

ABERDEEN CITY COUNCIL

COMMITTEE	Council
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EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	ACC-bp Memorandum of Understanding – Progress Report
REPORT NUMBER	COM/22/051
DIRECTOR	Commissioning – Gale Beattie
CHIEF OFFICER	Richard Sweetnam
REPORT AUTHOR	Richard Sweetnam
TERMS OF REFERENCE	21

1. PURPOSE OF REPORT

- 1.1 To provide an update on progress supporting the Memorandum of Understanding (MoU) between the Council and bp.

2. RECOMMENDATIONS

That Council:-

- 2.1 Notes the progress made since the MoU was launched in September 2020; and
- 2.2 Agrees the priorities for the next year of the MoU as outlined in Section 3.27 below.

3. BACKGROUND

- 3.1 On 27 August 2020 the Council entered into a MoU with bp relating to energy transition activities. It provides a framework for cooperation to help the Council achieve the goals under the Strategic Infrastructure Plan – Energy Transition, “the SIP”, approved by the Council in May 2020.
- 3.2 bp support to the Council includes providing strategic planning and technical assistance on the activities identified in seven key areas, the scope of work for the MoU; and from this, to identify and define potential opportunities that will contribute to short and long-term decarbonisation, mitigate climate change and contribute to the local, national and international economy. The scope of works includes:
- a. **Hydrogen** – advance hydrogen’s potential to provide power, mobility, energy for transport and deliver heat to industry and buildings initially for local demand and longer term for export to other domestic and international markets;

- b. **Built environment** – advance energy efficiency programs that help building owners and operators, including public organisations, measure and understand building energy use, identify challenges, and quantify opportunities to optimize district network use, energy sources and efficiency;
 - c. **Mobility & electrification** – develop solutions to ensure all citizens can benefit from clean, low emission vehicles and increase the fuel efficiency of the Council/publicly managed fleets;
 - d. **Energy transition** – explore opportunities to address the dual challenge of providing energy to meet a growing demand with fewer emissions by deploying solutions such as renewable energies and natural climate solutions/carbon offsets;
 - e. **Circular economy** – explore new value-added options such as waste to energy for waste that may otherwise be incinerated or go to a landfill;
 - f. Evaluate opportunities for establishing an integrated energy company as potential enabler to progress the identified opportunities/projects; and
 - g. Explore how to support zero-carbon technology innovation in the city and region by enabling a supportive environment for new ‘start-up’ companies to access office space, workshop and scale-up know how.
- 3.3 The MoU clearly states that if there are any commercial opportunities that arise from the above scope of work, these will be governed separately. To ensure there was no conflict between the MoU and the Council’s procurement of a development partner for the Aberdeen Hydrogen Hub, work on any conflicting MoU activity was postponed until the procurement was complete.
- 3.4 This report provides an update on the approach taken, a review of progress to date and the priorities for the next phase of the MoU.

Approach

- 3.5 For each of the areas above, officers and bp executives formed joint working teams who were tasked with reviewing and identifying projects that could contribute to the city’s energy transition and Net Zero Vision. This work was overseen by a series of steering meetings between the Council’s Chief Officer City Growth and bp’s Cities and Corporate Partnerships lead. The Council’s Chief Executive and bp’s Executive Vice President, Regions Cities and Solutions, maintain oversight over the work plans and progress with two governance meetings a year.
- 3.6 bp’s Senior Vice President, Europe and Head of Country UK is also a member of the Net Zero Leadership Board that is chaired by the Council Leader. This ensures a strategic link between the work of the Board and its supporting Delivery Unit and the work being undertaken through the MoU.
- 3.7 The initial period of the MoU saw a review of activity in each of the key areas in the scope of work that in turn aligned back to the SIP projects. These meetings involved information gathering and ideation exercises that established how the Council was approaching its decarbonisation priorities that were being prioritised in its Route Map.

