

Agenda Item No.7 (f)

DERBYSHIRE COUNTY COUNCIL

CABINET

22 September 2015

Report of the Chief Executive

**GROUND MOUNTED SOLAR PV DEVELOPMENT WORK – GRID
CONNECTIONS
(Council Services)**

1. Purpose of Report

To seek approval to initially fund potential grid connection offers for the proposed ground mounted solar PV projects from general reserves to secure the connections.

2. Information and Analysis

Following Cabinet approval on 3 March 2015 to undertake public consultations on six Council owned sites, a £125,000 bid to the Derbyshire Challenge Fund to cover the potential ground mounted solar PV development costs including, planning, procurement, grid applications and public consultations was approved by Cabinet on 14 April 2015.

On 5 May 2015, following the public consultations, Cabinet approved recommendations to submit full planning applications for five sites and undertake a joint procurement approach with other local authorities being led by Northumberland County Council.

Subsequently, grid connection applications were submitted to Western Power Distribution (WPD) for each of the proposed sites. WPD provided budget connection costs for the sites, which totalled £1.5million for all potential projects, but required more information including electrical schematic drawings before they would accept the final grid applications. Now that these have been submitted, WPD have indicated that they will determine the applications during September.

The grid connection costs were anticipated to be paid for and planned for as part of the capital works; having been included in the initial cost modelling and will inform the final business cases that are planned to be presented to

Cabinet this autumn. However, it has recently been made apparent by WPD and APSE Energy consultants that to accept a formal grid offer and secure connection to the grid, a percentage (likely to be 10%) of the connection costs will need to be paid up front. Once a formal grid connection offer and quotation is made, it is available for three months. However, WPD may cancel the application in that time if the offer is not accepted and connection becomes unavailable in that period. As a result of this, it is necessary for the Council to act quickly in accepting the grid connection offer and pay the upfront cost to secure the connection. If the ground mounted solar PV project does not go ahead, for example if planning permission is not secured or the financial business case is not approved following the procurement process, WPD will refund the connection deposit so long as they have not undertaken any works at that time.

3. Financial Considerations

Based on the budget costs previously provided by WPD, it is estimated that initial costs to accept any formal grid offers could be in the region of £150,000.

It is proposed that these costs are initially met from general reserves and subsequently charged to the capital budget upon approval of the schemes. The wider provisional business cases, detailing projected financial returns, were approved by Cabinet on 5 May 2015.

However, there remains a risk that if the final income and expenditure projections make the schemes unviable, these costs may prove to be irrecoverable and will become a charge to the revenue account.

As WPD are the local Distribution Network Operator (DNO), the application to connect to the grid network can only be made to them. Protocol 8 of Financial Regulations therefore applies as WPD are the only supplier.

4. Environmental Considerations

This proposal directly supports the objectives set within the Council Plan and Climate Change Charter (2014-19) to invest in renewable energy technologies to help mitigate against climate change and provide local, green sources of energy.

5. Other Considerations

In preparing this report the relevance of the following factors has been considered; legal, prevention of crime and disorder, equality of opportunity; health, human resources, property and transport considerations.

6. Background Papers

- Report of the Vice Chair of the Improvement and Scrutiny Committee – Resources, Cabinet, 17 June 2014; Review of Sustainable Energy Potential.
- Report of the Chief Executive, Cabinet, 2 December 2014, Derbyshire Climate Change Charter.
- Report of the Chief Executive, Cabinet, 3 March 2015, Sustainable Energy – Ground Mounted Solar PV.
- Report of the Chief Executive, Cabinet, 14 April 2015, Derbyshire Challenge Fund Bid for Ground Mounted Solar PV Development Work.
- Report of the Chief Executive, Cabinet, 5 May 2015, Sustainable Energy – Ground Mounted Solar Photovoltaic (PV)

7. Key Decision No.

8. Officer Recommendation

That Cabinet approves the use of £150,000 general reserves to secure any formal grid connection offers for the ground mounted Solar PV schemes.

Ian Stephenson
Chief Executive