Investing in Local Energy survey results

LEEDS January 2019
UK100 is a highly ambitious network of local government leaders, which seeks to devise and implement plans for the transition to clean energy that are ambitious, cost effective and take the public and business with them.
It supports decision-makers in UK towns and cities in their transition to 100% clean energy by 2050. It is the only network for UK cities focused solely on climate and clean energy policy.
UK100 – Survey Results – who is here?

- Local authorities: 33.77% (26)
- Investors: 7.79% (6)
- Project developers: 14.29% (11)
- Other: 44.16% (34)
UK100 – Who else is here?

- DNO
- BEIS
- Ofgem
- Local Energy Hubs
- Community energy
- Technical consultant
- Researcher
- Local Enterprise Partnerships
UK100 – Local Authorities

“Thinking about the low-carbon projects you are interested in developing, how much investment are you seeking to realise them?”

20K – “billions”
UK100 – Local Authorities

If you have a pipeline of projects how much is it worth?

£2bn +
UK100 – Local Authorities

At what stage are the majority of these projects?

85% at conceptual or feasibility stage
“We see working with local authorities on low-carbon projects as an attractive opportunity”
Thinking about the low-carbon projects you are interested in developing, how much investment is required to make them attractive to private finance?
UK100 – Investors

How much do you have to invest, seeking market returns, over the next 5 years?
“We see working with local authorities on low-carbon projects as an attractive opportunity”
UK100 – Developers

How much finance do you have for low-carbon projects?
UK100 – Local Authorities

What challenges do you face when trying to develop projects?

- Political uncertainty
- Too many government departments
- No money for commercial studies
UK100 – Investors

What challenges have you faced when working with the public sector?

- Projects mostly conceptual
- Procurement processes
- Bureaucracy and slow decision-making
UK100 – Developers

What challenges have you faced when working with the public sector?

- Inexperience in dealing with private sector
- Procurement processes
- Bureaucracy and slow decision-making

![Bar chart showing various challenges faced by developers with the public sector.](chart.png)
UK100 – Local Authorities

What central government support would you find most helpful for developing projects?

- Single gateway to apply for support
- Development capital
- Support in developing a business case
- Financial support for construction costs
UK100 – Investors

What central government support would you find most helpful for developing projects?

- Single gateway to apply for support
- Development capital
- A pro-active regulator service
- A more pro-active local district network operator
UK100 – Developers

What central government support would you find most helpful for developing projects?

- Single gateway to apply for support
- Development capital
- A pro-active regulator service
- A more pro-active local district network operator

![Bar chart showing the most helpful central government support for developing projects. The x-axis shows different types of support, and the y-axis shows the percentage of respondents. The chart indicates that a single gateway to apply for support is considered the most helpful, followed by advisory support that can both guide and fund development, support in developing a business plan, a proactive regulator service, and financial support for construction.]
UK100 – Local Authorities

Is there anything else central government could do to help you develop low-carbon projects?

- Statutory energy efficiency targets for the public sector
- Consistent policy environment
- Remove hidden subsidies for fossil fuel solutions
- Stronger planning drivers (powers for LPAs) for clean growth.
- Loan guarantees
- Devolve powers to regional authorities to vary legislation
- Local access to energy market revenue flows
How do you view the role of central government in helping local authorities access finance for their low-carbon projects?

- Establish an investment pot which releases money for projects in phases
- Easily accessible project development finance and capital finance to act as a carrot to attract private investment.
- Drive investment & funds from a national to a regional / local level
- As a lender of last resort
- Supporting Business Case Development and signposting opportunities (best practice or access to funding)
- Provide guarantees and stop LAs blocking debt for invest to save projects
- Technical support and Business Case construction
UK100 – Investors

Are there other things that would make a low-carbon project attractive?

- Government demand guarantees
- Local impact and engagement
- Community Benefit Funds created and social impact generated
- ESG friendly and socially responsible investments
UK100 – Investors

Is there anything else central government could do to help you develop low-carbon projects?

- Large and clearly visible pipeline of opportunities, using a repeatable model
- Demand guarantees for heat projects
- Stress the importance of social AND environmental impact
UK100 – Developers

Are there other things that would make a low-carbon project attractive?

- Ownership by the community
- Social benefits to community
- Low hanging fruit, easy install and quick ROI from efficiency projects
- A better informed Local Authority with time and people to prioritise
- Quick pay back period
- Being sustainable and a positive benefit to the environment compared to fossil fuels
UK100 – Developers

Is there anything else central government could do to help you develop low-carbon projects?

- Regulatory and financial support for community projects to help them compete with the private sector
- Ensure the regulatory process favours energy projects in community led built environment where social benefits are highest
- Recognition of the value of efficiency improvements
- Tax relief should increase

- Accelerate and simplify planning processes
Clean Energy Action Partnerships

**FINANCE**

- **CITIES:** EXPRESS INTEREST
- **IDENTIFY POTENTIAL**
- **BUILD PROJECT**
- **EXECUTE ROLL OUT**

**CRACK CENTRAL TEAM**

- **LOCAL AUTHORITY LED PROJECTS**

- **OFFER**
- **ASK**
Clean Energy Action Partnerships

**OFGEM** • Grid capacity
**HNDU** • District Heating
**HCA** • Domestic retrofit
**SALIX** • Building retrofit
**Research programmes**
**OLEV** • Electric vehicles
**National Productivity Investment Fund** • £23bn

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**CRACK CENTRAL TEAM + REGIONAL OUTREACH**

**Expertise**
- Development
- Commercial
- Financing
- Energy networks
- Technical
- Regulation

**Role**
- Critical friend support
- Manage funding support
- Liaison with financing community
- Remove centrally driven barriers (e.g. regulatory changes)
- Policy development from experience

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**LOCAL AUTHORITY LED PROJECTS**

Integrated Projects that can be scaled for national impact | Credible plan for gaining public consent & support | Local delivery team with necessary expertise

**Potential Partners**
- Land developers
- Local Enterprise Partnerships
- DNOs
- House builders
- Industry
- (Systems integrators)
- Academic/research institutions/catapults
- Energy Companies

**Potential Outcomes**
- Local energy resilience
- Robust income streams
- Affordable energy supply
- Local grid rebalancing
- New industries and global exports
- Renewable energy deployment
- City-scale transformation
- Clean transport
- Demand reduction

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**CITIES:**

1. **EXPRESS INTEREST**
   Expression of interest from cities (EoIs)

2. **IDENTIFY POTENTIAL**
   EoIs selected that offer the greatest potential to accelerate Clean transition

3. **BUILD PROJECT**
   Clean Energy Action Cities supported by a crack team of experts develop and deliver integrated projects

4. **EXECUTE ROLL OUT**
   National roll out: successful approaches are applied at the national scale & supported into applicable export markets