

West Suffolk Growth Investment Strategy

Energy Framework

1. Introduction

Energy touches all parts of our lives, from heating homes, powering industry, enabling movement of people and goods, to ensuring utilities such as water, sewerage and telecommunications continue to function. The whole energy system from generation, distribution through to consumption is fundamental to creating resilient communities and good growth.

However, the energy system in the UK is changing away from the traditional model of a few large power stations supplying our energy needs towards increased diversity of technologies and arrangements between generation, distribution and use. This is in response to threats to long-term energy supplies, increasing need to invest in replacing outdated infrastructure and a changing pattern of energy demand and supply.

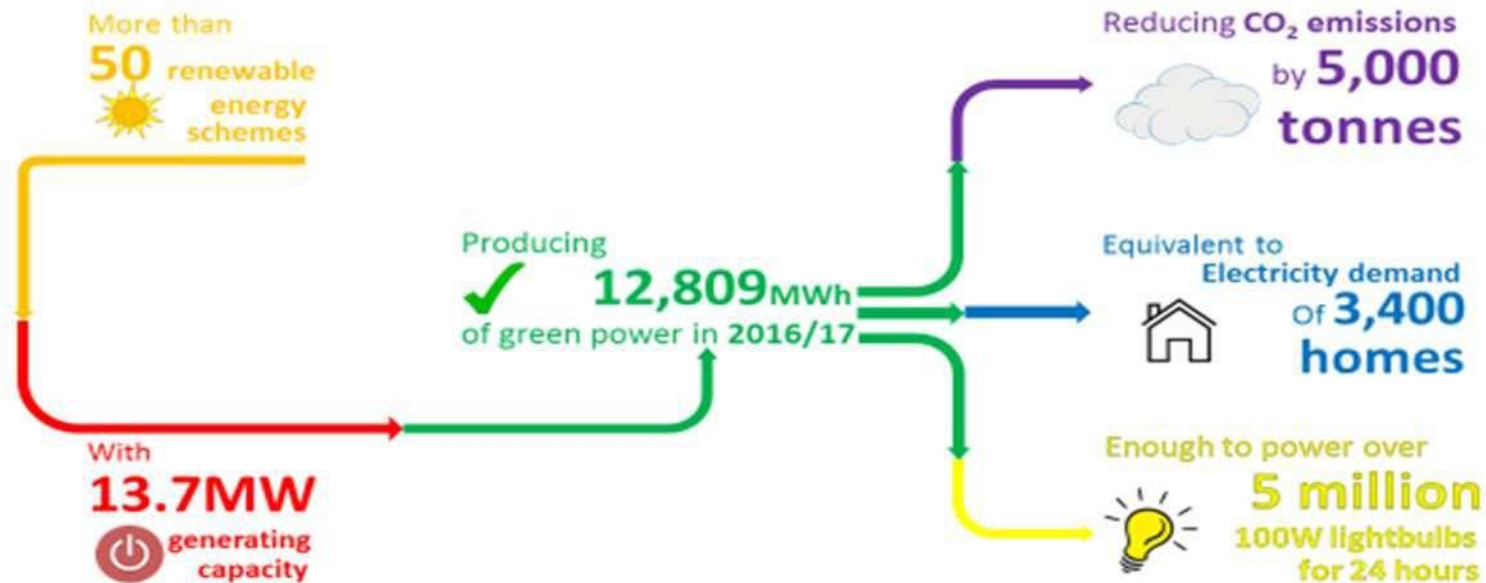
This change requires a new approach to ensure that our householders, communities and businesses have access to affordable reliable heat and power in a way that benefits protects our citizens particularly those that are vulnerable, our economy and secures our greenhouse gas emissions obligations.

We play a range roles which have an influence upon the local energy system:

- As a consumer of energy in our buildings and transport
- As the planning authority shaping development
- As a stimulus to economic prosperity, growth and skills
- As an enabler and provider of services to local communities and families
- As an investor in the locality
- As a regulator working to protect the environment.

