

Growth and infrastructure Scrutiny Committee Meeting September 2011

Energy Management – Update Report

Introduction

1. This update report outlines how the E&E Directorate is looking to improve the Council's resilience to the increasing prices and volatility of the energy market, including the development of an energy budget to inform the 2012/13 service and resource planning process.

Energy Budget

2. The council's current energy providers have confirmed a 10-15% increase in energy costs for 2012. They are also forecasting a 50% increase in energy prices over the next 5 years. If the Council's energy consumption remains static over this period the increase in costs would see energy bills rise by approximately £3m by 2015/16 (corporate property and street lighting). Schools' would see their energy bills rise by a total of £4m by 2015/16.
3. The corporate energy bill is currently £5m based on 2010/11 (corporate property and street lighting). The existing directorate business strategy includes the rationalisation of property assets, the investment into energy efficiency and installation of solar panels is estimated to offset the increasing cost of energy by £1.5m by 2015/16. This leaves a remaining financial pressure on the corporate energy bill in the region of £1.5m by 2015/16.
4. The level of investment required to completely offset this remaining financial pressure is estimated to be in the region of £9m¹. The ability to deliver this level of investment and required savings is not yet fully understood, but will require close alignment of asset management with future decisions as to how the council delivers its services. One mechanism to ensure this takes place is via the Corporate Landlord function.

Corporate Landlord

5. The Corporate Landlord function will enable a cross council asset management approach, providing a fully serviced, optimised, efficient property for Services and localities where asset presence is essential.
6. The Corporate Landlord function will have responsibility for energy budgets from April 2012. This will enable the council to have greater control of its spend on energy consumption and ensure financial savings from energy efficiency investments are realised and accounted for.
7. To improve the council's consumption information, ensuring it has accurate and timely energy consumption data, a programme to install monitoring equipment (Automatic Meter Readers (AMR)) on energy meters is currently being delivered. Following the completion of the programme by December 2011 85% of electricity consumption and

¹ Based on the Carbon Management Programme investment assumptions

80% of gas consumption across both its corporate and school properties will have automatic monitoring.

8. A cost benefit analysis will be undertaken before the completion of the AMR programme to assess the viability of monitoring 100% of our energy consumption. On sites where such detailed monitoring is not viable alternative options will be considered such as real time displays to raise the profile of consumption levels and associated costs.

Street Lighting

9. Due to an unexpected change in the energy supplier's tariffs the business case to convert street lights to part-night lighting is no longer financially viable. Highways & Transport are investigating alternative options to meet the challenging energy and financial savings planned from street lighting including scaling up the current approach to installing energy efficient bulbs and opportunities around dimming.
10. The experience from the part-night street lighting project highlights the volatility in the energy market and the need for the council's approach to energy management to be resilient to such volatility.

Solar Panel Framework Contract

11. To move towards improving the resilience of the council's energy supply and generate income from energy generation the council initiated the procurement process to establish a solar panel framework contract. This process is now complete and a framework contract with 4 suppliers is in place.
12. The framework contract is being used by Property & Facilities to install 200kW of solar panels on corporate buildings by the end of March 2012. The framework contract is also available for district councils and schools to use.
13. To date Oxford City Council, Vale of White Horse and South Oxfordshire District Councils and West Oxfordshire District Council have all expressed an interest in utilising the contract. Cherwell Council have tendered their own solar panel contract. Due to Oxfordshire County Council's proactive approach to this opportunity it is now sharing best practice and lessons learnt with other local authorities across the country that wish to take advantage of the Feed-in-Tariffs.
14. Over 60 Oxfordshire schools have expressed an interest in installing solar panels. To ensure schools have access to funding to pay for the installations prudential funding has been made available. All schools taking out a solar panel prudential loan will be required to show evidence of their energy reduction action plan. This will support the Schools Carbon Reduction Strategy objectives and ensure schools understand the importance and benefits of reducing their energy consumption, alongside generating income through electricity generation.

Schools Carbon Reduction Strategy

15. Over two thirds of schools have now received an energy survey in the last 3 years. The most recent tranche of (90) school energy surveys completed in Jan – March

2011 identified energy efficiency opportunities that could save schools over £3m in the next 15 years.

16. With the final tranche of surveys due for completion by Jan 2012, 100% of schools will have received an energy survey in the last 4 years. The collated data obtained from these surveys will provide Property & Facilities with a clear understanding of the deliverable energy reduction opportunities within schools, and will inform the development and improvement of support functions currently provided.

Conclusion

17. The council is proactively improving its resilience to the increasing cost of energy and volatility of the energy markets. Through this approach, the challenge will be to ensure that the impact of decisions on how the council delivers its services in the future will affect energy consumption is fully considered.

18. **The Growth & Infrastructure Scrutiny Committee is invited to note the report and make comments to the Cabinet member.**

Martin Tugwell
Deputy Director, Growth & Infrastructure

Contact Officer
Susan Kent
Environment and Climate Change Manager
susan.kent@oxfordshire.gov.uk x5089