

CEO DECISION – CD 164

Title: Solar transition in Park Royal

Executive summary

To support the Mayor's objectives to make London a zero-carbon city by 2030, OPDC proposes to support installation of solar photovoltaics (PV) in Park Royal. Development of the project is estimated to cost £200,000. The GLA has allocated £100,000 to support the project, with receipt of that funding approved by the Board on 26 November 2020.

In December 2020, CD150 approved £75,000 of expenditure for Stage 1 of the work, which was to undertake detailed feasibility to test the proposition and secure in-principal support from landlords. A competitive tender was issued for both the feasibility work covered in CD150 and for Stage 2 – procurement of a preferred delivery partner to install the solar systems. The tendered price for the work was £120,000. A further £30,000 is required to cover any additional legal or engagement fees with utility companies and others.

The cost of the work for Stages 1 and 2 will exceed the previously approved expenditure set out in CD150. This CD seeks approval for expenditure of a further £75,000 to cover all the costs associated with delivering Stages 1 and 2 of the project. This will leave £50,000 from the overall budget of £200,000, which will be used to fund future phases of work for which expenditure will be subject to a new decision.

Decision

That the Chief Executive Officer approves;

- Expenditure of up to £75,000 to support the OPDC Park Royal solar programme, as follows:
 - i. up to £45,000 to procure a consultant to undertake the feasibility work and a preferred delivery partner to install the solar systems.
 - ii. up to £30,000 to cover costs including external legal advice and stakeholder engagement in support of the programme.

Cumulative expenditure on the programme totals £150,000 (CD150 approved £75,000)

Chief Executive Officer

I do not have any disclosable interest in the proposed Decision. It is consistent with OPDC's priorities and has my approval.

Signature:



Date: 27 July 2021

PART 1: NON-CONFIDENTIAL FACTS AND ADVICE

1 Background and context

Background

- 1.1 The Mayor of London set out in his Environment Strategy a commitment to tackle climate change and make London a zero-carbon city. The ambition included a target to install one gigawatt (GW) of solar photovoltaics (PV) across London. As one of the Mayor's delivery bodies, OPDC is expected to contribute to this ambition.
- 1.2 OPDC commissioned a pre-feasibility study, which identified that installation of PVs on roofs offers the most economically viable way to reduce carbon emissions in the area. If successful, the project could install enough capacity to generate between 15-40 megawatts (MW) of power.
- 1.3 Investment in PVs would also provide energy resilience in Park Royal and help reduce or defer the need for expensive grid reinforcement.
- 1.4 Investment in solar should deliver between 5 and 15 per cent return on investment.
- 1.5 There are risks and barriers that are constraining the market for renewable energy, addressing which requires an intermediary. OPDC, in its role as a Development Corporation, is best placed to provide this support.
- 1.6 OPDC subsequently covered the costs under DAR223 for a GLA consultant to review the OPDC findings and recommendations. The work supported the OPDC recommendation that a detailed feasibility study and implementation plan should be commissioned by OPDC to develop the project further. To support the subsequent work, the Mayor approved a revenue grant of £100,000 to OPDC from the GLA's Green New Deal programme. Receipt of the grant was approved by OPDC's Board on 26 November 2020, with OPDC matching the fund with £100,000 from its own budget, taking the total to £200,000 spend for the entirety of the project.

Procurement approach

- 1.7 CD150 approved £75,000 of expenditure to progress Stage 1 of the project, which was to identify up to 20 landlords, secure their interest and carry out a detailed study to understand the viability of delivering up to 5 MW of solar capacity.
- 1.8 In the event, the tender that was issued included within its scope both Stage 1 and Stage 2 activity. Stage 2 includes work to support the procurement of a delivery partner to install the solar systems. The decision for the tender to cover both Stage 1 and 2 of project was as a result of advice from Transport for London (TfL), who explained that a separate tender would be required for Stage 2 if this tender did not include that scope of work. OPDC decided this would be resource and time consuming and therefore chose to include both stages in the tender.
- 1.9 We have now received and assessed the tenders. The preferred bid has quoted a price of £120,000 and the contract will be for a fixed price.

- 1.10 This budget will be released in Stages. Stage 1 of work will cost £90,000 and will establish a proof of concept for delivering the first 5 MW of solar capacity. This Stage will seek to secure roof assets, assess power demand, and identify funding.
- 1.11 Stage 2 will be to procure a delivery partner to install the first tranche of PVs, and the budget tendered for this Stage is £30,000.
- 1.12 In addition to the fees required to cover the tendered work, a budget is required to cover any additional costs associated with delivering the scheme, including potential legal fees, and any fees required to engage the statutory regulators. These costs were not included in the tender scope of works as contractors are not willing to sub-contract legal consultants or cover the costs of regulators. Approval for £30,000 of potential expenditure is therefore also being sought.
- 1.13 £75,000 was already approved under CD150 for the first stage of this project. We are therefore seeking a further £75,000 to meet the total estimated costs of Stage 1 and 2.

