop and deliver the projects.
3. Note the environmental outcome is to substantially reduce the carbon emissions of Greater Manchester's public estate, through new and additional renewable energy generation and storage capacity.