We have been increasingly involved in lower carbon, energy-related projects helping to improve energy efficiency and generate renewable energy. The diagram below summarises our current level of investment in renewable energy generation alone.

In so doing, we have demonstrated how our existing approach can sustain local energy resilience, support good growth and provide income to support essential public services.



We recognise the need for a coherent energy framework as part of our Growth Investment Strategy. This Energy Framework sets out the case and identifies the opportunities for us to have a positive impact on the local energy system, allowing us to plan our interventions to support the future prosperity of West Suffolk.

2. The policy and regulatory context

Our Energy Framework takes account of the key policy and regulatory drivers, some of which are set out below:

- **The Climate Change Act (2008)** - establishing mandatory targets and 5 yearly carbon budgets aimed at reducing UK greenhouse gas emissions by at least 80% from 1990 levels by 2050 to meet Paris Accord commitments. Supporting each carbon budget are plans to cut emissions from homes, business and transport in line with the long term obligations.
- **The UK Industrial Strategy (2017)** - establishing energy as core to driving forward the entire economy.
- **The UK Clean Growth Strategy (2017)** – committing the UK to growing our national income whilst cutting greenhouse emissions.
- **National Planning Policy Framework (2012)** – setting out Government’s planning policies and how these are expected to be applied with the stated purpose of helping achieve sustainable development.
- **UK air emissions control regimes** - strategic and regulatory controls aimed at tackling pollution from a range of sectors. The energy supply sector forms a key direct and indirect source of air pollution including the power stations based on combustion of both fossil and non-fossil fuels, alongside petrol and diesel related emissions in transport.
- **Energy sector-specific regulatory and policy and market policy and regulations** – setting out the rules that govern how power and heat are generated, distributed and consumed to ensure that the energy industry operates in a smooth and effective manner.
- **Public sector-specific regulation** – setting out powers and/or control how activities should be carried out by the public sector to avoid adversely affecting the market. These cover such activities as procurement, energy trading, and the impact on the market to avoid illegal state aid.
- **Strategic Economic Plans** – setting out the vision for economic growth across the Local Enterprise Partnerships (LEPs) covering West Suffolk, in particular identifying the clean energy sector as one of the key growth sectors for the area.

- **The regional energy strategy** – supporting the UK Industrial and Clean Growth Strategies, the three East of England Local Enterprise Partnerships have published their shared strategy and delivery arrangements. Our endorsement of the Strategy gives us the opportunity to position our Energy Framework at the heart of future energy plans for Eastern England.
- **West Suffolk Community Energy Plan** – outlining how we are working to combine current energy efficiency initiatives with a renewable energy investment programme.
- **The changing renewable energy generation market** – moving away from subsidy support for renewable energy generation with changing economics creating opportunities for local business and communities to both generate and consume power locally (the “prosumer”).

3. The financial context

Our Medium Term Financial Strategy 2016 - 2020 sets out our approach to financial management in the context of our role to deliver the West Suffolk Strategic Framework, providing essential services to our communities and businesses.









Within the Strategy, we set out 6 key themes that we have adopted to manage our finances. These include:

- Behaving more commercially;
- Being an investing authority and considering new funding models;
- Taking advantage of new forms of local government finance.

Whilst energy provision is fundamental to our growth ambitions for West Suffolk, there is also a financial business case for developing energy schemes. These offer us a commercial investment opportunity and we have seized the chance to invest since it makes sound financial, economic and environmental sense.

4. The local context

Our Energy Framework is designed to reflect the local nature of West Suffolk with some of the key issues highlighted below.

