

Making Local Authority Net Zero Ambition a Reality

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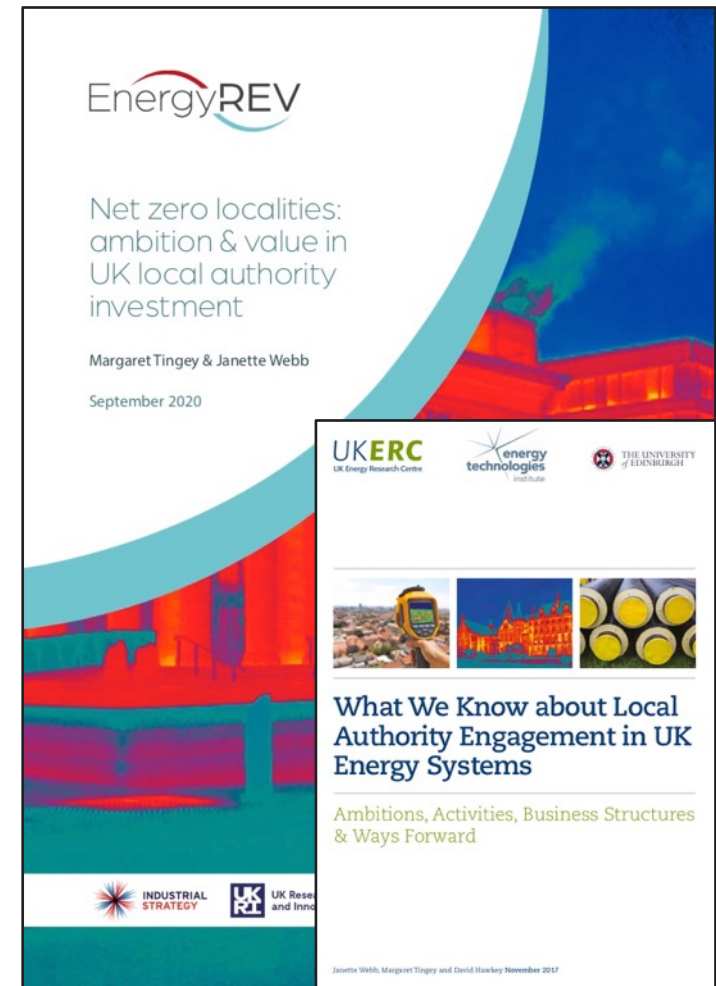
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The Report

- Climate Emergencies
 - UK Net Zero Target
 - Net zero carbon localities
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- Report: <https://tinyurl.com/yxgfd9tm>
 - Blog: <https://tinyurl.com/yxhsusq7>
 - Infographic: <https://tinyurl.com/y6lkduht>



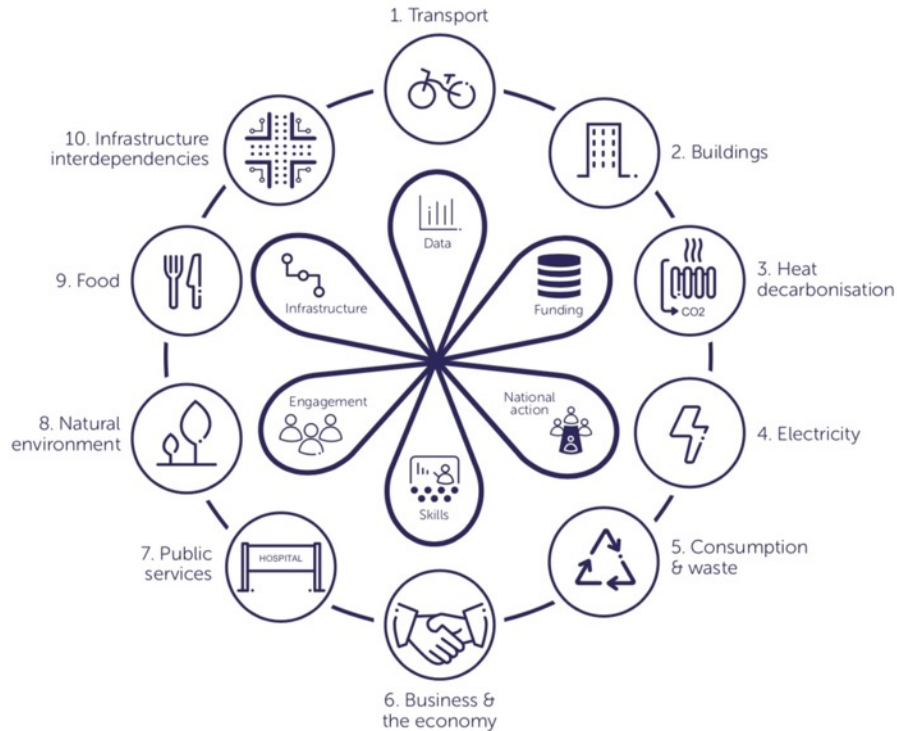
Net Zero Carbon - Local & Regional Ambition



