GREATER**LONDON**AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2503

Title: Solar Together London

Executive Summary:

The Mayor wants to make London a zero carbon city by 2050. For this to happen, London will need to be supplied by a range of clean and renewable energy sources. Over the past eighteen months, under cover of ADD2187, the Solar Together London pilot has tested a collective purchasing approach to increase domestic rooftop solar in London, in support of the Mayor's Solar Action Plan.

This successful pilot has resulted in 624 new solar installations with cost reductions of up to a third. It is therefore proposed that the GLA now widens the scheme to more boroughs to build on this progress, to help counter the downturn in solar PV installations following the recent closure of the Government's Feed-in Tariff incentive scheme, and to further support the Mayor's zero carbon ambitions.

The GLA would procure a service provider with an online platform and marketing expertise to encourage households within the private sector (owner occupiers and private landlords) to register an interest in solar PV installations. This aggregated interest would be shared with a pre-agreed framework of solar suppliers (quality-checked by the service provider), with each supplier bidding in a reverse auction to deliver solar installations to those households expressing an interest, at the lowest price possible.

Decision:

That the Mayor approves:

1. Expenditure of up to £200,000 from the Environment Unit 2019/20 budget for customer acquisition and promotion of Solar Together London;

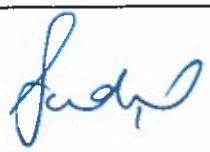
2. An exemption from the GLA's Contracts and Funding Code so that the Authority may without a competitive procurement exercise enter into an agreement with iChoosr (at no cost to the GLA), which will manage a solar PV collective purchasing scheme; and

3. A delegation to the Executive Director of Development, Enterprise and Environment to extend the scheme for up to an additional three years (if it achieves its target amount of installations and subject to budget).

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature: 

Date: 27/7/19

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1. Introduction and background

1.1. The London Environment Strategy sets out the Mayor's vision of making a zero carbon city by 2050. For this to happen, London will need to be supplied by a range of clean and renewable energy sources.

1.2. The Mayor's Solar Action Plan, published in June 2018, set out how the Mayor will seize the opportunity for solar energy in the capital and increase solar energy installations in the coming years through his flagship Energy for Londoners programme. The Solar Action Plan set an ambition for London to achieve one gigawatt of installed solar capacity by 2030 and two gigawatts by 2050, representing a substantial increase from today's installed capacity. The Solar Action Plan noted that these targets could not be met through the Mayor's programmes and leadership alone and would need strong policy from national government, as well as the support of local government, the private sector, charities and individuals.

1.3. To support the Mayor's goals, the Solar Together London pilot has tested a collective purchasing approach to increase domestic rooftop solar in London, in support of the Mayor's Solar Action Plan. This form of collective purchasing has reduced costs by up to a third, driven quality and taken the stress out of buying solar panels (compared to individuals buying separately).

1.4. The scheme, approved by ADD 2187, involves working with selected London boroughs and a service provider to encourage households within the private sector (owner occupiers and private landlords), to jointly register their interest in having solar PV installed on their roofs in order to secure a better price at a guaranteed level of quality through collective purchasing. Firstly, a service provider with an online platform, marketing expertise and experience of working with solar PV installers is procured to manage the scheme with the GLA. Next, borough partners are selected based on their interest in the scheme, willingness to commit officer time and the quality of data available on the housing in their borough.

1.5. The scheme is then launched to the public, with each borough having their own branded webpage and marketing material to promote it to their residents. Interested households then register their interest on the site, ahead of a 'reverse auction' day where pre-approved solar PV suppliers bid to deliver solar installations at the lowest price possible and highest quality.

Scheme design

1.6. In August 2017, as approved by ADD 2187, the GLA procured a service provider with an online platform and marketing expertise to encourage households within the private sector (owner occupiers and private landlords), to register an interest in solar PV installations.

1.7. The initial first phase pilot involved five boroughs. The GLA funded targeted direct mail and local advertising to promote the scheme, launching it publicly in February 2018 (see Appendix 1 for examples of the customer acquisition material). Local advertising included printed flyers and posters for borough buildings and events, outdoor advertising (for example at bus stops) and social media campaigns. The service provider worked with boroughs to tailor the promotion of the scheme for them. In order to increase trust in the scheme all promotional media was co-branded with the borough's logo and the Mayor of London logo.

