

London Development Agency (LDA)

DEMaP: Progress & Opportunities

June 11 2010

12.00 – 12.50 Delivering Decentralised Energy: Workshop

The DEMaP programme has been operation for a little over six months to date and has evolved significantly in this time to meet the developing needs of the boroughs as well as the impacts of changing regulation, legislation, markets and government. The project trajectory will continue to evolve in line with these changes and as a result of learning from actual delivery of the programme, it is inherently flexible and the services packages have to be tailored to ensure maximum benefit to each borough as they progress.

As DEMaP progresses, the programme will increasingly focus on Phase 3 activities, that is, to work with the boroughs to provide a clear route for the delivery of DE projects. This will require DEMaP to assess the new opportunities which have emerged from the heat mapping process and to determine with boroughs the best opportunities to take these forward into feasibility. For the projects already identified, the priority is to develop a clear scope and definition for their delivery. This process will allow the DEMaP programme to develop an 'industrialised model for DE', putting in place effective delivery models, standard commercial structures, forms of contract and service standards etc.

This workshop will focus discussions on the issues to be considered before decisions can be taken in relation to borough activities at Phase 3 of the DEMaP process, i.e. project delivery.

Workshop Questions

In relation to the delivery of DE projects, has consideration been given to any of the following?

1. The role of Local Authority in Delivery of DE project:

- Is the DE project to be delivered through an ESCO-provider?
- Development of a joint-venture project with an ESCO?
- Appetite of borough to take on role as an energy supplier?
- Analysis of financial viability of projects with/without public sector involvement?
- Procurement strategies for DE?
- Development of business model for DE?
- Taking on the role of a heat network provider, selling services to heat supply companies?
- Development of a Heat Price Model?

2. The Potential to access finance and funding:

- Potential for direct equity funding from borough to invest in DE?
- Utilising Prudential Borrowing on an 'invest-to-save' basis to provide up-front capital investment?
- Establishing an energy investment fund (recycling fund) made up of contributions from the application of energy efficiency measures, FIT payments, Climate Change Levy savings, Carbon Reduction Commitment programmes?
- Utilising developer contributions from Section 106 agreements and potentially 'Allowable Solutions' mechanisms and Community Infrastructure Levy (CIL) strategies?
- Working with energy suppliers to invest in DE in relation to the CERT and CESP obligations?
- Exploring opportunities of UK and EU grant funding for DE?
- Discussion with LDA over potential investment from the London Green Fund / JESSICA fund?

3. The role of the borough in de-risking DE projects:

- Provision of anchor heat loads to improve viability of a DE project?
- Identifying existing heat loads (and potential heat suppliers), both public and private sector, that are suitable for DE projects?
- Commitment to a long term heat supply contract with a DE provider?
- Ability to provide borough land to host a DE project (generation plant or network route)?
- Incorporating requirements for DE in to waste contracts?
- Establishing links with borough stakeholders to explore opportunities for DE?
- Contribution of DE to any borough carbon reduction or fuel poverty targets?