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- Majority of UK local authorities declared Climate Emergencies
- And have energy plans **aiming** for 100% clean energy
 - sometimes integrating local heat, power, transport and storage, & reducing overall energy demand
- BUT new powers, resources & technical capacities needed

Image: Bristol City Council

Making LA Net Zero ambition a reality

1. A policy mandate for net zero carbon localities
2. Institutionalise local net zero carbon planning & implementation through statutory powers and devolved resources
3. Invest directly in local authority net zero teams
4. Evaluate *all* local & regional public expenditure using net zero principles
5. Use Covid-19 recovery strategies to drive investment in net zero carbon localities

Net zero localities: ambition & value in UK local authority investment

Scaling up local energy through investing in technical capacity

Improved local capacity is essential to realising net zero carbon localities and regions. Technical assistance brings forward investments as well as improving the quality of projects.

£408 million
Technical assistance funding to every UK local authority

£8.16 billion
Net zero investment based on 1:20 ratio

£15.1 billion
Net zero investment based on 1:37 ratio

Extending and accelerating heat network development

£5.6 billion
Developing one average heat network in every local authority, UK wide

Potential to raise finance from Community Municipal Bonds for local net zero programmes

£2.4 billion
UK-wide potential to raise finance from Community Municipal Bonds at 0.1% demand

Investment into local energy systems

£859 million

Low carbon investment delivered at local scale

£23 million

Eliona grant aid to fund people, skills & expertise

Edinburgh's emissions reduction potential

2030 carbon emission reduction compared to 2019 levels

Annual financial savings

Cost as proportion of 2019 city energy bill

Cost from 2019-2030

55%

£553 million

0.8%

£3.976 billion

Cost Effective (CE)

68%

£597 million

0.9%

£8.135 billion

Technical-Potential (TP)

Potential of Local Energy Hubs project pipeline

£1.8 billion

Further pipeline which could be supported with additional resources

£850 million

Current Local Energy Hubs pipeline

500 projects

180 projects

Sources: BEIS (2020a), Eddington (2019), EIB (2019, 2020a, 2020b), HMRC (2019), Local Energy Hubs (2020), Williamson et al (2019, 2020).

1. Why a policy mandate for net zero carbon localities?



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- Current local action
 - Piecemeal, incremental, small scale
 - High transaction costs
 - Higher cost of capital
- UK centralised control over local governance
- Uncertainty
 - Brexit
 - Covid-19
- Transport, business & residential sectors = significant local dimensions
- UK Treasury Net Zero Review

Missing the opportunity for locally integrated, energy efficient, buildings, heat, transport & storage systems

2. Local net zero carbon powers & resources



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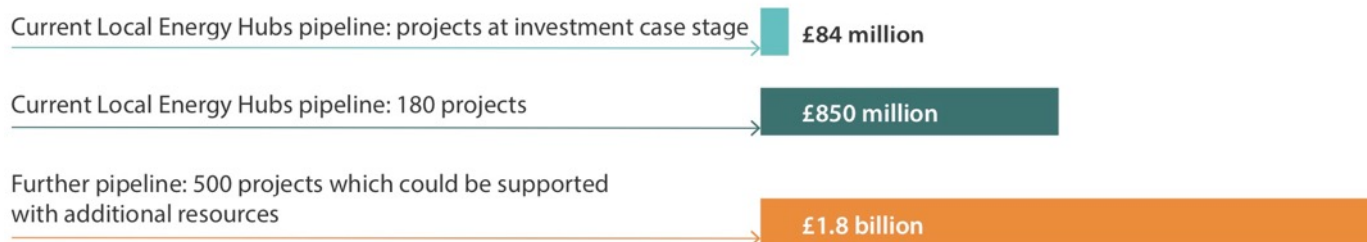
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- Energy is discretionary
- Shrinking budgets & upward pressure on local services
- Skilled staff redeployed or lost jobs
- Shared learning from
 - Local Heat and Energy Efficiency Strategies, Scotland
 - Local Energy Hubs, England

Renewal of local & regional government capacities to manage organisational change & innovation for net zero

Figure 6: Realising the full potential of the Local Energy Hubs project pipeline.

Source: Data were provided by the Local Energy Hubs.



3. Invest in local authority skills & expertise



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Investment into local energy systems

€859 million

Low carbon investment
delivered at local scale

€23 million

Elena grant aid to fund
people, skills & expertise



Figure 4: Scaling up local energy through investing in technical capacity within local authorities.