2 The proposal and how it will be delivered

- 2.1 The proposal is to: (i) deliver up to 5 MW of PV on third party landlord and tenant roofs in the Park Royal area in a way that is both commercially viable and technically feasible; (ii) to put in place a delivery model that can be replicated and scaled and (iii) to share the learning and approach via the GLA with other industrial estates in London.
- 2.2 To develop the opportunity OPDC has procured a consultant to:
- Help identify landlords and tenants who would benefit from the installation of PVs and secure their participation through Letters of Intent (LOI) or similar and thereby reduce the risk of being able to access rooftops.
 - Develop a prospectus for PV installation in Park Royal.
 - Provide expert support in the design of PV to optimise performance.
 - Help secure in-principle funding to deliver the first phase, including funding from the Mayor's Energy Efficiency Fund (MEEF) and other funding sources as may be appropriate.
 - Develop the commercial case for PVs.
 - Aggregate installation opportunities and reduce costs of procurement and implementation.
 - Set up power purchase agreements to sell any surplus power and optimise revenue. Potential clients in the Park Royal area include the Central Middlesex Hospital, TfL, Brent and Ealing Local Authorities and Data Centres who all have significant demand for power.
 - Provide support in developing legal and other agreements between installers, investors, landlords and tenants.
- 2.3 The work will include three inter-related workstreams split across two Stages, as

follows:

Stage 1

- Identify and approach the most promising landlords and tenants and structure appropriate offers that address barriers, gain their support and secure a LOI.
- Assess the business case on individual buildings, including the installation capacity, cost, energy generation output, and off-take agreements for energy generated. The assessment will include an appraisal of lifetime costs and revenue and the commercial viability of individual systems.
- Approach funders including Amber Infrastructure who manage MEEF to secure in-principle funding.

Stage 2

- Support the OPDC procure a delivery/implementation partner through competitive tender, including identifying potential partners, developing the scope, preparing any material needed for the tender, and helping with tender evaluations.
- Look at the aggregated energy generation capacity and at any surplus that needs to be exported and help structure and identify customers for a power purchase agreement.

Subsequent Stages of Work (subject to a separate expenditure approval)

- Procure a developer/implementation partner to install the PVs on secured rooftops.

2.4 The work has been tendered in a way that will streamline procurement and ensure continuity of consultancy support.

2.5 OPDC may also procure additional work to support the above scope including legal support and engagement of utility providers. If legal work is required, it will be instructed via the TfL legal framework. This work would be funded from the £30,000 that is being sought as part of this CD, which is intended to cover costs outside the contractor's scope of work.

3 Objectives and expected outcomes

3.1 The overall objectives of OPDC's solar programme are to:

- Decrease carbon emissions. The initial target is to reduce carbon emissions by circa 16,000 tonnes of carbon over 25 years.
- Increase energy capacity to support growth and intensification in the area. The initial target is to deliver up to 5 MW of capacity but with a long-term goal to deliver more than 40 MW of solar capacity.
- Increase resilience in the local grid by diversifying the sources of power through local generation and increasing capacity.

- Create a pipeline of investable projects in clean and renewable energy and be a catalyst for further investment in decarbonisation projects. The total capital investment required to deliver 40 MW of installed PV is estimated to be £30,000,000. Build close working partnerships around clean growth with local businesses that can be used to develop other initiatives as part of a wider local area energy masterplan. This could include use of biowastes to generate gas through anaerobic digestion; use of waste heat to provide heating, cooling and hot water to local businesses; and adoption of technologies like pyrolysis and gasification to generate power and heat locally.

3.2 The project specific objectives include:

- Delivering up to 5 MW of solar capacity.
- Creating a model for delivering solar on third party roof that can be adopted by the GLA on industrial estates in London and replicated and scaled.

4 Strategic fit

- 4.1 OPDC is committed to delivering high quality and low carbon development and supporting the growth and intensification of Park Royal as set out in the London Plan policies SI2 and SI3 which seek to minimise greenhouse gas emissions and deliver renewable, clean energy infrastructure; the London Environment Strategy which seeks to deliver 1 GW of solar power across London; and OPDC's Local Plan policies EU9 and EU10.
- 4.2 The development of a major PV programme will help support those objectives by delivering clean, local power, in a way that is commercially viable.
- 4.3 In addition, the local generation of clean energy will help reduce air pollution by replacing fossil fuel-based energy with clean energy systems.
- 4.4 The project will help increase local resilience and capacity in the grid which is strained by delivering up to 40 MW of power that would otherwise require investment in new grid supply.
- 4.5 Installation on large industrial roofs provides a commercially viable way of meeting a considerable proportion of that target and this project will be a pathfinder demonstrating how best to realise the opportunity across London's industrial estates.

