

ABERDEEN CITY COUNCIL

COMMITTEE	Enterprise, Planning and Infrastructure
DATE	15 November 2011
DIRECTOR	Gordon McIntosh
TITLE OF REPORT	Securing the Benefits from the Next Energy Revolution Policy Statement Progress Report
REPORT NUMBER:	EPI 11/298

1. PURPOSE OF REPORT

At the meeting of this committee on 24 May 2011 the 'Securing the Benefits from the Next Energy Revolution' Policy Statement was agreed. This report is to provide a progress report regarding that Policy Statement, and consider both planned and current projects which would further pursue this Policy Statement.

2. RECOMMENDATION(S)

It is recommended that the Committee :-

- a. Note progress to date,
- b. Agree that officers pursue, participate, prepare bids and travel in connection to obtaining partners and funds from the European Smart Cities Programme, FP7 Projects HyTransit and Smart City Planning, HyTrEc Interreg IVB Project which are explained in Section 5.3 and pursue other funding for these projects, where possible, with the expenses being met from within existing revenue budgets, and
- c. Approve the submission of a capital bid for the Interreg HyTransit project to Corporate Asset Group for consideration in the Non-Housing Capital Plans for 2012/13 to 2015/16. The total £1.5 million bid will consist of £375k in each financial year, and should be included in the Council approved prioritisation process for future years' Non-Housing Capital plans. .

3. FINANCIAL IMPLICATIONS

Finance for the proposed capital bid for the Interreg HyTransit project will be subject to approval by full Council as part of the 5 year business plan process when the 2012 – 2013 budget is agreed.

Finance for the progression and participation in the other projects mentioned in this report will be met from within existing budgets.

4. OTHER IMPLICATIONS

The contents of this report support several of the priorities within Aberdeen City's Single Outcome Agreement, in particular, the potential to: anchor the oil and gas industry in Aberdeen; Diversify Aberdeen's economy; ensure high quality education opportunities; ensure a sufficient number of skilled people; reduce carbon emissions and minimize our environmental impact. Similarly, the issues discussed in this report also support the Vibrant Dynamic and Forward Looking initiatives, in particular: promoting Aberdeen as an Energy Capital, addressing the skills shortage in the city, ensuring a sustainable economy and advancing the Council's target of being carbon neutral overall by 2020.

5. MAIN ISSUES

5.1 Carbon Reduction

- 5.1.1 When the Securing the Benefits from the Next Energy Revolution Policy Statement was agreed, the committee also agreed an Alternative Energy Strategy for Council owned buildings. This strategy was subsequently approved by the Corporate Policy and Performance Committee on 9 June 2011. Having this strategy in place creates the conditions to actively pursue and achieve carbon reduction.
- 5.1.2 Officers have been actively working with partners to ensure that the policy statement is implemented. In order to achieve this officers have not only focused on implementing the Council's Carbon Management Plan but also on working in partnership with European, UK and Scottish Councils, Industry and Communities to ensure a strong foundation for a Low Carbon Economy and Low Carbon Investment. Parallel to this it is noteworthy that industry in the North East of Scotland has also been taking steps towards Low Carbon Investment in Scotland.
- 5.1.3 Within the Council, the move to Marischal College will see a significant reduction in energy costs for the Council as the surplus buildings are decommissioned. Marischal College's 'state of the art' energy efficiency combined with its wood pellet bio-mass boiler, which was funded by the North Sea Programme Interreg IVB project Build with Care. has seen Marischal College become not only a statement of the city's heritage but also a green icon. Staff are beginning to get used to the heat recovery system, recycling centres and automatic water dispensers. This approach is duplicated in the programme of new Council houses being constructed, School portfolio improvements and other current and future Council developments.
- 5.1.4 The Council is also using its assets to produce low carbon energy which can be used to reduce costs and will be installed to no cost to the Council in an innovative procurement of Photovoltaics. The procurement is nearing final stages. The procurement has the potential

to create an opportunity for low carbon jobs in the North East of Scotland.

5.1.5 Further to this, work is being undertaken as part of a five year business plan option to consider Council property being used to generate renewables. As the Council has very little funding available for capital investments, officers have been able to take advantage of trans-national learning from various European Projects which the Council is a partner.