Sources: The ratios used here replicate the targets set by EIB for the sustainable energy category (1:20) and actual delivered investment ratio of the local Elena programmes (1:37) (EIB, 2019).

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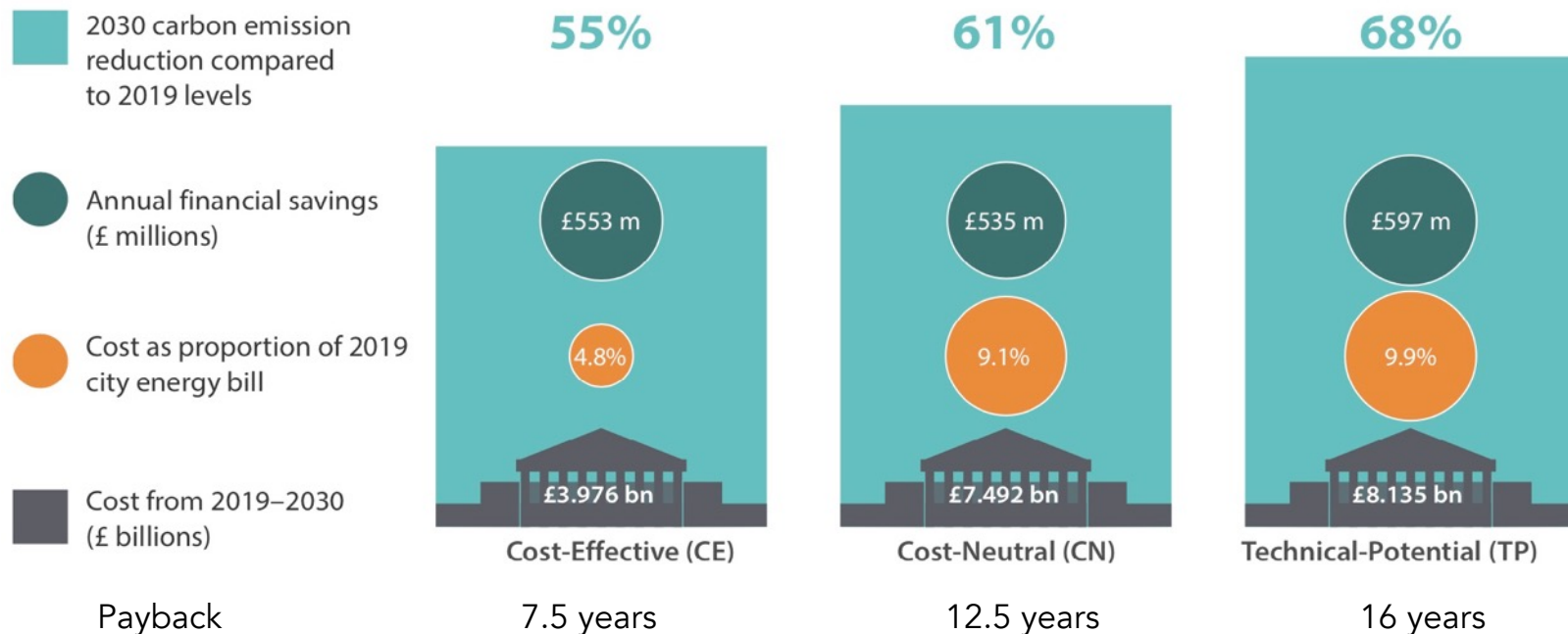
Why? Accessing untapped local & regional potential



**PLACE-BASED
CLIMATE ACTION
NETWORK**

Figure 1: Edinburgh's emissions reduction potential from investing in local energy.

Source: Williamson et al. (2019, 2020). Notes: Emissions include Scope 1 and Scope 2.



