Meeting: Cabinet **Date: 24 August 2021**

Wards Affected: Barton with Watcombe

Report Title: Project update for the creation of a solar farm on land at Nightingale Park to sell the electricity for a return on investment and help meet the Council's carbon neutral priority.

When does the decision need to be implemented? Immediately

Cabinet Member Contact Details: Councillor Swithin Long, Cabinet Member Economic Regeneration, Tourism and Housing

Director/Assistant Director Contact Details: Liam Montgomery, Director of Asset Management, Investment & Housing, liam.montgomery@tda.uk.net

1. Purpose of Report

1.1 To develop a solar scheme that will provide renewable energy via a private wire to Torbay Hospital to help meet the Council's carbon neutral priorities. On 28th July 2020 informal Cabinet authorised the borrowing of £2,000,000 to allow the delivery of a solar farm at Nightingale Park for the purposes of selling the power to end users in the area and to the national grid if necessary and provided delegated authority to the Chief Executive in consultation with the Chief Financial Officer to agree and finalise any Power Purchase Agreement with end users. The Cabinet paper with accompanying appendices is contained in appendix 1.

1.2 Through further feasibility work a more robust understanding of the development costs have been achieved along with a better understanding of the potential end user within the area. Nightingale Park is a brownfield site being a former landfill from the 1950's until the 1980's. Brownfield sites, especially land fill, are more expensive to develop than Greenfield sites. As a result of further feasibility work the output of 3.2MWp (MWp is an abbreviation for **Megawatt peak** – a unit of measurement for the output of power from a source such as solar or wind where the output may vary according to the strength of sunlight or wind speed. MWp is a measure of the maximum potential output of power) is confirmed but the total development costs are expected to be £3,050,000 which includes the private wire connection costs to the end user. The original advice suggested lower construction costs; however, an end user was unknown. Now an end user for the solar power is known and therefore we have been able to calculate more robust connection costs.

2. Reason for Proposal and its benefits

We want Torbay and its residents to thrive.

We want Torbay to be a place where we have turned the tide on poverty and tackled inequalities; where our children and older people will have high aspirations and where there are quality jobs, good pay and affordable housing for our residents.

We want Torbay to be the premier resort in the UK, with a vibrant arts and cultural offer for our residents and visitors to enjoy; where our built and natural environment is celebrated and where we play our part in addressing the climate change emergency.

2.1 The proposals in this report help us to deliver this ambition by providing economic growth whilst tackling climate change.

Torbay Council will be working collaboratively with the HealthTrust to provide sustainable power to the new hospital. It is estimated that 3.2MWP will be generated from the solar development. This energy will be used by the hospital/ local people and will help to reduce Torbay's Carbon footprint. The solar development will help address the climate change in a positive manner.

The proposed solar development will provide employment during the design, construction and maintenance of the project. The project has the ability to provide energy for a period of 25 plus years. The solar scheme will help create quality jobs with good pay.

Proposals will also consider how to improve the current recreational use of the site which is used informally by mainly local residents whilst providing ecological mitigation to provide a biodiversity net gain. The recreational use of the site will help to support healthy, physically active lives for all.

2.2 The original advice suggested lower construction costs; however, an end user was unknown. Now an end user for the solar power is known we have been able to calculate more robust connection costs. The proposed solar development can still provide benefits for climate change, on site recreation and biodiversity and provide a positive financial return.

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3. Recommendation(s) / Proposed Decision

That the i) to iii) of the exempt decision made by the Cabinet 11 August 2020 (Minute 115h/08/20 refers) be rescinded and that the following be approved:

1. That, subject to the criteria in the Growth Fund strategy being met and a detailed business case approved by the Section 151 Officer in consultation with the Cabinet Member for Economic Regeneration, Tourism and Housing, Cabinet authorise up to £3.1m from the Growth Fund to fund the construction and delivery of the solar farm.

2. That, Delegated authority be given to the Chief Executive in consultation with the Leader of the Council to agree and finalise the detailed terms of the power purchasing agreement with an end user.

3. If necessary delegated authority be given to the Chief Executive in consultation with the Leader of the Council to agree and finalise the terms of setting up a separate special purpose vehicle with the Health Trust, if this is deemed the most appropriate route to ensuring both the sale of the energy by the Council and its purchase by the Health Trust is undertaken in accordance with the requirements of the Public Contracts Regulations.

