Investing in Local Energy Survey: Midlands

October 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 – Who is here?

▪ Local Authorities
▪ Investors
▪ BEIS
▪ LEPs

▪ Developers
▪ Technical consultants
▪ Researchers
▪ Local Energy Hubs
▪ Community energy
“Low carbon projects are a priority for our authority/LEP”
What is the investment potential of your pipeline of low carbon projects over the next 5 years?
UK100 – Local Authorities

At what stage are the majority of these projects? Choose the one which makes up the majority.

96% at conceptual or feasibility stage
“We are aware of the different low carbon opportunities there are (transport, heat storage, renewables)”
UK100 – Local Authorities

“We have worked with developers and third party funders on low carbon projects in the past.”
UK100 – Local Authorities

Priorities for assessing low-carbon projects

- 74% Return on investment
- 61% Satisfying broader political goals
- 52% Potential for income generation
What challenges do you face when trying to develop projects?

- 60% Concerned about value will flow out of local economy
- 58% Low carbon is not a priority
- 54% Investment decisions tend to be made on political grounds
- 46% We don’t have any real expertise in-house
- 42% Too many government departments
What kind of central government support would help you to develop projects?

- 83.34% Development capital
- 67% Support in developing a business case
- 63% A single gateway to all support
- 63% ‘Critical Friend’ advice
- 59% Financial support for construction costs
- 37.5% A more proactive regulator
UK100 – Investors

“Investors will always expect a degree of risk, whether its low/medium or high. Focus is needed on how to mitigate that risk.

Long term cash-flows with bench marking examples goes a long way to make investments attractive.”

“Deal size is too small”

“Projects are mostly conceptual or poorly formed.”

“Inexperienced in dealing with project investment appraisal”

“Projects are at conceptual phase and/or similar projects have failed before.”
UK100 – Investors

- Advice on public sector procurement models that support innovation
- A single gateway to understand and apply for all support
- A more proactive district network operator
- Financial support for the construction cost of projects
Clean Energy Action Partnerships

FINANCE

CITIES:
EXPRESS INTEREST
IDENTIFY POTENTIAL
BUILD PROJECT
EXECUTE ROLL OUT

CRACK CENTRAL TEAM

LOCAL AUTHORITY LED PROJECTS

ASK

OFFER
Clean Energy Action Partnerships

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**

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/catalysts
  - 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

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

ASK

- Technical & Commercial Support
- Access to finance

OFFER

- Integrated projects
- Scaleable Replicable Delivery
- Feedback

Technical & Commercial Support