1.8. Interested residents then registered their details on a specialist website (again, branded individually for each borough) to help them determine the viability and potential energy and financial returns of them installing solar PV. This aggregated interest was shared with a pre-agreed framework of solar

suppliers (vetted for quality by the service provider), who bid in a 'reverse auction' to deliver solar installations to those households which have expressed interest, at the lowest price. The suppliers were able to offer compelling prices as the volume and geographic concentration made it possible for them to realise greater efficiencies, which they passed on in lower prices for installations. The winning supplier was able to offer savings of an average of 35 per cent on market rates, with participants saving a minimum of 10 per cent and a maximum of 41 per cent (depending on the size of the system).

1.9. The winning supplier then undertook technical surveys on site in order to produce more accurate quotes and estimates of savings. Homeowners then decided whether to accept their personalised offer and proceed with installation.

1.10. After London's initial five borough pilot proved that the concept was viable (with good registration numbers), three other English regions also ran successful schemes.

1.11. In June 2018 the GLA subsequently decided to expand the pilot to fourteen boroughs (including nine new boroughs and the five initial boroughs), to drive demand as it became clear that the Government would close the Feed-in Tariff incentive scheme (which paid residents who generated and exported electricity back to the grid through their solar panels). This extension had a budget of £100,000, which was funded from existing, approved programme budget associated with the RE:NEW programme, approved by the previous Mayor in 2014.

1.12. The winning supplier in the second scheme was able to offer savings of an average of 20 per cent on market rates, with participants saving a minimum of 6 per cent and a maximum of 25 per cent.

1.13. An independent and specialist third party was commissioned by the service provider to inspect approximately one in 20 installations throughout the delivery phase of the schemes. This provided the GLA with added assurance, allowing the identification and swift resolution of any issues with the winning suppliers' processes or workmanship.

Results from the pilots

1.14. Over 9,000 households registered an interest in taking part in phase 1 and 2. Subsequently over 2,400 households accepted their provisional, personalised offer.

1.15. Three hundred London homes proceeded through to installation from the initial pilot and a further 324 from the second phase. Taken together, phases 1 and 2 have resulted in 624 new solar installations, completed by the end of March 2019. These installations have resulted in 1.43 megawatt (MW) of new solar energy capacity on Londoners roofs, which will save 10,564 tonnes of carbon over the lifetime of the panels.

1.16. The drop-out from 2,400 acceptances to 624 installations was caused by a number of factors, predominantly that technical surveys (on-site inspections) showed some homes to have unsuitable roofs, only be suitable for fewer panels than initially estimated by the homeowner (subsequently changing their business case), or that scaffolding costs would be higher than expected. A smaller number of households also dropped out due to a longer than expected planning process with their Local Planning Authority. This rate of drop-out is not uncommon in such schemes but analysis has shown some of these issues are more prevalent in London than in other regions. The third phase of Solar Together London will therefore be improved by these learnings, with a smarter web interface and additional support to registrants to ensure they do not overestimate the potential of their roofs, alongside better advice on the planning process.

1.17. Analysis of Ofgem data shows that participating boroughs saw an average year-on-year increase of 78% in installations during the installation period, compared with a 3% decrease in non-participating boroughs, demonstrating that the model was successful.

1.18. Analysis of the results show that Solar Together London is relatively low risk in terms of a paid-for GLA activity. The initial pilots provided very good value for money, equivalent to under £250 per installation. At under £15 spent per tonne of CO_2 saved it also performed very well compared to other energy interventions (e.g. between £32-£133/tCO_2 saved for our two key Technical Assistance Programmes).

1.19. The GLA investment in Solar Together London to date has yielded private investment in solar PV of £2,375,870 from London residents (the combined cost of them purchasing the solar PV systems).