4. In the event that the HealthTrust have not entered into a formal agreement to purchase the power generated by the solar farm by 31st October and subject to a detailed business case being approved by the Section 151 Officer then delegated authority be given to the Chief Executive in consultation with the Leader of the Council to use the power directly to create a sustainable energy source for the Council.

5. That the Cabinet reconfirms their decision in respect of iv) of the exempt decision made by the Cabinet 11 August 2020 (Minute 115h/08/20 refers):

   'That a report be presented to the next Cabinet Meeting after completion of the deal, as to the potential use of up to 10% of the surplus generated, being made available for community use within 1 mile, straight line distance of Nightingale Park.'

Appendices

Appendix 1: Previous cabinet paper and appendices dated 28/07/20 (PART 2)

Appendix 2: Off-site cable routes (PART 2)

Appendix 3: Financials for NHS private wire scheme (PART 2)

Background Documents

None.

Supporting Information

1. Introduction

1.1 There is a clear and compelling rationale to mitigate and adapt to a changing climate, which is why Torbay declared a climate emergency in June 2019 and committed to, in Torbay's Community and Corporate Plan (2019-2023), becoming a Carbon Neutral (CN) council and working with others to create a carbon neutral community by 2030.

1.2 In order to achieve carbon neutrality one of the key things we will need to do is to change the way we power our homes and businesses. This will mean rapidly increasing the amount of renewable energy we generate across the UK. This can be from a range of sources including solar and wind energy. Current renewable energy production in Torbay is largely from roof mounted solar photovoltaic panels and provides 1.6%[1] of Torbay's current electricity consumption.

1.3 To develop a solar scheme that will provide renewable energy locally via a private wire to Torbay Hospital will therefore help Torbay generate more renewable energy that will save carbon emissions and work towards carbon neutrality. On 28th July 2020 informal Cabinet authorised the borrowing of £2,000,000 to allow the delivery of a solar farm at Nightingale Park for the purposes of selling the power to end users in the area and to the national grid if necessary and provided delegated authority to the Chief Executive in consultation with the Chief Financial Officer to agree and finalise any Power Purchase Agreement with end users. The Cabinet paper with accompanying appendices is contained in appendix 1.

1.4 Through further feasibility work a more robust understanding of the development costs have been achieved along with a better understanding of the potential end user within the area. Nightingale Park is a brownfield site being a former landfill from the 1950's until the 1980's. Brownfield sites, especially land fill, are more expensive to develop than Greenfield sites. As a result of further feasibility work the output of 3.2MWP is confirmed but the total development costs are expected to be £3,050,000 which includes the private wire connection costs to the end user. The original advice suggested lower construction costs; however, an end user was unknown. Now an end user for the solar power is known and therefore we have been able to calculate more robust connection costs. Several discussions have been held with the Torbay and South Devon NHS trust to provide a private wire from the proposed solar development at Nightingale Park to Torbay Hospital. In the Cabinet paper from last year a nearby Supermarket was considered as a potential end user of the power. The energy requirement for the supermarket is 0.5 – 1 MW being relatively low. The Hospital can take all proposed 3.2MW but is further away from Nightingale Park and involves the crossing of a dual carriageway and a rail line. Due to the greater length of private wire and the need for it to cross a private bridge owned by Network Rail the private wire will be more costly. Torbay Hospital has a greater energy demand than a nearby supermarket with the supermarket indicating that it is no longer interested in purchasing this power. Appendix 2 demonstrates how the distance of the private wire has increased.

1.5 A viable scheme can still be achieved, and the project still has multiple benefits as set out in the original report. However, in light of altered development costs (which continue to be estimated) a further £1,050,000 is required to develop the solar

[1] University of Exeter 2020 Net Zero Torbay Report

scheme. A viable scheme requires the energy produced to be sold to the Trust in the region of £70 per KWh. The Trust has confirmed that this price would be acceptable but still requires a formal decision. The Trust has also indicated that it may wish to provide some capital investment in order to bring the price of energy down. The Trust would not own or have any responsibility for the development. This will be explored further. Currently discussions are ongoing with a view to understanding the Trusts procurement obligations and associated timescales, but they have recently indicated that to satisfy their procurement rules they need to take advantage of the Teckal exemption, in order to do this a Teckal company with the HealthTrust will be required to pass the power contract through. Heads of Terms in advance of a Power Purchase Agreement are currently being discussed.