 <p>Around 16% of households in West Suffolk cannot access mains gas compared with an England average of 10%.</p> <p>Rural households off the gas main tend to pay significantly more to keep warm in winter.</p> <p>(Source: BEIS, 2015)</p>	 <p>86.3% of households in West Suffolk have access to one or more cars or vans, compared to 74.2% for England as a whole.</p> <p>This may reflect access to public transport in a predominantly rural area.</p> <p>(Source: ONS, 2011)</p>	 <p>Solar generation capacity in the UK increased from less than 1MW in 2010 to 12.3GW in 2017.</p> <p>This is equivalent to 10 Sizewell B nuclear power stations.</p> <p>(Source: BEIS, EDF)</p>	 <p>Its estimated that West Suffolk households may be paying over £9 million more for electricity than they should be because of their tariff.</p> <p>(Source: Energy industry/local data, 2017)</p>
 <p>8.6% of households in West Suffolk may be experiencing fuel poverty compared with the national average of 11%. However, some West Suffolk wards may have over 20% of households experiencing fuel poverty.</p> <p>(Source: BEIS, 2015)</p>	 <p>West Suffolk is home to more than 120MW of renewable energy generating capacity.</p> <p>10% of this capacity is in our ownership.</p> <p>(Source: Ofgem and local data, 2017)</p>	 <p>Between 2017 and 2030, West Suffolk's over 75s population is predicted to grow by 55% compared to 47% in England as a whole.</p> <p>This is likely to put pressure on the health and housing sectors.</p> <p>(Source: ONS 2014, SNPP)</p>	 <p>Carbon emissions have dropped by 18% in West Suffolk since 2010 compared to the national average of 20%.</p> <p>Carbon emissions per head in West Suffolk are 55% higher than the national average.</p> <p>(Source: BEIS, 2015)</p>

5. West Suffolk Council's strategic approach

The West Suffolk Strategic Framework recognises that energy is a key infrastructure and states:

During 2018-2020, we will:

"Develop an Asset Management Plan to ensure the operational and other assets owned by West Suffolk are used for maximum public benefit, including our office buildings, waste facilities, car parks, investment properties and energy assets such as Toggam Solar Farm. This will include joint initiatives such as the delivery of the West Suffolk Operational Hub and Mildenhall Hub, as part of the One Public Estate programme."

Our West Suffolk Investment Framework identifies a number of energy opportunities including:

- Collaborating to increase infrastructure & sustainable energy provision to ensure growth of our market towns and rural areas are supported;
- Maximising potential for energy efficiency in new development; and
- Optimising energy efficiency with asset improvements.

Our Energy Framework brings together a range of opportunities for investment following the principles and approach set out in our Investment Framework so we can support and deliver energy solutions to facilitate inclusive, low carbon growth across West Suffolk.

6. Purpose of the West Suffolk Energy Framework

There is a clear opportunity to maximise the contribution that energy can make in unlocking growth, strengthening local sustainability and supporting investment value allowing us to secure benefit for our residents and businesses.

This document sets out our **vision** for the role that we can play in energy in West Suffolk. It provides a framework within which to **identify opportunities, understand possible interventions, delivery mechanisms and clarify our role.**

This Energy Framework sits as part of, and supplements, our Growth Investment Strategy.

Our Energy Framework builds on the work of the current West Suffolk Community Energy Plan and takes a whole local energy system view. The Community Energy Plan will be revised to sit within the Framework as our delivery plan, with strategic intentions lifted up into the Framework and activity within the Community Energy Plan aligned to ensure the 'golden thread' between our strategic objectives and delivery.

For any given scheme, our Energy Framework will not specifically address the selection of appropriate delivery and partnership models, financing, how we comply with procurement or state aid provisions. These are addressed separately through our Commercial Framework and other policies, processes and plans to which we operate. Additional resources needed to deliver the Energy Framework will be carefully planned and factored into specific projects taking consideration of both project management and ongoing support needs. **Investment decisions will be based on our Growth Investment Strategy and within the delegations and governance arrangements described.**

7. The Vision and Framework

Our Vision: West Suffolk's residents and businesses will have access to clean, resilient and affordable energy.