Rationale for a new scheme

1.20 There remains a strong case for Mayoral intervention to drive uptake in household solar PV and without active support in the short to medium term, delivery levels are likely to remain far behind other regions (despite public perceptions of solar PV technology improving and delivery costs reducing). For example:

- The London Assembly report 'Bring me sunshine! How London's homes could generate more solar energy' (October 2015), noted that London has particular barriers to solar PV in terms of demographics and home typologies (such as a lot of terraced housing with little roof space, a greater proportion of residents living in flats rather than houses, higher installation costs and planning issues relating to the high prevalence of conservation areas);

- Consequently, London has the lowest amount of installed solar power capacity of any region in the UK, despite being the most affluent and populous part of the country and having a favourable climate by UK standards;

- Significant reductions to the solar PV Feed in Tariff in 2016 slowed the rate of solar PV uptake in London drastically. The subsequent closure of the scheme in April 2019 resulted in a 94 per cent fall in installations in the month following it (according to the latest national figures showed);

- Learning from the initial pilot phases also revealed other difficulties of installing solar in London compared with other regions. For example, the reluctance of some terraced households to allow scaffolding to be brought through their home (which elsewhere, with more detached and semi-detached properties, is less of a barrier).

1.21 It is therefore proposed that the GLA runs a wider phase 3 of the scheme with more boroughs involved, to build on the progress made to date. This will help to counter the further downturn in solar PV installations following the recent closure of the Government's Feed-in Tariff incentive scheme. If a similar level of saving from phase 1 and 2 of the scheme can again be achieved through the collective purchasing approach, some of the effect of the lost income from the Feed-in Tariff on the business case can be mitigated.

1.22 Furthermore, phase 3 will aim to be an early adopter of the Smart Export Guarantee, the Government's proposed replacement to the Feed-in Tariff, announced in June 2019. Although details are currently sparse, energy companies will be mandated to offer a payment rate to households exporting power to the grid from January 2020. One energy supplier has already put in place two such tariffs.

1.23 Officers are engaging with a number of energy suppliers so that a route to secure export revenue for Solar Together London scheme participants is included in their personalised offer. Our current modelling indicates that the business case for householders should be comparable with that achieved under the initial phases of Solar Together London.

1.24 Solar Together London Phase 3 can also lead through innovation by adding battery storage options to the offer, which will allow residents to consume more of the power they generate and further

improving the business case. Working with the service provider, improved mapping and targeting will also be developed to help residents better understand and maximise their business case. This latter approach is informed through lessons learned from the initial schemes.

Single Source Supplier Justification

1.25 Section 9 of the GLA's Contracts and Funding Code requires, where the expected value of a contract for services is over £150,000, that the services required should be procured competitively. Section 10 provides however, that an exemption from this requirement may be approved on a number of defined grounds, including where there is an absence of competition or the proposed contractor has had previous involvement in a specific current project or the work is continuation of existing work that cannot be separated from the new project/work.

1.28. It is proposed that a contract be awarded to iChoosr to act as a delivery partner for the solar PV collective purchasing scheme. Although there are multiple suppliers of PV panels active in the UK market, the services that iChoosr provide, as a combined aggregator, marketeer and PV industry expert, are distinctly different from a PV supplier.

1.29. There is no other company delivering the services required for this solar PV community purchasing scheme; iChoosr is the only realistic source of supplying these services. In the Netherlands and Belgium iChoosr have been running solar PV schemes for over five years, working with local authorities and regional governments.

1.30. iChoosr will make money from a small fee per installed PV panel, paid for by the selected solar PV provider – this fee will be the same and agreed by iChoosr with all suppliers who will participate in the reverse auction.

1.31. Aside from the pilot phases of Solar Together London, the majority of London boroughs have an existing relationship with iChoosr through the Big London Energy Switch, a successful collective energy tariff switching scheme. This scheme was started with support from London Councils in 2013, when the then Department of Energy and Climate Change made money available to local authorities to promote energy tariff switching.

1.32. A group of 20 London boroughs, led by the Royal Borough of Kingston-upon-Thames and supported by London Councils, procured iChoosr through a shortened OJEU process, with iChoosr the only supplier in the market at that time who could deliver the online platform and the dedicated helpdesk, among other services, to run the collective switching scheme. The Big London Energy Switch is still going today, as are similar schemes such as the Big Community Switch, Unison Switch, and Ready to Switch, all of which are run by iChoosr.