5 Project governance and assurance

- 5.1 OPDC's Land and Property Director will act as the Senior Responsible Officer (SRO) who will oversee the management of the project. They will also be responsible for providing the Senior Management Team (SMT) with regular updates and request steers where necessary to support the progression of the project.
- 5.2 OPDC's Environment and Sustainability Officer will be the Project Lead and will manage the day-to-day activities of the project, along with the support of a Project Support Officer.

- 5.3 Officers will also ensure that the progression of Stages within this commission is first approved by the OPDC Board, provided assurance on its feasibility is suitably demonstrated.
- 5.4 The project is supported by the Mayor's green new deal programme which has, as a major objective, the delivery of 1 GW of installed PV across London by 2030. The GLA will have an oversight role.

Risks and issues

- 5.5 All relevant risks associated with this project are captured in the below risk table. Risks and issues will be monitored on a separate risk register and issues log, which will be communicated with the SRO on a weekly basis.

| Risk description | Inherent Score | Mitigations | Target Score |
|---|---|--|--|
| Engagement with landlord and tenants fails to attract interest in the installation of solar | Likelihood: 3 Impact: 5 Total: 15 | To thoroughly engage with a wide range of landlords and businesses and develop attractive proposition. If this fails, Stage 2 will be abandoned. | Likelihood: 2 Impact: 3 Total: 6 |
| Tenants refuse to purchase power generated on roofs | Likelihood: 3 Impact: 4 Total: 12 | Identify third party to purchase all excess power generated through a power purchase agreement (PPA) with private or public sector. | Likelihood: 2 Impact: 3 Total: 6 |
| OPDC fails to secure finance from the Mayor's Energy Efficiency Fund (MEEF) | Likelihood: 2 Impact: 5 Total: 10 | Engage in early discussion with Amber Infrastructure who manage MEEF to secure in-principal funding. Review alternative funding sources. | Likelihood: 1 Impact: 3 Total: 3 |
| The scope and budget may creep during this phase of the project | Likelihood: 3 Impact: 3 Total: 9 | Arrange weekly phone calls and fortnightly review meetings with consultants. Set aside contingency to cover any unforeseen costs. | Likelihood: 2 Impact: 2 Total: 4 |

6 Equality comments

- 6.1 OPDC must have 'due regard' to the need to eliminate unlawful discrimination, harassment and victimisation as well as to the need to advance equality of

opportunity and foster good relations between people who share a protected characteristic and those who do not.¹

- 6.2 The procurement of this project has been undertaken using the standard TfL process, which factors in the necessary requirements to ensure that all bidders are given equal opportunity to be successful in the commission.
- 6.3 Further, all bidders were selected from existing TfL frameworks and have been vetted through the selection process to ensure they comply with equality requirements.
- 6.4 During this commission, the consultants will be required to provide analysis on the socio-economic impact of recommendations to ensure that they support local businesses, communities, and inclusive economic growth.
- 6.5 The consultants will be asked to do everything possible to ensure there is a diversity within the consultant team.
- 6.6 Consultants will be asked, as part of their bid, how they can support social value within the Old Oak and Park Royal area.
- 6.7 We do not believe that there are any direct adverse impacts. This programme will deliver environmental benefits like reduced air and noise pollution if successful that will benefit local people and workers as well as the wider London environment.

7 Other considerations

Communications and engagement

- 7.1 The consultants will be required to provide a communication plan, with the support of the OPDC Comms team, to determine who they will be engaging with and in what forum, in line with standard procedure.
- 7.2 Where necessary, stakeholder engagement will be supported by OPDC's Comms team to help ensure that the appropriate stakeholders are present and are being communicated to effectively.
- 7.3 The Park Royal solar project will require external input and local stakeholders will be invited to join steering or working groups or contribute through workshops or engagement events. Local stakeholders that have been approached to date regarding the project are noted below:

¹ This involves having due regard to: the need to remove or minimise any disadvantage suffered by those who share a protected characteristic or one that is connected to that characteristic; taking steps to meet the different needs of such people; and encouraging them to participate in public life or in any other activity where their participation is disproportionately low. The protected characteristics and groups are: age, disability, gender reassignment, pregnancy and maternity, race, gender, religion or belief, sexual orientation and marriage/ civil partnership status. Compliance with the Equality Act may involve treating people with a protected characteristic more favourably than those without the characteristic. The duty must be exercised with an open mind and at the time a Decision is taken in the exercise of the OPDC's functions.