To achieve this, we will:

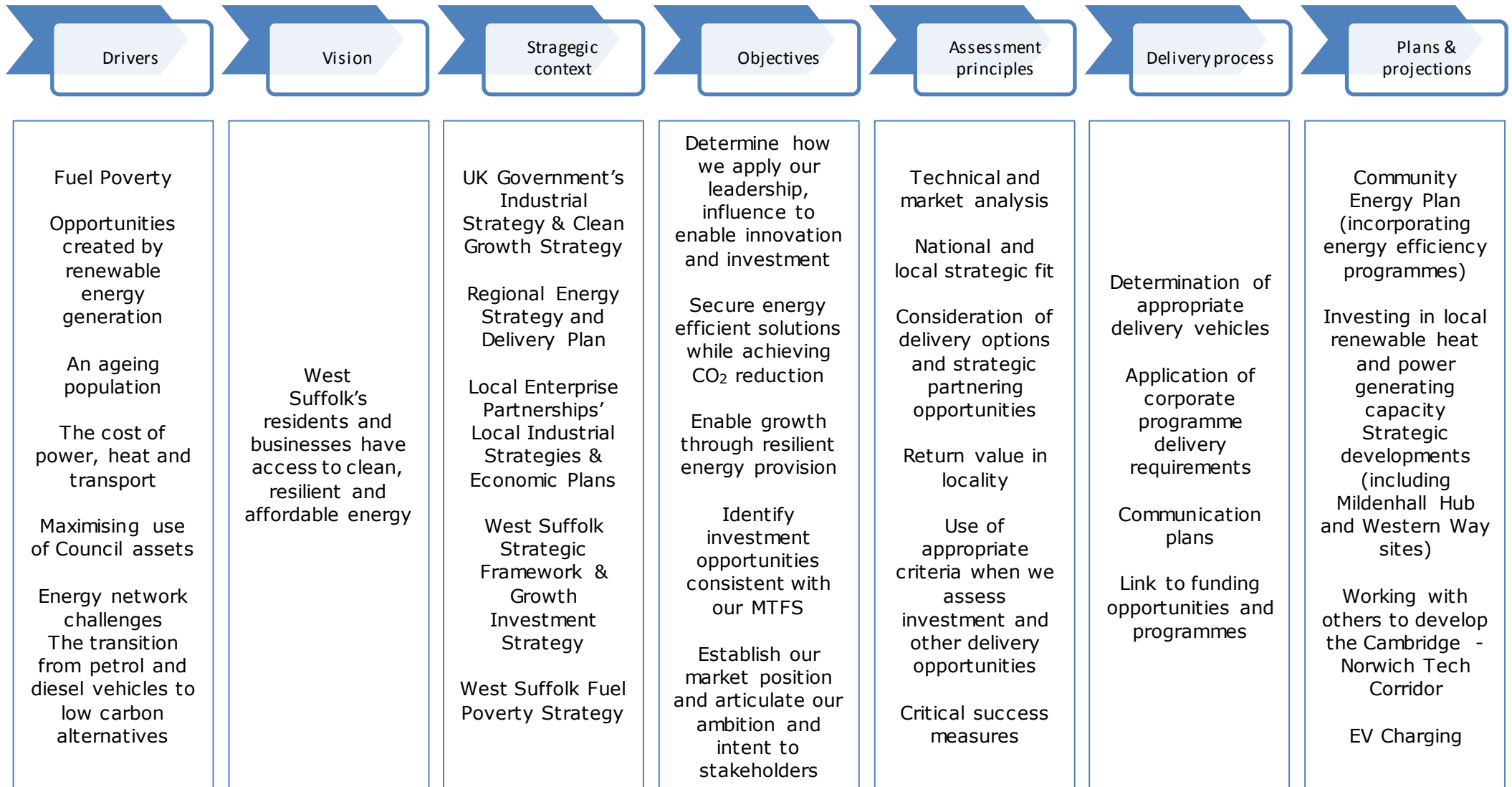
- Work with partners to understand current and future energy requirements;
- Support our householders, businesses and communities to become more energy efficient;
- Support the development of a local energy economy with value retained in West Suffolk;
- Support and develop local renewable energy generation and supply; and
- Create an environment for an ambitious and innovative energy sector in West Suffolk.

We will work to develop solutions where they can achieve one or more of the following:

- Unlock growth potential and value into local communities and businesses;
- Protect the vulnerable;
- Deliver a financial return in particular to support our services; and
- Reduce Greenhouse Gas emission reduction in line with national targets.