1.33. Market research undertaken to identify potential other suppliers has found no suitable alternatives.

1.34. The proposed contract with iChoosr will be a service concession contract (co-branded between the boroughs and the GLA), meaning:

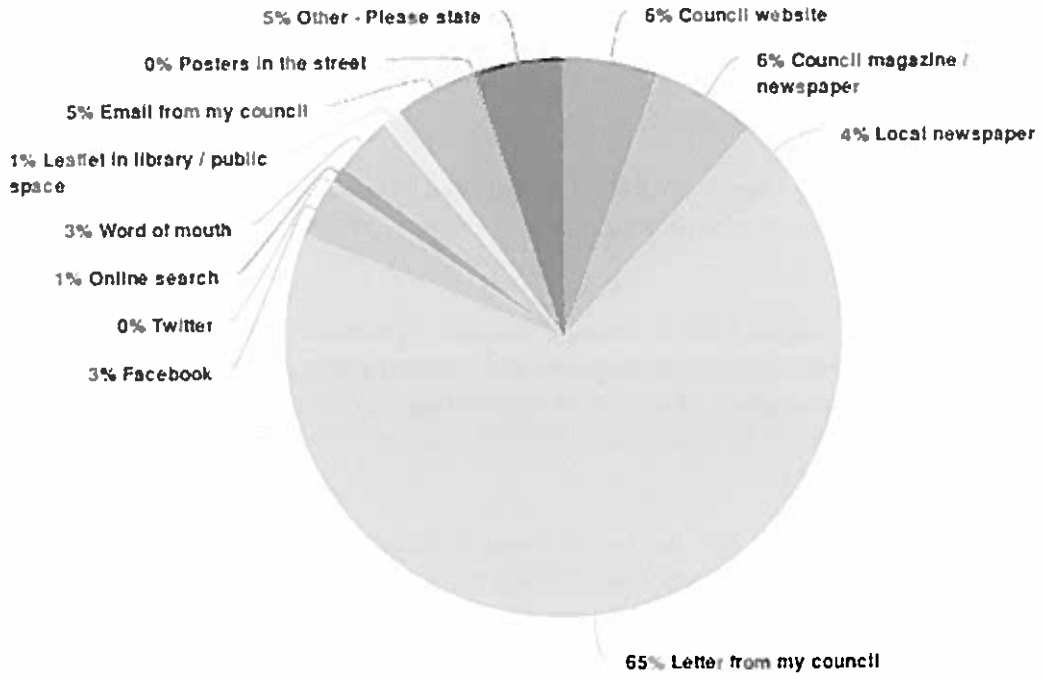
- That the GLA will afford iChoosr the right to exploit the services commercially;
- That iChoosr assumes the entire commercial risk of the arrangement (they must continue to provide the services fully in accordance with the contract even if they are making a loss); and,
- The forecast gross turnover of iChoosr as a result of the contract (net of VAT) attributable to the exploitation rights granted will be well below the €5,225,000 (around £4.7 million) limit of the Concession Contracts Regulations 2016. If the scheme succeeds in 1,000 solar PV installations, iChoosr's gross turnover would be around £300,000 (dependent on the eventual number of installations).

1.35. The Mayor's approval of an exemption from the requirement of section 10 of the GLA's Contracts and Funding to seek competitive bids for the services required is sought accordingly.

2. Objectives and expected outcomes

2.1 As noted in section 1, value for money with the Solar Together London approach is comparably very good (against other GLA interventions such as Technical Assistance Programmes), and it is expected that a new scheme would provide similar value. It is proposed that the GLA spend £200,000 in total, with £120,000 of this budget spent on direct mail to around 300,000 Londoners and the remainder paid out in grants to boroughs for customer acquisition and promotion of the scheme.

2.2 The chart below, taken from the customer survey undertaken after the pilot phases, demonstrates that direct mail ('Letter from my council') should account for the majority of the spend as it is the most efficient means of customer acquisition:



2.3 The new scheme has an aspiration to install 700-1,000 new solar PV installations. This estimate is based on conversion metrics from the pilot phases and accounts for market changes. However, it is impossible to predict exact numbers for a scheme such as this. Achieving 1,000 installations would result in 2.5MW installed solar capacity (and it is also estimated that 15% of these installations would include a battery storage option).

