

CABINET

Innovate UK Funding Bid: 2.5MW Battery Project Individual Cabinet Member Decision

Report of Director for Communities and The Environment

PURPOSE OF REPORT				
To seek approval for the council to act as Accountable Body for a Stage 1 funding bid to Innovate Funding Service: Net Zero Living: Pioneer Places.				
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input checked="" type="checkbox"/>	Referral from Cabinet Member
Date of notice of forthcoming key decision				
This report is public				

RECOMMENDATIONS OF Councillor Tim Hamilton-Cox

- (1) That cabinet agree for the council to take on the role of 'Accountable Body' for a bid to the Innovate Funding Service for up to £75,000 to fund the non-technical barriers associated with a 2.5MW trackside battery project in Morecambe.

1.0 Introduction

- 1.1 For 18 months, a variety of officers in the city council have been working with a consortium, which includes Lancashire County Council, to develop a project that may help overcome local grid constraints in Morecambe and support a transition towards decarbonised heat and transportation
- 1.2 £44,000 has already been awarded to Eden North from the Net Zero North West Hub to undertake some feasibility work to review the technical details around the solution that has been put forward.
- 1.3 Grant funding is available through the Net Zero Living: Pioneer Places competition that opens on 29th November 2022. This a two-stage competition, with stage one offering up to £75,000 to explore the non-technical barriers associated with the proposed solution.
- 1.4 The funding bid provides the council with an opportunity to develop a concept, that has the potential to deliver for Morecambe, but also could be replicated and scaled in other areas

- 1.5 The proposal includes a Smart Local Energy System (SLES) that brings electricity storage, together with an innovative approach to local electricity service integration, working alongside the existing grid infrastructure.
- 1.6 The SLES has the potential to integrate local renewable energy generation schemes and enable electrification of energy intensive services, such as heating and transport.
- 1.7 The SLES would bring together several innovative platforms by making use of a 2.5MW grid-scale battery together with software that could be capable of providing a variety of electricity services. This could include:
- Optimisation of import and export to and from the grid at wholesale prices
 - Supporting an electric train service from Leeds to Morecambe via Lancaster.
 - Enabling a community electric vehicle charging hub that reduces the demand on the grid
 - Enabling a low-carbon heat cluster for larger heat loads within Morecambe that could overload the capacity of the local grid
 - Enabling efficient integration of local renewable energy schemes to support wider decarbonisation.
- 1.8 The consortium has asked the City Council if it could lead on the project and act as Accountable Body, partnering with Eden North and utilising other partners as sub-contractors
- 1.9 The funding opportunity has only recently been identified and has a closing date of 29th November 2022. There is therefore some urgency to make an application before the closing date.
- 1.10 The value of the match funding is expected to be in the region of 20% and be provided by the consortia as labour hours and overheads.
- 1.11 The council would not be required to provide financial match funding however would need to commit approximately 3 hours per week for a period of three months to support the Stage 1 project.

2.0 **Proposal Details**

- 2.1 That the City Council agrees to act as Accountable Body for the Stage 1 funding bid

3.0 **Details of Consultation**

- 3.1 Consultation has taken place within the consortia. Partners and supporters include: Eden North, Lancashire County Council, NW NZ Hub, ENWL, Vivarail, Othello, Buro Happold.

4.0 Options and Options Analysis (including risk assessment)

	Option 1: Agree to act as Accountable Body	Option 2: Decline to act as Accountable Body
Advantages	Council acts as lead body and as such can help strategically lead / influence the project	Minimises resource requirement
Disadvantages	Officer resource required to submit the bid and support the wider project, although will largely be met by the consortia	Reduces the council's strategic input in shaping the project
Risks	None known at this stage	As above

5.0 Officer Preferred Option (and comments)

5.1 Option 1: Act as Accountable Body for the Stage 1 Funding opportunity

6.0 Conclusion

The Climate Emergency Project team only recently became aware of the consortia, and it's aims and goals which mirror the city council's climate emergency ambitions for district decarbonisation.

The Stage 1 funding opportunity appears to have no risk to the council. Should the Stage 1 funding be granted, and the solutions be found, the project could be eligible for up to £8m of funding from Innovate UK to deliver the solution.

The council may have an opportunity to then lead the project and shape it in a way to be impactful and provide best value for the local area.

RELATIONSHIP TO POLICY FRAMEWORK

The project links to the following priorities and cross-cutting themes:

- Net zero carbon by 2030 while supporting other individuals, businesses, and organisations across the district to reach the same goal.
- Increasing the amount of sustainable energy produced in the district and decreasing the district's energy use.

CONCLUSION OF IMPACT ASSESSMENT

(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)

Climate – As set out in the report

LEGAL IMPLICATIONS

s1 Localism Act 2011 gives the Council a general power of competence, the Council therefore has the power to receive grant funding and enter into a grant agreement should the bid be successful. Legal Services will be able to advise upon the terms and conditions of any grant agreement if required.

FINANCIAL IMPLICATIONS

By agreeing to act as accountable body for the funding bid the council is committing internal resources as outlined in paragraph 1.11. Other than this there is no requirement for financial match funding for the council. The Climate Emergency Project team have confirmed that the resource requirement can be managed within existing capacity and budgets.

Should the bid be successful funding will be given directly by the funding body to the partners in the consortium to deliver their packages of work.

OTHER RESOURCE IMPLICATIONS

The feasibility study into the non-technical barriers will be commissioned and developed by the consortia, with support from the Climate Emergency team.

SECTION 151 OFFICER'S COMMENTS

Whist the s151 Officer is happy to support this proposal at this stage, should the Council be successful and progress, a greater understanding of the risks and obligations and how these will be addressed and managed will be required ahead of any additional approval, or support.

MONITORING OFFICER'S COMMENTS

Where a proposal involves the Council acting as the "accountable body" for a partnership or joint venture (often, but not always, involving external funding), the approval lies with Cabinet, with referral on to Full Council if outside of the Budget and Policy Framework.

BACKGROUND PAPERS**Contact Officer:**

Elliott Grimshaw

Telephone: 01524 582833**E-mail:** egrimshaw@lancaster.gov.uk