- 3.8 Activities being delivered through the MoU are relevant to the Net Zero Aberdeen Routemap and a number of the supporting strategies. The Routemap sets out a pathway for towards the city becoming net zero, by 2045, and includes six supporting strategies for; Mobility, Buildings and Heat, Circular Economy, Energy Supply, Natural Environment and Empowerment. Collaborative initiatives are central to the development and delivery of the Net Zero Aberdeen Routemap.
- 3.9 On account of the Covid-19 pandemic, progress was restricted to mostly virtual sessions. However, the results of the initial assessments saw two ‘in person’ co-innovation workshops in November 2021 with 40 participants from Council officers, bp, Aberdeen International Airport (AIA) and Aberdeen Harbour Board (AHB). The table below summarises the activity in 2020 and 2021. The subsequent sections provide an update on work to date for each of the seven areas.

Date	Activity	Output
September 2020	Ideation – role of public sector in places becoming world leading in energy transition	Aberdeen’s role as a ‘renewables’ capital
December 2020	Ideation - - integrating energy assets in the city – Electric Vehicle infrastructure, hydrogen, heat, storage	Role of energy company in delivering decarbonisation objectives
Various - 2021	Consultation - with AHB, Microsoft, University of Aberdeen, NESTRANS, Transport Operators, AREG, AIA, Aberdeen Heat and Power	Understanding the Place Based objectives and shared understanding of priority areas eg affordable decarbonised heat; route-planning and multi-modal transport; best in class future city vehicles and infrastructure; and Hydrogen infrastructure and Integration were recommended by the joint attendees and will inform approach for 2022.
January 2021 to October 2021	ACC Procurement of a JV partner for Aberdeen H2 Hub delivery	bp announced as ‘preferred bidder’; Council approves as JV partner February 2022

(a) Hydrogen

- 3.10 bp responded to the Council’s procurement of a joint venture partner to develop Aberdeen Hydrogen Hub (AHH). On account of this, and to ensure there was no conflict of interest, there has been no progress in this workstream outwith the separate procurement process and development of the joint venture.

(b) Built Environment

- 3.11 bp has engaged with key corporates to help stimulate uptake of low carbon technologies, inform thinking for a city-integrated energy system, and test market appetite for low carbon solutions. Key areas for potential development are the decarbonisation of heat for buildings, improvement of building energy efficiency and supply of renewable electricity. The November 2021 workshop prioritised activity for this workstream in 2022.
- 3.12 Other work in this area is being undertaken by bp on a commercial basis without involvement of the Council, but could in turn deliver climate change benefits to the city. For example, bp and Aberdeen Harbour Board recently announced a MoU to:
- Develop a pilot project to supply shore power (quayside electrification) allowing vessels to turn off main engines while in port to reduce emissions and noise;
 - Supply a zero or low carbon power supply to all vessels in port, over time
 - Explore the use of hydrogen as a clean marine fuel; and
 - Help position the harbour to support offshore wind developments and their associated operations and maintenance phase.

(c) Mobility and Electrification

- 3.13 The main progress in this area has been further development of the GoAbZ smart journey planning tool owned by the Council. This adds local real time data and transport information to make more accurate journey time estimates. The MoU and its collaboration has seen bp provide guidance and support from its Launchpad and Venturing teams. To help test the GoABZ app growth plans and improve functionality, bp's incubation team has supported testing the business hypotheses, identifying key stakeholders/customer interfaces, and developing customer acquisition plans.
- 3.14 GoABZ aims to help citizens and visitors alike to better plan their journeys, compare different transport options as well as to encourage more active and sustainable journeys. The MoU has allowed officers to participate in bp's Incubation Programme which highlighted the need to further improve GoABZ to include inter-modal transport and booking and payment options to increase customer acquisition which can help the city achieve net zero.
- 3.15 The work is also consistent with policies, strategies and plans to facilitate a multi-modal transport system to provide alternatives to the private car – and specific plans for Active Travel, Public Transport, Shared Vehicles, Electric Vehicles and the City Centre.
- 3.16 This workstream also aims to evaluate 'best in class' publicly-available Electric Vehicle (EV) charging infrastructure and examine how best to manage and power these going forward. The Council now has an approved EV Framework, has secured internal funding to deliver more public charge points up to 2025. We are investigating ways to work with partners on future delivery models.

3.17 'Best in Class Future City Vehicles and Infrastructure' was agreed to be a proposed key priority area at the workshops during November 2021, given the growing demand for EV Charging Infrastructure and the Scottish Government commitment to "Phase out the need to buy new petrol and diesel cars and vans by 2030" and by 2025 for the public sector. This intervention also ties into the Council's SIP. Further discussions will be required with bp to scope the work and projects which will be involved under this theme, however consideration of renewable energy and the balance with grid supply and demand are likely to be key.