2. Options under consideration

2.1 The NHS trust has indicated that it wants to receive all the energy produced. It is advantageous to have an end user that wishes to take all the energy as usually energy sold via a private wire achieves a higher figure when compared to selling directly into the grid. The NHS trust has a larger energy demand in comparison to other potential end users and these other potential end users have not been as positive about receiving the energy. Should an agreement with the NHS trust not be achieved, there is the possibility of selling the power direct to the grid.

3. Financial Opportunities and Implications

3.1 With the energy produced to be sold in the region of £70 per KWh the solar project will cover its development costs with the ability to make a modest profit at year one which increases year on year. Appendix 3 contains 2 appraisals. The first tab demonstrates that £65 per MWh at a borrowing rate of 2.5% is viable. The second tab demonstrates that £69 per MWh at a borrowing rate of 3% is viable. The Development Manager and Finance Manager have worked together to produce the appraisals and information that informs them.

3.2 The creation of a company, if required, for the life of the contract will require resources at both set up and ongoing to ensure appropriate governance and financial administration.

4. Legal Implications

4.1 A legal agreement (Power Purchase Agreement) with the Trust will need to be signed in order to bind the Trust to a price for the power over a certain duration (likely to be up to 25 years). Currently Heads of Terms are being discussed which agree the Principles for the Power Purchase Agreement.

5. Engagement and Consultation

5.1 The site falls within the ward of Barton with Watcombe. Cllrs Steve Darling, John Dudley and Swithin Long are responsible for this ward and will to be briefed.

Public consultation prior to the submission of a planning application will take place with the Neighbourhood Planning Group and Community Partnership Group. Standard consultation will also take place as part of the planning process.

6. Purchasing or Hiring of Goods and/or Services

6.1 The proposal will involve the procurement of services. Where permissible under procurement legislation local companies will be invited to provide quotes and the Public Contracts Regulations 2015 together with the Councils financial regulations and contract procedures will be adhered to.

7. Tackling Climate Change

7.1 The solar development will tackle climate change by producing solar energy to power most likely the local hospital. This will reduce Torbay's Carbon footprint through the production of 'green energy' which will be consumed locally making a positive contribution to tackling climate change and creating a carbon neutral community.

8. Associated Risks

8.1 Should the Power Purchase Agreement not be signed with the NHS Trust an alternative end user will need to be found. If no alternative end user is found, alternatively, the energy could be fed into the national grid albeit potentially at a lower £ per MWh with possible capacity restrictions.

Equality Impacts

9.	Identify the potential positive and negative impacts on specific groups			
		Positive Impact	**Negative Impact & Mitigating Actions**	**Neutral Impact**
	Older or younger people	Green energy will be produced and consumed locally by all age groups. The proposals seek to improve the recreational offer at Nightingale Park which is open to all age groups		
	People with caring Responsibilities			There is no differential impact.
	People with a disability	The recreational proposals could provide a more usable path within Nightingale Park when compared to the existing path.		
	Women or men			There is no differential impact.
	People who are black or from a minority ethnic background (BME) *(Please note Gypsies / Roma are within this community)*			There is no differential impact.
	Religion or belief (including lack of belief)			There is no differential impact.
	People who are lesbian, gay or bisexual			There is no differential impact.

	People who are transgendered			There is no differential impact.
	People who are in a marriage or civil partnership			There is no differential impact.
	Women who are pregnant / on maternity leave			There is no differential impact.
	Socio-economic impacts (Including impact on child poverty issues and deprivation)	The proposals are likely to have a positive economic impact through the provision of quality local jobs.		
	Public Health impacts (How will your proposal impact on the general health of the population of Torbay)			There is no differential impact.
10..	**Cumulative Council Impact** (proposed changes elsewhere which might worsen the impacts identified above)			
11.	**Cumulative Community Impacts** (proposed changes within the wider community (inc the public sector) which might worsen the impacts identified above)			