Why? Accessing potential from heat network development



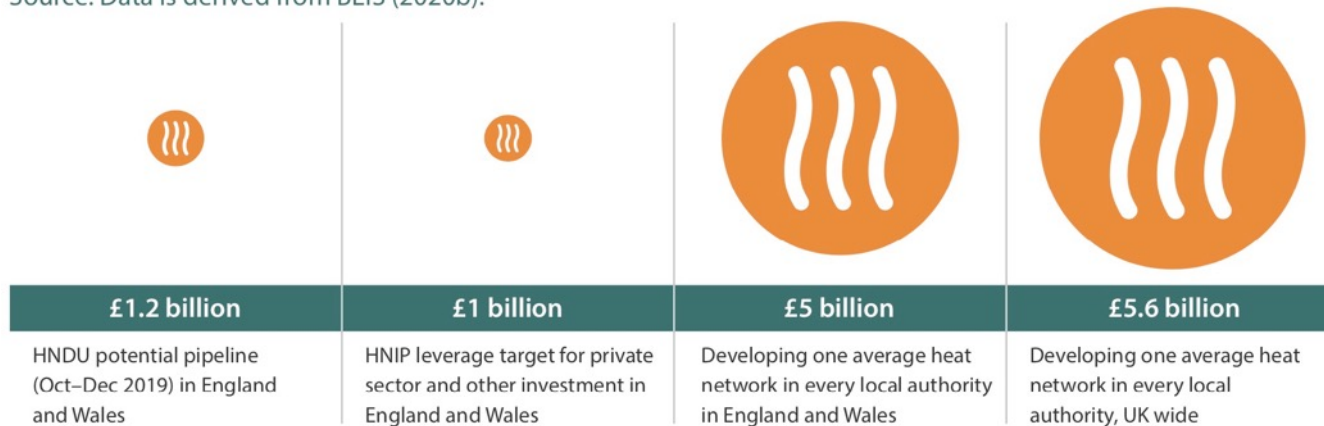
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Figure 2: Decarbonising heat through rolling out heat network development.

Source: Data is derived from BEIS (2020b).



- HNDU pipeline £745m capex (BEIS 2020b)
- Average (mean) capex £13.8m ~12km network with 2MW CHP capacity
- Current E&W pipeline only 24% of potential capex using conservative assumptions
- 50% more heat demand served (societal case) (Bush et al 2019)

4. Using public expenditure for net zero



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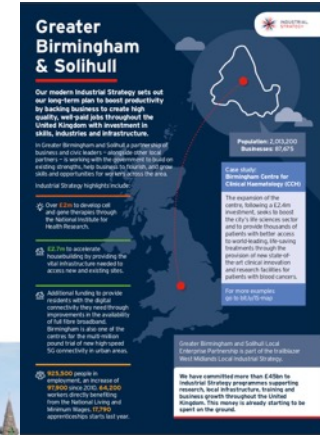


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- LA expenditure on roads, housing, schools, public buildings & street lighting
 - English LA capex £25.4 billion (2017-18)
 - Procurement £61.6 billion (2016-2017)
- Route map for net zero public investment
- Apply net zero principles to all local development planning
- Procurement
 - whole life-cost basis
 - new guidance on tender specifications & evaluation metrics
 - professional training
- Reduce carbon footprint of supply chains
- Updated UK Treasury Green Book guidance

Ministry of Housing,
Communities &
Local Government

Towns Fund
Prospectus



5. Use Covid-19 recovery strategies to drive investment in net zero carbon localities



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- Concerted focus on investment in low carbon sectors
 - inward investment, jobs, skills, supply chains, improved housing & just transition benefits
- Customising UK Guarantees Scheme for local scale net zero investment
- Co-investing in local funds
 - £500 million Mayor of London's Energy Efficiency Fund
- Using lessons from pilot Community Municipal Investments
 - making investments eligible under Innovative Finance ISAs
- Supporting local investment pipelines with long-term low-cost loans
- Bundling projects into programmes enables financially attractive schemes to cross-subsidise less attractive ones such as building retrofit

Making LA Net Zero ambition a reality needs 'new rules'

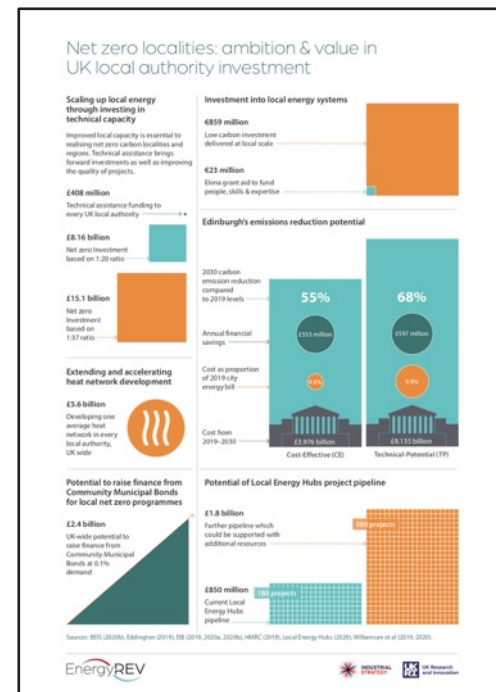


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Thank you



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Report: https://www.energyrev.org.uk/media/1440/energyrev_net-zero-localities_202009.pdf

Blog: <https://ukerc.ac.uk/news/making-local-authority-energy-ambition-a-reality/>

Infographic: <https://heatandthecity.org.uk/resource/infographic-net-zero-localities-ambition-value-in-uk-local-authority-investment/>



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