

## Case Study

### Bristol City Council (BCC)

#### “Big investments in housing”



#### INTRODUCTION/SUMMARY

The European Local ENergy Assistance fund (ELENA) is a three year programme by the European Investment Bank (EIB) to further energy efficiency and renewable energy on a local scale. Bristol City Council (BCC) has plans to create and own an Energy Services Company (ESCo) using a £2.5 million technical assistance grant from the EIB. The ESCo will aim to develop the installation of sustainable and renewable technology in Bristol’s social housing sector and beyond. BCC will work mainly with local suppliers and installers to improve the energy efficiency of 6,000 homes and place renewable energy technology on 7,000. There will also be district heating in the dense city centre.

It is predicted that this programme will lead to further investments of £70 million into the renewable and sustainable sectors in the area, which will be matched by the EIB. Over a long term period, it is thought that from this solid base up to £2 billion might be brought into the city.

#### WHERE IN THE REGION

Bristol

#### DATES WORK CARRIED OUT

Plan submitted to EIB: 5<sup>th</sup> August 2011

Award accepted: 16<sup>th</sup> May 2012

Planned dates for the future: Meet leverage factor by the end of the 3 year programme on 1<sup>st</sup> June 2015

#### KEY MESSAGES:

- Initial investment by the EIB through ELENA, with a plan for this to start a flood of long term city-wide investments of up to £140 million in Bristol
- By the end of the three year ELENA programme, BCC and their potential partners will have to have invested and committed at least £62.5 million – the leverage factor

- Initial viability identified 6,000 council houses will receive energy efficiency measures and 7,000 will receive renewable energy systems for on-site electricity and heat production, mainly solar PV and biomass
- The ESCo would also use other government schemes such as Green Deal to ensure similar improvements could occur on private housing

## **FULL STORY**

### **Background to the project**

BCC has already invested £20 million into sustainability projects. This includes free DIY insulation of homes, solar PV arrays on schools, supporting dozens of green community projects, improved planning policy, increasing the energy efficiency of council buildings and installing biomass boilers in 10 council buildings. To progress with this work, BCC has the aim of retrofitting thousands of council homes with energy efficiency measures such as building fabric insulation and boiler replacement.

### **Understanding the issue**

38 per cent of BCC's carbon dioxide emissions come from its housing sector. This needs to be reduced in order to fulfil BCC's targets of a 40 per cent cut to emissions from a 2005 benchmark by 2020. 17.9 per cent of households in Bristol are in fuel poverty. Taking advantage of government schemes, such as Green Deal, can fund the insulation of social and private homes, reducing fuel costs and taking many homes out of fuel poverty.

### **How does the project work?**

Through the ELENA programme, the EIB has invested a technical assistance grant of £2.5 million for increasing specialist staff resources and consultancy services in order to develop an investment programme and energy services company. Over the three year programme, at least 25 times the grant must be delivered or committed, securing at least £62.5 million of investment in energy efficiency and renewable energy projects. Bristol's ELENA programme will build on past achievements to ensure that Bristol is seen as the centre of renewable and sustainable energy technologies in the south west. The cementing of this reputation will give Bristol the support to be awarded further investments, both to the council and the city itself as companies move into the area. Further investment will be matched by the EIB, allowing for escalating growth of the industry, which will provide many jobs.

### **Quote from an external stakeholder**

*"The launch of the European Local ENergy Assistance programme in Bristol will both improve energy efficiency and ensure supply of low carbon and renewable energy in the city. The broad range of projects planned in Bristol will inspire similar cities in the UK and across Europe to look at ways to accelerate deployment of feasible energy efficiency and renewable energy schemes."*

**Simon Brooks, European Investment Bank Vice President**

### **What will it achieve?**

Bristol's homes currently use 13.5 MWh of gas and 3.8 MWh of electricity per year, resulting in average bills of over £1,000 for each household. An Energy Savings Trust study into retrofitting 1950s semi-detached houses found that this can be reduced by over £650 using insulation, a more efficient boiler and low-energy lighting.

### **What can be learned from this?**

A relatively small sum of money from BCC (£250,000) is being used to procure much larger sums of money that will go into creating a company whose aim, among other things, will be to support and develop investment into up to £140 million of renewable energy and energy efficiency technology. The returns from government schemes such as the FiT, RHI, Green Deal and Energy Company Obligations means that over

time the energy company will become self-sustaining financially, and retrofitting will be possible on many more buildings.

### **Who is involved?**

- BCC
- Social housing residents and landlords
- Private residents and community groups
- University departments (and students), NHS management (and staff), and other Bristol public sector bodies

These stakeholders will either have a passive role, allowing for the installation on their buildings, or an active role, working with BCC to install on their buildings.

Additional stakeholders include:

- DECC through policy and funding
- Energy suppliers
- Chain supply organisations, such as consultants, assessors, installers etc.

### **What's the next step?**

Identify all opportunities and develop costing estimates

Engage stakeholders on models for delivery

Find investments of at least £62.5 million before the end of the three year programme

### **CONCLUSION**

This long-term development will be successful in part because of the creation of a Bristol ESCo, which will be dedicated to the procurement and use of investment into energy efficiency and renewable energy projects. Financially, the ESCo will be a success as creative methods have been investigated, such as using a small amount of BCC capital to generate a larger investment from the EIB, which will potentially result in a long term investment of up to £140 million being secured in the city.

### **How can others get involved?**

BCC will be fully engaging with internal and external stakeholders once the team is in place (via recruitment of additional staff with specialist skills) and the programme has a solid foundation. A Suppliers Open Day for consultancy services for energy efficiency and renewable energy projects is being held on 3<sup>rd</sup> September 2012.

### **EXTRA QUOTATIONS**

*"This major scaling-up of investment in energy efficiency and renewables reinforces Bristol's reputation for green leadership. It doesn't just put Bristol at the forefront of carbon reduction today; it will also make the city for resilient, more competitive and more economically successful in the decades to come."*

**Peter Madden, Chief Executive, Forum for the Future**

*"The development of an energy services company and investment programme for Bristol residents is a major step forward in improving energy security and reducing fuel poverty in the city. We are very supportive of the council's approach to deliver sustainable energy services locally to a high quality and standard, building on local knowledge and experience. This will bring a greater level of economic benefit to local communities and encourage a sense of pride amongst those living and working in the city."*

**Simon Roberts OBE, Chief Executive, Centre for Sustainable Energy**

### **FACTS AND FIGURES**

#### **Financial Figures**

£2.5 million technical assistance grant from the EIB

£62.5 million investment needs to be secured by the end of the 3 year programme  
Potential £140 million investment in Bristol

**Jobs and investment data**

Up to 1,000 jobs created in construction and environmental technologies

**Community investments**

BCC will be fully engaging with community groups once the team is in place and the programme has a solid foundation

**Amount of CO<sub>2</sub> saved**

Three per cent CO<sub>2</sub> emission reduction from Bristol's homes

Projected total energy savings of just over 59,000 MWh per year

Projected total greenhouse gas reduction of just under 38,000 tonnes CO<sub>2</sub> equivalent per year

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