2.4 Other benefits of phase 3 would be energy bill savings for participating residents (as would be expected when residents are using energy from their solar system rather than the national grid), increased work for the supply chain, and the potential to link into other GLA work (such as the Smart Energy agenda, which looks into demand-side response which relies on residents having battery storage).

3. Equality comments

3.1 Under section 149 of the Equality Act 2010 (the "Equality Act"), as public authority, the Mayor and the GLA must have due regard to the need to eliminate unlawful discrimination, harassment and

victimisation, and to advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not. Protected characteristics under the Equality Act comprise age, disability, gender re-assignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation, and marriage or civil partnership status (the duty in respect of this last characteristic is to eliminate unlawful discrimination only.

3.2 The GLA will take appropriate steps to ensure that there are no potential negative impacts expected on those with protected characteristics. Those with protected characteristics will gain from the positive benefits of this scheme in equal measure should their properties be selected, and there will be equality of access to participate in the delivery and benefit from the scheme, without discrimination.

3.3 Electricity generated by a home through solar PV can especially benefit those more housebound (e.g. as result of disability or age), since they can take advantage of the power as it is generated (through for example running appliances in the daytime when the panels will be producing the most electricity), rather than the majority of the power being exported to the National Grid.

3.4 Though this project is necessarily designed for the 'able to pay' market, the success of this scheme could have a longer-term positive impact on lower income and fuel poor households as the solar PV market grows in London, encouraging a stronger supply chain and cheaper installations. Private landlords are eligible to participate in the scheme also, benefiting their own, potentially vulnerable, residents.

4. Other considerations

4.1 The key risks and issues this programme are set out in the table below:

Risk	Likelihood (out of 4)	Impact (out of 4)	Rating	Mitigation
Boroughs will not get involved with the project	1	3	3	Ongoing engagement from GLA officers has been undertaken and shows a willingness on their part to get involved. Less demand from boroughs could also mean the GLA spends less of the proposed budget
Uptake could be low	1	2	2	While it is impossible to accurately predict the level of interest from residents, uptake levels from the pilot schemes give reason to be optimistic. Government surveys also show that solar energy is seen as very attractive to consumers
Low uptake could represent a reputational risk for the GLA and the Mayor	2	2	4	As stated above, value for money under this approach is expected to be good and is better than other alternatives explored for driving household solar uptake. The financial investment is relatively small compared to other initiatives. A bigger risk could be not to act at all

Risk	Likelihood (out of 4)	Impact (out of 4)	Rating	Mitigation
If uptake is low the platform supplier could ask the GLA to pay more	1	1	1	The platform supplier accept that all of the risk is on them and that their income stream on this project relates directly to the number of installations (on a commission basis). Our concession agreement with them will reflect this
Brexit and government policy changes (chiefly the end of the Feed-in Tariff) may have an impact on consumer confidence which could dampen demand	2	2	4	This project should help to mitigate this by improving resilience in consumer confidence through co-branding through the Mayor and the borough, guaranteeing quality and driving down costs. Furthermore, the emergence of the Solar Export Guarantee and other new tariffs should improve the business case
Installer quality presents a reputational risk for the GLA and boroughs	1	3	3	The scheme is designed to improve quality as well as affordability. The platform supplier must specify a recognised, fully accredited installer as a prerequisite. In addition, an independent and specialist third party will inspect approximately one in 20 installations throughout the delivery phase of the schemes to identify any issues with the installer (the same approach used under phase 1 and 2 of the scheme)
The scheme could attract criticism as it is predominantly aimed at the able-to-pay, rather than the fuel poor	2	1	2	The GLA has other schemes more focussed at fuel poverty (with budgets far larger). PRS landlords could potentially use it as a simple way to comply with the Minimum Energy Efficiency Standards. If the scheme helps to grow the supply chain and encourage lower costs, less able to pay households and social housing could be encouraged.

Links to Mayoral strategies and priorities:

London Environment Strategy

- Objective 6.1: Reduce emissions of London's homes and workplaces while protecting the most disadvantaged by tackling fuel poverty

- Objective 6.2: Develop clean and smart, integrated energy systems utilising local and renewable energy resources.