| Stakeholder | Level of commitment |
|--|--|
| Greater London Authority | Have agreed to provide 50% of the costs through the Green New Deal |
| London Borough of Brent | Supportive in early conversations |
| London Borough of Ealing | Supportive in early conversations |
| London Borough of Hammersmith and Fulham | Supportive in early conversations |
| West London Alliance (WLA) | Supportive in early conversations |
| West London Business / Park Royal Business Group | Supportive in early conversations |
| Local businesses (landlords and tenants) | Small group approached. Supportive in early conversations. |
| TfL | Supportive in early conversations |

Sustainability

- 7.4 Sustainability is the core objective of this project. The outcomes of this work will support the Mayor's sustainability objectives and contribute towards London's zero carbon emissions target as set in the London Plan.

Data protection

- 7.5 OPDC will ensure GDPR compliance is maintained so that all potential personal data is collected in line with national regulations.

8 Conflicts of interest

- 8.1 No one involved in the preparation or clearance of this Form, or its substantive proposal, has any conflict of interest.

9 Financial comments

- 9.1 Expenditure of £75,000 will be funded from the 'Renewable Energy Pilot' element of the 2021/22 Design budget, which sits within the Delivery directorate.
- 9.2 The programme is funded by a grant of £100,000 from the GLA (received in advance) and match-funding by OPDC of £100,000.
- 9.3 Further expenditure is subject to the Corporation's decision-making process.
- 9.4 Please ensure that any procurement undertaken is in line with the Corporation's Procurement Guidance and the Contracts and Funding Code is adhered to.

10 Legal comments

- 10.1 The report above indicates that the decision requested of the Chief Executive falls with the OPDC's object of securing the regeneration of the Old Oak and Park Royal area and its powers to do anything it considers appropriate for the purpose of its objects or purposes incidental to those purposes, as set out in the Localism Act 2011.

- 10.2 In taking the decisions requested, the Chief Executive must have due regard to the Public Sector Equality Duty, namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, and to advance equality of opportunity between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) and persons who do not share it and foster good relations between persons who share a relevant protected characteristic and persons who do not share it (section 149 of the Equality Act 2010).
- 10.3 The services required should be procured in accordance with the OPDC's Contracts and Funding Code by relevant procurement officers. Officers must ensure that appropriate contract documentation is put in place and executed by the successful consultant and OPDC before the commencement of the services.

11 Summary timeline

| Activity | Date |
|--------------------------------------|--------------|
| Procurement of contract /Grant award | July 2021 |
| Announcement | August 2021 |
| Delivery start date | August 2021 |
| Inception report | October 2021 |
| Stage 1 Interim report | Dec 2021 |
| Stage 1 Final report | Feb 2022 |
| Stage 2 procurement start | March 2022 |
| Stage 2 procurement complete | May 2022 |

Background documents

- Appendix A: DAR 223
- Appendix B: CD 150

London Plan -

https://www.london.gov.uk/sites/default/files/the_london_plan_2021.pdf

London Environment Strategy - <https://www.london.gov.uk/what-we-do/environment/london-environment-strategy>

PUBLIC ACCESS TO INFORMATION

Information in this Form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA). OPDC aims to publish the Form within three working days of approval.

If immediate publication risks compromising the implementation of the Decision (for example, impacting a procurement process), it can be deferred until a specific date (when it will be published). Deferral periods are kept to the shortest length strictly necessary.

Part 1 – Deferral

Publication of this Part 1 is to be deferred: **No**

The deferral is until: N/A

This is because: N/A

Part 2 – Confidential information

Only the facts or advice that would be exempt from disclosure under FoIA should be included in or attached to any separate Part 2 Form, together with the rationale for withholding the information at this time.

There is a separate and confidential Part 2 Form: **No**

DECLARATIONS

Drafting officer: Dan Epstein has drafted this Form in accordance with OPDC procedures, including for handling conflicts of interests, and confirm that:



Advice: The Finance and Legal teams have commented on the proposal.



CONFIRMATIONS

Section 106 funding: This use of S106 to fund the expenditure proposal was approved via a Section 106 spend proposal form on N/A

SMT review: This Decision was circulated to the **Senior Management Team** for review on Tuesday 20th July 2021.

Chief Finance Officer

Financial and legal implications have been appropriately considered in the preparation of this Form.

Signature: 

Date: 27 July 2021

Director of Land and Property, Davena Wilson

I do not have any disclosable interest in the proposed Decision. It is consistent with OPDC's priorities and can be referred to the CEO for final approval.

Signature: 

Date: 27/07/21