Our Energy Framework is summarised below. Specific delivery arrangements will be developed based on identified needs and opportunities that align with our vision and objectives in this Framework.

West Suffolk Growth Investment Strategy: Energy Framework



8. Opportunities and interventions

Working with others, we have a key role in influencing and shaping actions with the aim of ensuring that local energy needs of our locality are met and our energy infrastructure is able to support current and future demands. We will continue to assess and refresh the rationale, opportunities and our interventions to support good growth to future proof communities across West Suffolk.

The following table illustrates some of those potential opportunities and interventions.

<u>Our objective</u>	<u>Opportunities</u>	<u>Interventions</u>	<u>Short Term (now-2020)</u>	<u>Med Term (2020-2035)</u>	<u>Long Term 2035-2050</u>
<i>A resilient, flexible, efficient energy system with good growth opportunities fully realised</i>	We will work to play a pivotal and vanguard role in evolving the system to become sustainable into the future.	Work with others to influence local energy infrastructure investment which supports growth and builds resilience.	✓	✓	
		Develop strategic stakeholder relationships and influencing roles including through LEPS, network providers, utility companies, from planning to delivery.	✓	✓	✓
		Lobby for robust national energy infrastructure that supports good growth and housing provision in West Suffolk.	✓		
		Develop robust planning policies on energy.	✓		

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<i>Affordable heat and power</i>	<p>Working with others, we will:</p> <ul style="list-style-type: none"> Continue to take action to tackle fuel poverty in West Suffolk, and Provide support and advice to help households and businesses to reduce energy use and access the most affordable energy options. 	<p>Continue to develop opportunities for energy self-sufficiency at community level e.g. village, town-scale.</p> <p>Continue providing energy efficiency support and advice to help residents and businesses become more energy resilient.</p> <p>Keep promoting local communities that lead the way.</p>	<p>✓</p> <p>✓</p> <p>✓</p>	<p>✓</p> <p>✓</p> <p>✓</p>	<p>✓</p> <p>✓</p> <p>✓</p>
<i>Low carbon and energy efficient</i>	<p>We will work to reduce CO₂ emissions by 35% by 2025 and 75% by 2050 based on 2010 levels.</p> <p>Homes are as energy efficient as practicable with new homes built to low carbon emissions standards.</p>	<p>Continue to improve our own energy efficiency.</p> <p>Develop renewable energy generation including heat networks.</p> <p>Establish commercial opportunities to attract investment through novel financing arrangements.</p> <p>Develop opportunities for better quality housing through local authority investment/delivery vehicles</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>

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<i>Low carbon and energy efficient</i>	<p>All new commercial buildings are built to the BREEAM “excellent” rating or similar with the aim of building to a carbon neutral standard.</p> <p>All towns and service centres in West Suffolk are well provided for electric vehicle charging infrastructure.</p> <p>Passenger journeys in West Suffolk are made using low/zero carbon transportation.</p>	<p>Take opportunities to demonstrate best energy practice/show leadership e.g. via the One Public Estate programme.</p> <p>Support the development of the national electric vehicle charging infrastructure.</p> <p>Develop opportunities for efficiency improvements and electrification in fleets.</p>	<p>✓</p> <p>✓</p> <p>✓</p>	<p>✓</p> <p>✓</p> <p>✓</p>	

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<i>A diverse and successful local energy market</i>	There are real opportunities for savings through new technologies and local energy trading which could help to avoid costly investment in the power grid in West Suffolk.	Develop commercial energy service opportunities with others.	✓		
		Continue to support local energy purchasing and cost reduction for West Suffolk businesses and communities.	✓	✓	
<i>A successful, innovative energy, skills and employment sector</i>	West Suffolk has the opportunity to develop a vibrant, innovative low carbon energy sector with high quality training provision through local training providers.	Work with others to support job creation/skilled development in the energy technology sector in West Suffolk.	✓	✓	✓
		Work with others to develop more supply chain opportunities in the renewable energy sector locally	✓	✓	✓