

Renewable energy generation is increasingly being used by local authorities to create an income stream that is frequently guaranteed for 20 years. Smaller scale schemes attract the Feed-in-Tariffs (FITs) and other incentives (Renewable Obligations Certificates or Contracts for Difference) are available for large electricity generators,

while renewable heat systems (heat networks/district heating schemes) should be eligible for the Renewable Heat Incentive. Larger renewable schemes have provided a return on investment of 10–14%, while capital borrowing rates for the public sector can be 4% or lower.

## LANCASTER CITY COUNCIL

Lancaster City Council has invested £550,000 in 278 kW of solar PV capacity since 2012 on its sports centre, depot and council housing. This is generating an income from FITs and has reduced the energy bill for the council and contributed towards achieving a 27% reduction in CO<sub>2</sub> emissions. Following the success of these installations, Lancaster City Council is investigating a 5 MW solar farm.

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Many authorities have recognised there is a very good business case for installing renewable energy facilities on their own buildings but several, including Bristol, Wrexham, Warrington, Nottingham and Peterborough, have taken this a stage further to become significant electricity generators.

## BRISTOL CITY COUNCIL WIND TURBINES

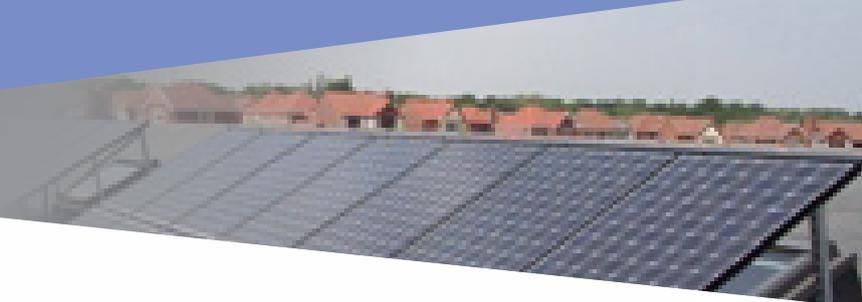
Bristol is the first local authority to own and develop wind turbines. In 2014 two 2.5 MW turbines began generating electricity at Avonmouth. The £8m scheme was financed through prudential borrowing. It is expected to generate around £1.3m each year from FITs, Levy Exemption Certificates and selling the electricity. The turbines will produce 14,400 MWh per year – enough to power over 3,400 homes. The development work was funded by the council's own Energy Service which procures energy for the council and recycles any internal surplus into funding sustainable energy projects.

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### A large-scale energy generation project requires significant capital and management resources, so essential to its success are:

- Political support, and buy-in from a range of departments, including finance, legal and estates
- The capacity to borrow sufficient capital at a good rate
- Commitment to finance the feasibility stage of the project (although some grants may be available)
- Determination and agile internal resources to manage a long-term project through to its completion
- A suitable site, which is frequently corporate buildings or authority-owned land, but can also be assets leased from the private sector, or a partnership for example with a Housing Association
- A good internal understanding of renewable energy system installations and the energy market is also needed, although most of the technical capacity to deliver the project will be contracted out. Local authorities succeeding in renewable energy projects gain in confidence and capacity and tend to expand their projects and portfolios to maximise their returns.



## FURTHER READING & SUPPORT

### CLASP

Financing Large-scale Investment in Renewable Energy:  
<http://claspinfo.org/financing-large-scale-renewable-energy>

### APSE Energy

APSE Energy is a collaboration of local authorities with the aim of promoting decentralised energy generation, distribution and supply through ‘municipalisation’

## COST-EFFECTIVE SERVICE DELIVERY THROUGH SUSTAINABILITY

Local authorities across the UK and abroad are proving that taking a sustainable approach to their operations and services delivers multiple benefits, such as improved performance, lower costs and better outcomes for their communities.

Climate change or sustainability themes are embedded in national policy and appear in different guises and services areas. Recent changes have threatened to push climate change, carbon reduction and sustainability off the priority list, as authorities handle the cuts agenda, tackle public sector reform and fight to deliver critical services with fewer resources. But actively addressing sustainability in corporate plans supports cost-effective service delivery – it is not just a “nice to have” that can be discarded when budgets are tight.

This series of briefings demonstrates how many local authorities are benefitting from actively considering sustainability in their operations and services:



1. Save Carbon – Save Money	6. Transport Infrastructure
2. Generating Energy and Income	7. Economic Development
3. Decent Affordable Housing, Health & Fuel Poverty	8. Supporting Communities
4. Improving Public Health	9. Reducing Risks
5. Travel Choices	

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