

Enterprise M3 Programme Management Group

15th October 2020

Clean Growth Pilot Programme – Item 6e

PMG is requested to:

AGREE the allocation of £33,244 for the PowerQuad Battery Storage trial at BASE Bordon project

AGREE the allocation of £119,748 for the Winchester City Council Marwell Project

These projects are to be part funded by Getting Building Fund (GBF) and Local Growth Fund (LGF).

1. Background

- 1.1. In June 2020 LEPs were asked by Government to submit an application to the Getting Building Fund. LEPs were required to identify shovel ready projects that would help kickstart the economy following the COVID19 pandemic.
- 1.2. Enterprise M3 LEP was awarded an allocation of £13.3m. As part of this was a £200,000 allocation for a Clean Growth Pilot Programme. This £200,000 is comprised of £65,000 from Getting Building Fund and £135,000 from Local Growth Fund (LGF). This funding comes with a carbon reduction output target which is 48 tCO₂ pa.
- 1.3. The Clean Growth Programme objectives are to invest in renewable energy generation on public buildings, and innovative decarbonisation of transport and buildings. It is an investment of £200,000 into a pilot scheme for renewable energy and low carbon initiatives in the Enterprise M3 area that will start a Green Recovery. Proposals include renewable energy generation on public buildings, energy efficiency and innovation to support decarbonisation of transport and buildings.
- 1.4. The aim of this Fund is to trial a relatively small amount of funding on Clean Growth projects. Since the LEP's focus on Clean Growth within the Strategic Economic Plan and emerging Local Industrial Strategy, the LEP has become aware of an increasing number of potential projects. This Pilot Programme is an opportunity to trial some of these ideas and to test the demand from partners for the LEP to run a potentially larger scheme with future capital funds.

2. Process

- 2.1. Due to the relatively small sum of funding available and the condition that the funding had to be spent quickly, it was decided the best approach was to invite those who had submitted relevant project proposals to us as a result of the June 2020 call for projects to provide us with further detail on their projects.
- 2.2. This was to ensure that we could progress projects swiftly to ensure that government's criteria around 'shovel ready' was met. We have also been keen through this process that we did not raise expectations by launching a Fund with a relatively small budget. However, this Fund is deliberately positioned as a Pilot with the intention that as further funding becomes available a larger Fund will be developed and subject to an open call.

- 2.3. Six organisations were invited to apply for the specified projects. Two organisations had several projects, and they were asked to prioritise given the level of funding available.

3. Project Assessment

- 3.1. Six applications were received from five organisations. Total project value was £745,901 with total grant request of £449,152 and match funding of £296,750 with projected 250 tCO₂ savings per annum.
- 3.2. The applications were reviewed independently by two members of the EM3 LEP team. They then convened to agree joint scores for each project. This joint assessment was then moderated by another member of the LEP team. 2.3 PMG was held on the 10th September 2020 to consider the projects submitted and to agree delegated authority where appropriate.
- 3.3. Of the six projects submitted, two were considered as “innovation based” projects. These are primarily smart heating type projects which have the potential to be replicated and scaled up. The other four were considered as “renewable energy installation projects”. These projects involve the installation of existing technologies, such as solar PV, to generate energy to reduce a building’s carbon emissions.
- 3.4. PMG agreed to increase the original budget of £200,000 to have the financial capacity to fund all the projects through LGF. However, this increase in budget was subject to the four renewable energy installation projects providing 50% match funding.
- 3.5. PMG agreed to delegate authority to the Chief Executive of Enterprise M3 to approve any the four renewable energy installation projects up to a maximum request of £100,000 from Enterprise M3 subject to the applicants increasing their match funding to 50%.
- 3.6. The Heat Enabled Virtual Power Plant has proceeded to contract and discussions are ongoing with the applicant. We are hopeful this will be signed imminently. The Spelthorne Borough Council Solar Depot Project and the Winchester City Council Solar Depot project both agreed to the increased match funding request. Both projects have been approved by delegated authority and are proceeding to contract. The Waverley Borough Council Sports Pavilion project have indicated in principle they can meet the increase match funding request and discussions are ongoing.
- 3.7. In line with PMG, this paper brings back two projects requiring a PMG decision, the Winchester City Council Marwell project due to the GBF request exceeding £100,000 and the PowerQuad application.

4. Options for Decision and Consideration

- 4.1. We wish to seek the following from PMG:
- Approval to fund the Winchester City Council Marwell Project
 - Approval for the PowerQuad Battery Storage trial at BASE Bordon project
- 4.2. The PowerQuad Project pilot and demonstrator project which will develop and the software and install PowerQuad’s current battery storage product in part of BASE Bordon. The original total project cost is £41,032.56 and they were seeking 100% funding. The anticipated carbon saving is 0.45 tCO₂ pa.
- 4.3. Whilst PMG liked the innovative nature of this project, the lack of any match funding was questioned. Match funding was not a pre-requisite of the Fund, but applications with match were encouraged. It was agreed that discussions should be held with PowerQuad to agree a level of match funding and that the Chief Executive be given delegated authority to agree the funding subject to a satisfactory level of match funding being identified.

- 4.4. Discussions with the applicant have resulted in a revised budget. The total project value is now £40,880 with the applicant requesting £33,244 providing £7,636 representing 19% match funding. PowerQuad went through the budget line by line and have identified the maximum levels of match they were able to provide. We think this is a good project which will help you reinforce the importance of the LEP's commitment to supporting Clean Growth innovation. The LEP Chief Executive is supportive of proceeding with a lower match but It is coming back to PMG to test whether PMG regard this as a satisfactory level of match funding.
- 4.5. This is all in kind, time-based match. Extensive dialogue with the applicant including investigating possible cash match from BASE Bordon has not been successful. Given the size of the company and cash available, they are not comfortable allocating cash match to the project at the current time.
- 4.6. The applicant has carried out further market research to prove the scalability and commercialisation of the product and have had positive dialogue with agents Cushman and Wakefield.
- 4.7. The Winchester City Council Marwell project is a low carbon heating project. They will remove the oil-fired boiler and wet central heating system which currently heats the Giraffe House and to replace them with renewable heat in the form of an air source heat pump in addition to 23.5kWp of triangular solar photovoltaic panels on the Wild Explorers roof. The intention is to install 90 kWp of standard solar photovoltaic panels.
- 4.8. Whilst these panels are not on a public building as per section 1.3, this is a partnership between Marwell and the solar panels will be procured by the Council and owned by the Council.
- 4.9. There are two elements to the project, the heating of Giraffe House and the Solar PV on the Wild Explorers Roof. Whilst the solar element could proceed independently through Winchester City Council funding, they have expanded the project and are applying for the GBF grant to cover the low carbon heating (air source heat pump) element.
- 4.10. The original total project cost was £238,425 and they were seeking £144,675 from GBF.
- 4.11. Following discussions with the applicant they have managed to reduce the total project cost to £237,180. This has been partly due to engaging with Portsmouth City Council to manage and procure the solar panels. They are seeking £119,748.
- 4.12. They are providing £117,432 match funding representing 50% match funding, meeting the PMG request.

4.13. This match is made up of:

Winchester City Council Capital match	£110,490
Winchester City Council Revenue match	£2,942
Marwell Staff time	£4,000
Total Match	£117,432

4.14. As the funding request exceeds £100,000 it has come back to PMG for approval to progress to contract stage.

5. Conclusion and Recommendations

5.1. These projects have positively responded to the requests made to them and have worked at pace to meet deadlines. PMG is asked to consider approval of both projects to be part funded by GBF and LGF.

Jennie Pell
Sector Specialist – Clean Growth
8 October 2020