(d) Energy Transition

3.18 bp's Group Regional President, Europe & Head of Country, UK has participated in the Aberdeen Net Zero Leadership Board that is chaired by the Council Leader. The Board brings together experts in the global energy sector to help inform implementation of the energy transition and engagement. In the past year, the Board has discussed the development of Net Zero 'route maps' and the behavioural changes needed to ensure this target is met. The MoU has strengthened the commitment to both the MoU and the city's Net Zero Vision.

3.19 In February 2021, bp introduced Opportunity North East (ONE) to the bp and EnBW Scotwind bid team to help inform the Energy Transition Zone (ETZ) master planning activities. Deep dive sessions focused on the use of the ETZ for three key areas:

- Operation and Maintenance for offshore wind;
- Skills and training which supports the just transition; and
- Green hydrogen.

3.20 Following the announcement of bp's success in the Scotwind Leasing Round, Aberdeen Harbour North and ETZ is a leading option for bp/EnBW's ScotWind as a core Operations and Maintenance base and detailed assessment into the sites will follow.

3.21 Since June 2021, bp has participated in a digital working group led by the Council, Microsoft and Aberdeen University. This has been a positive forum to inform strategic themes including: internet of energy backbone, and mobility-as-a-service. The project aims to co-create a refreshed digital strategy to position Aberdeen at the forefront of energy transition technology, while helping to create a digitally inclusive city. The joint teams continue to work on this programme.

(e) Circular Economy

3.22 Officers and bp executives have held initial exploratory discussions relating to potential integration of the new NESS energy from waste plant into a city-wide energy system, and to share learnings from bp's Net Zero Teesside activity. Additional work is planned for 2022.

(f) Integrated Energy Services Company

3.23 Officers and bp executives have had 'ideation sessions' around the development of an integrated low carbon energy approach to provide new power sources, grow green skills, support supply chain development, and help tackle fuel poverty. The workshops identified opportunities for integration by bringing together solutions across Aberdeen's energy assets and demands. Hydrogen featured as a component of the integrated energy networks, but on account of the separate public procurement process, this workstream was paused.

(g) Innovation

3.24 This workstream has seen bp working with external partners. Significant progress has been made in scoping support for zero-carbon technology innovation by enabling a supportive environment for new 'start-up' companies by working with Net Zero Technology Centre (NZTC), a key element of the Aberdeen City Region Deal.

3.25 bp was the founding strategic sponsor of the NZTC TechX Accelerator Program and has invested £470,000 between 2018-2021. 33 startups have graduated from the programme since its inception in 2018, and 11 of those are Aberdeen-based. bp has also supported improving the gender diversity in the TechX applicants, and gender diversity in the program increased the proportion of female applicants by 10% in 2018-2020. Work continues in this area.

3.26 During 2021, bp decided to support TechX as a strategic partner for the next phase of the program – "TechX Clean Energy Accelerator", supported by bp's Regions Cities and Solutions team. With the renewed focus of the TechX programme towards clean energy, bp has continued to build its support of NZTC over the last year for net zero projects that underpin the decarbonisation agenda. bp will again be joined by Equinor Ventures along with new partners Abu Dhabi National Oil Company (ADNOC), and Accenture as professional services partner also supporting the programme.

Next Steps

3.27 During the consultation phases, four areas were subject to greater level of scrutiny and assessment. Following the 'Co-innovation workshops', four priority areas emerged that were then circulated to the Council's ECMT for its review. Officers recommend that while some elements of all seven workstreams will continue, the priorities going forward should be in the four areas identified below:

- Affordable decarbonised heating - exploring how to create a future where citizens can access affordable, low carbon heat (MoU priorities b, g);
- Route-planning & multi-modal transport - supporting initiatives such as goABZ to help provide citizens with greener transport choices and an easy way to find out about them (MoU priorities g, c, a);
- Best in class future city vehicles & infrastructure - helping to inform the Council's thinking around a carbon-neutral future-proofed city

- fleet that communities can benefit from, and bp's work with other corporate entities and its own real estate in the City (MoU priority c);
- Hydrogen-related activities (MoU priority a) will be completed within the Aberdeen Hydrogen Hub JV, including to support accessing Economic Benefit from defined accountabilities within Supplier Development, Skills and Training, and other Community Benefit areas.

