

REPORT TO: POLICY AND RESOURCES COMMITTEE ON 1 SEPTEMBER 2015

SUBJECT: ANNUAL REPORT ON ENERGY STRATEGY/ACTIONS

BY: CORPORATE DIRECTOR (ECONOMIC DEVELOPMENT, PLANNING AND INFRASTRUCTURE)

1. REASON FOR REPORT

1.1 This report presents the Annual Energy Report for 2014/15 and advises Committee on actions to minimise the Council's energy consumption, as well as progress and developments on a number of energy issues.

1.2 This report is submitted to Committee in terms of Section III (A) (39) of the Council's Administrative Scheme relating to ensuring that the organisation, administrative and management processes of the Council are designed to make the most effective contribution to achieving the Council's objectives.

2. RECOMMENDATION

2.1 It is recommended that Committee:-

- i) considers and notes the terms of the 2014/15 Annual Report;**
- ii) notes the Council's energy consumption in non-domestic operational properties decreased by 4.4% and its energy bill by 3.9%, in 2014/15; and**
- iii) approves the updated Energy Policy and Strategy for Non Domestic Operational Properties, attached as APPENDIX II.**

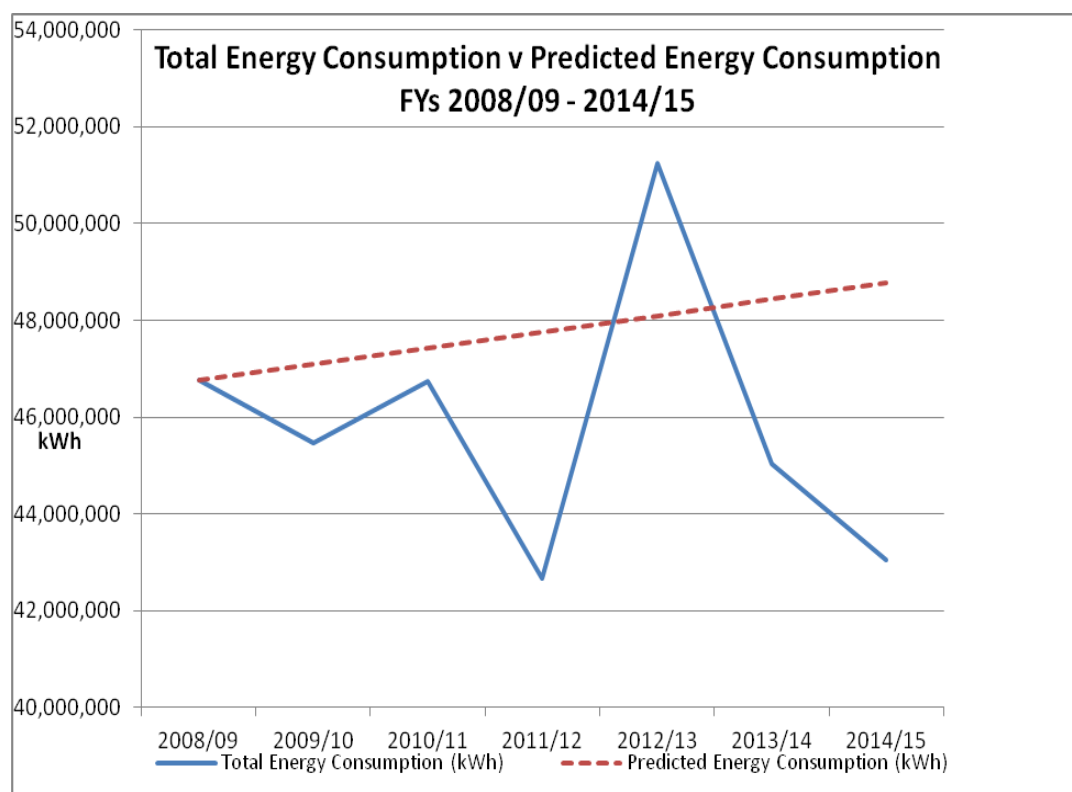
3. BACKGROUND

3.1 Reducing energy consumption in the Council's non-domestic operational properties by 2% per annum is the main objective of the Council's Energy Policy and the Council's Carbon Management Programme. The 9th Annual Energy Report, which relates to 2014/15, is attached to this report as **APPENDIX I**, with the main issues summarised below.

4. **PERFORMANCE**

Energy Consumption

- 4.1 The Council's energy consumption for 2014/15 was 43,042,505kWh compared with consumption of 45,040,545kWh for 2013/14. This is a 1,998,040kWh (4.4%) decrease on the previous years' consumption, compared to the target of an annual 2% reduction as set out in the Council's Energy Policy and Strategy.
- 4.2 The graph below shows the Council's total energy consumption for the last 7 years, compared to predicted increases based on Department of Energy and Climate Change advice.



5. **ENERGY SAVING MEASURES**

5.1 Carbon Reduction Commitment Energy Efficiency Scheme

Phase 2 of the Carbon Reduction Commitment Energy Efficiency Scheme (CRC) began on 1 April 2014. This encompasses more of the Council's carbon emissions than previously accounted for and annual increases in the charge per tonne of Carbon Dioxide (CO₂). The main charge in 2014/15 was £16.00 per tonne and will increase to £16.50 per tonne in 2015/16. Further increases are expected in subsequent years.

