

**EXETER CITY COUNCIL**  
**SCRUTINY COMMITTEE – ECONOMY**  
**8 SEPTEMBER 2011**

**EON ENERGY PARTNERSHIP**

**1.0 PURPOSE OF REPORT**

- 1.1 To update the committee on the work of the Eon Energy Partnership.

**2.0 BACKGROUND**

- 2.1 A report introducing the concept of a strategic energy partnership with Eon was presented to the Scrutiny Economy Committee on the 11 November 2010 and the Executive on the 23 November 2010. Given the pivotal role that local government has in achieving sustainable development and mitigating and adapting to climate change, the scale of the challenge and the financial pressures that the public sector is under, it was agreed that it would be necessary, more than ever, to partner with the private sector. Eon presented the council with a proposal to form an energy partnership, putting forward their skills, experience and considerable technical expertise, combined with a track record of working collaboratively and in partnership to deliver agreed objectives.
- 2.2 Given the considerable benefits of this opportunity to work in partnership with Eon, it was agreed that the Council enter into an energy partnership with Eon and East Devon District Council. It was also agreed that the Exeter and East Devon Steering Board function as the governance structure for assessing performance and managing the partnership with the Projects Director for the New Growth Point acting as the principal lead. In addition it was agreed to seek engagement from Devon County Council in taking forward the programme.
- 2.3 An Energy Partnership Charter was tabled at the meeting, together with tables of potential projects across the housing, business, transport, community/education and public sector buildings sectors, divided into short, medium and long term projects and the initial work of the emerging partnership has been based on this format.

**3.0 PROGRESS TO DATE**

- 3.1 Following the agreement of Exeter City Council and East Devon District Council to enter into an Energy Partnership a Low Carbon Task Force Group (LCTF) has been formed, and now has representatives from Eon, the Exeter and East Devon Growth Point Delivery Team, Exeter City Council, East Devon District Council, Exeter University and Devon County Council Bickton College, Exeter Chamber of commerce, the Met Office and the Royal Devon and Exeter Hospital Trust. Eon have now employed additional resources from the Energy Saving Trust to specifically focus on the work of the task force, and provide additional staff capacity to drive forward projects.
- 3.2 Since Setting up the LCTF in January this year, the Group has met on a monthly basis. The Group have worked on establishing Terms of Reference and finalising a Memorandum of Understanding which was signed in May this year and

officially launched at the Devon County show (copy attached Appendix 1). Eon had an exhibition stand at the Show, in partnership with the Exeter and East Devon Growth Point, highlighting the District Heating Project at Cranbrook, and publicising the potential for energy efficiency, carbon savings and renewable energy within this area.

- 3.3 The LCTF Group have also been working on developing a spreadsheet of potential projects and pulling together the key stakeholders, partners and resources to move towards delivery. The attached spreadsheet (appendix 2) Key sub groups have also been formed to drive forward the delivery of specific projects, for example, establishing part of a district energy network in the City Centre, in partnership with the University and the RD&E Hospital and out at Monkerton, in partnership with developers and the Met Office. Other projects that the Group have been working on include the development of a solar PV pilot project on 50-75 houses within the city, initiatives around the private rented housing sector, finding ways to deliver improvements to energy efficiency and tackling fuel poverty. On the business side, Exeter Chamber of Commerce have also signed up to the Memorandum of Understanding and are very supportive of developing business opportunities within the green energy sector. On the Community/Education side, the Group have been working in partnership with Bicton College, to look at available opportunities for developing skills and training within the energy sector and the forthcoming opening of the Bicton Earth Centre this autumn will be a significant resource for the area, providing critical training on both the technical and professional side.
- 3.4 On the funding side, the group will be helping to look at how government incentives such as the Feed in Tariff (FIT) and Renewable Heat Incentive (RHI) where money is paid for the generation of 'green' power and heat, together with penalties such as the Carbon Reduction Commitments (CRC's) where companies will pay a 'green tax' if they fail to reduce carbon emissions to agreed levels, can help to make projects more financially viable. The emerging 'Green Deal' announced by the Government, and due to be operational in 2012, will also help to make funding for renewable energy and energy efficiency measures more accessible and available on more favourable terms. One example of an emerging financial incentive, and a potential source of funding, is what is known as 'Allowable Solutions'. This will come into play where developers are unable to reach 'zero carbon' development (as defined by the Zero Carbon Hub) through building fabric measures and 'on site' measures alone (e.g. solar PV). (New homes will be required to be zero carbon by 2016 and non-domestic development by 2019). If this is the case, developers will be required to make an 'Allowable Solutions' payment (based on £'s per Tonne of Co<sub>2</sub>, set by the Department of Energy and Climate Change) to make up the difference between the carbon savings they can make on site and the target carbon savings required by the legislation. A key factor here is that this money will go into a central government 'pot' unless local authorities have specific sustainable planning policies in place. This is an area that will need to be explored further in collaboration with the relevant planning policy teams and with technical advisors, to ensure that this potential funding is captured for the local area.

#### **4.0 CONCLUSION**

- 4.1 Good progress has been made to date on some of the short term projects and the Group now needs to continue to push these forward towards delivery on site. We will now also need to develop a strategy for some of the medium and longer term projects including a work programme and policy timetable to help exploit the

full potential of the emerging government incentive and evolving energy market. We also need to keep up the pressure on developers to work collaboratively to help deliver these projects, particularly on district heating for example, where it is crucial to get in early in the development process. The philosophy followed to date has been to get some 'quick wins' to kick start the initiative and to get across the wider benefits of having such a partnership and working collaboratively. Longer term, we will need a clear strategy in place, agreed by the partnership and backed up by adopted planning policy and national legislation. We also need to engage with the local residential and business community and obtain a high level of 'buy in' for what we are trying to achieve.

## **5.0 RECOMMENDATION**

- (i) That the report be noted.
- (ii) That the Council continue to support the Strategic Partnership with Eon and endorse the work of the Low Carbon Task Force.

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**Local Government (Access to Information) Act 1972 (as amended)**

***Background papers used in compiling this report:-***

Exeter City Council Report to Scrutiny Economy 11 November 2010 & Executive 23 November 2011 and Minutes.