3.28 bp will continue to participate in the Net Zero Leadership Board.

4. FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications arising from this report. Any officer input to the work or delivery of the next steps is supported by existing staffing resources. If there are any additional cost implications, then these will be referred to the appropriate committee or the Council's budget setting process.
- 4.2 At its City Growth and Resources Committee on 3 February 2022, the Council approved the business case for the development of a joint venture company owned by the Council and bp to develop the Aberdeen Hydrogen Hub.

5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from this report.

6. MANAGEMENT OF RISK

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
Strategic Risk	The MoU is not contributing to the Council's priorities	L	The MoU and the prioritised next steps are aligned to the SIP and Council's Route Map
Compliance	N/A		
Operational	The Council have not provided officer support to development of MoU projects	L	Lead officers have been allocated to each workstream activity so that there is continuous cooperation to progress priorities.
Financial	The Council's staffing budgets do not cover support to the MoU	M	While there is pressure on the Council's budget the activity in the MoU supports a number of the Council's operational and strategic priorities to decarbonise its operations and contribute to

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
	There may be financial implications relating to the Council's property and any retrofitting of heating solutions.	M	wider climate change targets in the city These are not know at this stage however will be monitored. The Council's Corporate Landlord function continues to be part of the MoU work. Any financial implications arising from the work will be referred to the appropriate Council committee or its budget setting process
Reputational	The Council is not contributing to climate change targets and the overall energy transition The Council is aligning with bp and its association with fossil-fuel activity	L M	The MoU supports the Net Zero Vision and SIP – Energy Transition and has been developed to support implementation of these plans, and the Council's own 'route map' bp has been a key employer in the city for over 50 years, is pursuing a strategy to diversify its energy portfolio to deliver net zero and is a major source of the innovation and technical 'know how' to deliver the energy transition
Environment / Climate	The MoU specifically aims to support the Net Zero Vision for the city and is aimed at reducing emissions	N/A	N/A

7. OUTCOMES

<u>COUNCIL DELIVERY PLAN</u>	
	Impact of Report
Aberdeen City Council Policy Statement	The MoU supports the delivery of Policy Statement: Economy:

COUNCIL DELIVERY PLAN

Impact of Report	
	<p>4 - Support the Aberdeen Harbour expansion and work collaboratively to maximise energy transition activity in offshore renewables</p> <p>12 – Support the delivery of the three innovation centres envisaged by the Aberdeen City Region Deal</p> <p>Place: 1 – Build up our existing strength in hydrogen technology</p>
Aberdeen City Local Outcome Improvement Plan	
Prosperous Economy Stretch Outcomes	Some elements of the MoU contribute to the Prosperous Economy Stretch Outcome 1 – increasing key sector employment (energy, including renewables) and business start up activity (via NZTC’s Tech X programme)
Prosperous Place Stretch Outcomes	The implementation of the MoU supports delivery of LOIP Stretch Outcome 14 - Addressing climate change by reducing Aberdeen’s carbon emissions by 42.5% by 2026 and adapting to the impacts of our changing climate
Regional and City Strategies	<p>The proposals within this report align to the energy transition objectives in the Regional Economic Strategy and the recommendations in the Economic Policy Panel Report around diversification and attracting talent and investment to the city</p> <p>The Aberdeen Local Development Plan 2022 describes how the Aberdeen of the future will be sustainable, inclusive, vibrant, adaptable and prosperous and should achieve the best outcomes for our residents while limiting our impact on the planet. As such the policies in the Plan will be monitored according to the 17 UN Sustainable Development Goals.</p>

8. IMPACT ASSESSMENTS

Assessment	Outcome
Impact Assessment	Full impact assessment not required

Data Protection Impact Assessment	Not required
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9. BACKGROUND PAPERS

- 9.1 Urgent Business Committee, 6 May 2020, Net Zero Vision and Strategic Infrastructure Plan – Energy Transition (PLA/20/088).
- 9.2 Urgent Business Committee, 6 May 2020, Council Energy and Climate Change Route Map (PLA/20/082).

10. APPENDICES

- 10.1 Appendix 1 – Aberdeen MoU – December 2021 Review

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