Energy Policy and Strategy

- 5.2 Some minor amendments to the Council's Energy Policy and Strategy are proposed, as marked on the draft revised document set out in **APPENDIX II**.

- 5.3 A Corporate Heating Strategy containing guidelines on the use and responsibilities for heating at Council buildings was agreed by this Committee at its meeting on 9 September 2014 (paragraph 4 of the Minute refers). The Energy Team has been actively monitoring heating use and consumption and investigating any inconsistencies and discrepancies with the Heating Policy.

5.4 Building Energy Management System (BEMS)

In 2014/15 the Energy Team, working with ICT managed to resolve connectivity issues at a number of properties. This allowed the Energy Team to monitor temperatures in buildings and adjust heating settings accordingly.

The remaining 5 stand alone BEMS are programmed to be connected to the Energy Team in HQ during 2015/16.

5.5 Energy Awareness

Various energy awareness briefings and training sessions were carried out in 2014/15 and more are scheduled for 2015/16. As agreed by this Committee at its meeting on 10 June 2014 (paragraph 7 of Minute refers) CIFAL Scotland has been assisting the Council in raising corporate energy awareness.

Energy Audits

- 5.6 In 2014/15 the Energy Team carried out audits at 10 properties, including 6 Primary Schools. This has resulted in a number of energy saving measures being implemented and potential energy saving projects being identified. A further 3 audits were carried out by the consultants detailed in paragraph 5.8 below.

Projects

- 5.7 Projects carried out in 2014/15 and potential future energy saving projects is set out in **APPENDIX III**.

External Consultants

- 5.8 At its meeting on 10 June 2014 the Policy and Resources Committee (paragraph 7 of the Minute refers) authorised the appointment of external advisers to develop innovative solutions for carbon and energy reduction in Moray, following a recommendation by the Communities and Sustainability Partnership. The Consultant's findings on energy matters largely align with initiatives and actions already being addressed by the Council, in accordance with the Council's Energy Policy and Strategy.
- 5.9 A detailed report on the Consultant's findings on carbon and energy matters will be presented to a future meeting of this Committee following consideration by the Communities and Sustainability Partnership.

6. **SUMMARY OF IMPLICATIONS**

(a) Moray 2023: A Plan for the Future/Service Plan

This report includes details of measures being taken to help to achieve the energy efficiency objectives of the Community Planning Partnership's Moray 2023 "A Plan for the Future".

(b) Policy and Legal

The Council's energy and carbon actions are consistent with a number of national and Scottish Government initiatives including Scotland's Climate Change Programme, the Climate Change (Scotland) Act 2009, the Local Authority Carbon Management Programme, the Carbon Reduction Commitment Energy Efficiency Scheme, achieving sustainable development through Best Value and the Local Government Act 2003.

(c) Financial/Risks Implications

In 2014/15 the Councils' energy bill for non domestic properties was £2,690,121– a decrease of £108,773 (3.9%) compared to 2013/14.

The above figures do not include CRC costs (for emissions) which increased from £135,792 in 2013/14 to £239,133 in 2014/15. Although "like for like" emissions decreased, the large increase in CRC costs reflects the unit cost of CRC allowances increasing from £12.00 per tonne CO₂ to £16.00 per tonne CO₂, as well as the inclusion of street lighting in the Scheme. The Council saved approximately £12,000 in 2014/15 by the early purchase of allowances.

The unit charge has increased to £16.50 per tonne CO₂ in 2015/16 and is set to continue to rise in future years.

Unit charges for electricity consumption accounted for 54%, whilst the indirect charges (a mixture of fixed charges and others relating to transmission, metering etc) accounted for approximately 46% of the Council's overall electricity costs. Unit charges for gas consumption accounted for 79%, whilst the indirect charges accounted for approximately 21% of the Council's overall gas costs.

Indirect charges are predicted to continue to increase in future years, as energy consumers rather than taxpayers, meet the costs of moving to a low carbon society, as well as infrastructure improvements. Allied to anticipated increases in consumption charges (per kWh) overall energy costs are set to rise in coming years.

The Central Energy Efficiency Fund (CEEF) currently stands at approximately £168,345. This scheme will cease to operate from 31 March 2016 and officers are presently considering proposals for the future funding of energy projects.

£15,000 has been allocated in the Council's 2015/16 capital plan specifically for energy saving projects.

(d) Staffing Implications

The current Energy Officer has indicated that he intends to retire in early 2016 and it would be intended to try and recruit a suitable replacement.

(e) Property

The property implications are as set out in this report.

(f) Equalities

There are no equalities implications.

(g) Consultations

The Head of Housing and Property, the Head of Financial Services, the Head of Development Services, the Design Manager, The Legal Services Manager (Property and Contracts) and Lissa Rowan, Committee Services Officer have been consulted and any comments incorporated in this report as appropriate.

7. CONCLUSION

7.1 The Council's energy consumption and costs fell by 4.4% and £108,773 (3.9%) respectively in 2014/15.

7.2 There is still potential for further significant reductions in energy consumption through a programme of energy projects, property rationalisation, use of Building Energy Management Systems and staff awareness/behaviour changes. These are necessary to minimise the Council's carbon emissions, energy costs and the associated impact of the Carbon Reduction Commitment Energy Efficiency Scheme.

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Background Papers: As referred to in this report.

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