5.2 Current European Projects which advance the Policy Statement

5.2.1 The North Sea Sustainable Energy Planning Project has created a GIS wind map of the city. This information assists in focussing the ideal places to generate wind based energy. The Mitigating in Urban Areas: Solutions for Innovative Cities (MUSIC) project will create a GIS map that will identify appropriate sites for renewable energy across the city. This study highlights the potential areas which could be considered for wind energy in the City. The NSSEP project has also undertaken a heat mapping exercise of Aberdeen to identify the energy demand in each area of the City. It is intended to incorporate this information into the planning system which will ensure the most appropriate low carbon heating and power systems are recommended at early stages of developments.

5.2.2 Also, the Build with Care project is near completion and the low carbon contribution it has made to Marischal College is demonstrated in this building's low carbon credentials. The Build with Care Project focuses on mainstreaming energy efficient buildings, is near completion. Marischal College acts as a demonstration building for this project which showcases the building on a European platform..

5.3 Proposed European Projects which advance the Policy Statement

5.3.1 Officers are currently working with partners from both the public and the private sector to develop low carbon initiatives. The Low carbon Regions in the North Sea project is a cluster of existing North Sea, Interreg IVB Programmes. This project aims to create a knowledge exchange for carbon reduction and energy efficiency in the North Sea Region. This proposal has been put forward to the North Sea Programme Region Secretariat. Whilst this project will only generate a net total of an additional £140k if successful from Interreg IVB the knowledge gained will assist in achieving a low carbon economy. Any match funding for the Council's element of the project has been planned to come from existing budgets and will be reported through the budget process on an annual basis should the project be successful.. For this project we request that the Committee will approve our participation in this project.

5.3.2 HyTrEc is another Interreg IVB project which has been proposed. It focuses on a low carbon transport economy for the North Sea region.

Locally we have attracted high-profile private and public sector partners along with five other North Sea Region partners. This is a £2 million European project, which will run over 3 years. 50% of the funding will come from the North Sea Programme Region Secretariat and the other investment from the partners to which the Council will receive the management fee in the region of £300k and match funding over 3 years will come from existing budgets and will be reported through the budget process ,if successful, on an annual basis.

5.3.3 Two FP7 Smart Cities Bids are also being planned, which the Council are looking to be involved in. One is HyTransit which aims to bring forward a low carbon demonstration transport project. This is being led by the Council, Aberdeen Renewable Energy Group and NESTRANS. The project aims to attract investment from the private and public sector. The legacy for the city will be access to low carbon transport along with a wealth of low carbon expertise. The private sector expertise is central to this project along with the public sector assets and low carbon knowledge. This project will require a capital investment of £1.5 million from the Council, spread over 4 years. This will be submitted as part of the Council's five year business plan and will be subject to further agreement for 2012-13 and subsequent years. The Committee is asked to support this proposal.

5.3.4 The second FP7 Smart City bid is planned to focus on Smart City planning. This is not just at a spatial planning level, but for a Smart City and region as a whole. This will encompass a variety of areas. This project is being developed with a selection of local and European partners. In order for the Aberdeen to obtain funding towards being a successful and smart city, a robust bid is aimed to be submitted to Europe in December 2011. We request that this committee approve participating in the Smart City's Programme.

5.4 Partnership projects which advance the Policy Statement

5.4.1 External to the Council, industry and communities are actively pursuing a low carbon ethos. Technip has recently established its renewables headquarters' in Westhill. Technip is also a partner along with Vattenfall and AREG in the European Offshore Wind Deployment Centre. Sir Ian Wood, founder and chair of the Wood Group and Ian Marchant, chief executive of Scottish and Southern Energy, both co-chaired the Offshore Energy summit in December 2010. This has resulted in tangible benefits to the renewables industry in sharing good practice in health and safety. Moreover, there have been renewable projects undertaken in collaboration with the traditional oil and gas sector that have the potential to be more cost effective in construction phase¹. Industry seems to be demonstrating intra-sector co-operation in a competitive environment. A similar summit is planned for 2011.

¹ Scotland Low carbon investment conference 2011

5.5 In May 2011 this Committee approved that Elected Members would receive training in Low Carbon issues and climate change in 2011. It should be noted that the planned training will be undertaken after May 2012.

6. IMPACT

An Equality and Human Rights Impact Assessment was undertaken for the Policy statement and is not needed for this progress report.

7. BACKGROUND PAPERS

Securing the Benefits of Scotland's Next Energy Revolution Policy Statement 2011

Scotland's Low Carbon Economy Strategy

Climate Change (Scotland) Act 2009

European 2020 Strategy

Aberdeen City Council's The Aalborg Commitments Report 2006,

<http://www.aberdeencity.gov.uk/nmsruntime/saveasdialog.asp?IID=7385&sID=3795>

9. REPORT AUTHOR DETAILS

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