5. Financial comments

5.1. Approval is sought to spend up to £200,000 on customer acquisition and promoting this scheme in 2019/20, funded through the existing Energy Efficiency & Delivery Team budget.

6. Legal comments

6.1 The activity in respect of which approval is sought may be considered to be facilitative of and conducive to the exercise of the GLA's powers:

(a) and discharge of its obligations under part 7A (Housing and Regeneration) of the Greater London Authority Act 1999; and

(b) under section 30 of the Greater London Authority Act 1999 to undertake such activity as may be considered to promote economic development and wealth creation, social development and the improvement of the environment in Greater London and have complied with the Authority's related statutory duties to:

(i) pay due regard to the principle that there should be equality of opportunity for all people;

(ii) consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom; and

(iii) consult with appropriate bodies.

6.2 In taking the decisions requested of him, the Mayor 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). To this end, the Mayor should have particular regard to section 3 (above) of this report.

6.3 As set out in paragraph 1.34 above, the estimated value of the proposed concession contract between the GLA and iChoosr is £300,000. Section 9 of the Authority's Contracts and Funding Code (the "Code") requires that the Authority undertake an EU compliant tender process or make a call off from an accessible framework for procurements with a value over £150,000. However, section 10 of the Code also provides that an exemption from this requirement may be justified on the basis of (i) an absence of competition; (ii) previous involvement in a specific current project; or (iii) the continuation of existing work that cannot be separated from the new project/work. The officers have set out above the reasons why the procurement of iChoosr falls within the said exemption. Furthermore, the officers have explained that the value of the proposed concession contract falls well below the procurement threshold in the Concessions Contracts Regulations 2016. Accordingly, the Mayor may approve the exemption, if he be so minded.

6.4. Any function exercisable by the Mayor on behalf of the Authority may also be exercised by a member of staff albeit subject to any conditions, which the Mayor sees fit to impose. To that end, the Mayor may make the requested delegations to the executive director, if he so chooses.

7. Planned delivery approach and next steps

7.1. The scheme has five key steps:

- Procurement of a service provider, with an online platform and marketing expertise to encourage households within the private sector (owner occupiers and private landlords), to register an interest in having solar PV installed on their roofs;
- Selection of borough partners;
- Registration on the platform by London households interested in installing solar on their roofs;
- Aggregation of interest is shared with the pre-agreed framework of solar PV suppliers (vetted by the service provider); and,
- Suppliers bid through a reverse auction to deliver solar installations to those households which have expressed interest, at the lowest price possible and highest quality.

Activity	**Timeline**
Contract/concession with platform provider finalised	Late July 2019
Expression of Interest (EOI) finalised and sent to boroughs	Late July 2019
Evaluate EOIs and select boroughs	July/August 2019
Kick-off meeting with selected boroughs and platform supplier, prepare campaign, including mapping & targeting, engagement plan.	August 2019
Public launch and promotion of the scheme, resident registration opens	September 2019
Reverse auction	October 2019
Personalised offers sent out, customer acceptance period, technical surveys begin	October 2019
Start installations	November 2019
Complete installations	May/June 2020
Evaluate scheme	June 2020

Appendices and supporting papers:

Appendix 1: Examples of scheme customer acquisition material

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note**: This form (Part 1) will either be published within one working day after it has been approved or on the defer date.

Part 1 - Deferral

Is the publication of Part 1 of this approval to be deferred? NO

Until what date: (a date is required if deferring)

Part 2 – Sensitive information

Only the facts or advice that would be exempt from disclosure under FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:	Drafting officer to confirm the following (✓)
Drafting officer: Ben Coombes has drafted this report in accordance with GLA procedures and confirms the following:	✓
Sponsoring Director: Debbie Jackson has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.	✓
Mayoral Adviser: Shirley Rodrigues has been consulted about the proposal and agrees the recommendations.	✓
Advice: The Finance and Legal teams have commented on this proposal.	✓
Corporate Investment Board This decision was agreed by the Corporate Investment Board on 29 July 2019.	

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature M.D. Allen **Date** 29.7.19

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature D. Bellamy **Date** 29/7/2019.