

***RESOURCES Portfolio
Transport & Facilities Management***

***Renewable Energy
Guidance &
Application Form***

July 2013

Revision 0



Renewable Energy Guidance and Application Form

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1 Purpose

- 1.1 This guidance note and application form has been designed to protect Sheffield City Council (SCC) and Governing Bodies interests and sets out Transport & Facilities Management (T&FM) policy towards offers by third parties to install their own renewable electricity generation equipment “free of charge” on Sheffield City Council (SCC) schools.

2 Scope

- 2.1 This guidance applies in principle to any renewable electricity generation technology, where the equipment is not owned by the hosting organisation i.e. the School or SCC. The specific focus is on solar photovoltaic (PV) installations, but it could also apply in principle to wind power or any other renewable generation technology.
- 2.2 The guidance is intended primarily for buildings owned by or leased from SCC. For these buildings, this document represents a statement of T&FM policy.
- 2.3 Academies, which have long leasehold interests in their buildings, should contact NCC for guidance in case any specific restrictions apply. If there are no such restrictions, they will be treated as owning their own buildings for the purposes of this guidance (see next paragraph).
- 2.4 Schools that own their own buildings, such as foundation schools and church schools, may make their own decision about any specific offer. It is recommended that they nevertheless consider the guidance in this document, in particular Appendix B.

3 Background

- 3.1 On-site renewable electricity generation is attractive to schools and other building operators because it offers:
- a) an alternative to grid electricity;
 - b) a way of contributing to reduced carbon emissions;
 - c) a tool for engaging students’ interest in sustainability and energy;
 - d) the prospect of income in the form of the government’s Feed-In Tariff.
- 3.2 The Feed-In Tariff was introduced by government to support renewable electricity generation. It consists of two parts: the **generation tariff** (between 30.7 and 43.3 p/kWh for solar PV in 2011/12), and the much smaller **export tariff** for feeding electricity into the grid (3.1 p/kWh in 2011/12). These amounts are guaranteed for 25 years, but will decline each year for new entrants. *These rates may change at any time.

- 3.3 Some third parties are offering to install their own equipment on school premises “free of charge”. So far these offers mainly relate to solar PV installations.

4 Guidance

Preferred option

- 4.1 SCC recommends that any renewable energy installations on school sites should be owned by the school and that third-party ownership should be avoided.
- 4.2 The main advantage of owning the installations is that the school retains all the income associated with the installation, including the generation Feed-In Tariff and export Feed-In Tariff, as well as enjoying reduced grid electricity consumption.
- 4.3 In addition, this approach avoids having to lease or licence the use of school premises, or parts of them, to third parties (see below).

Third party ownership

- 4.4 Third parties (i.e. companies, banks or other forms of investor) may offer to install their own panels on a school’s roof. This means that they provide the capital and management of the project. To do this, the third party will usually require consent to use the roof for a significant period into the future, typically 25 years.
- 4.5 As owner of the panels, the third party will typically retain most or all of the Feed-In Tariff.
- 4.6 The school will benefit from the “free” electricity generated. In some schemes they may receive part of the Feed-In Tariff.
- 4.7 For most schools, SCC is the landlord and would therefore have to give consent to proceed.
- 4.8 Any schools where SCC is **not** the landlord should still consider the risks below.

Risks of third party schemes

- 4.9 Some of the key risks, which need to be considered in relation to any third-party solar generation scheme, are:
- Potential damage to persons or property and consequent liability – in particular, damage to the roof surface or structure;

- Need for adequate maintenance of panels (e.g. cleaning), fixings, cabling, inverter and any other equipment;
- Costs arising from end-of-life removal and making good of roof;
- Potential impact on ability to alter, repair, sell or demolish building;
- Potential impact on any warranties held;
- Terms of any lease/ licence, i.e. what rights are granted to the panel provider, for how long and what are the costs of any changes?
- Potential that the scheme involves an element of borrowing, in which case the terms and legal position need to be examined carefully.
- Insurance liability for vandalism, storm damage etc.
- Structural strengthening costs to enable siting of the panels

It should be stressed that not all of these risks are necessarily present in any given scheme, but they should all be considered and some are almost inherent in the involvement of a third party.

Conclusion

- 4.10 In general T&FM does not believe that third-party-owned renewable electricity schemes are likely to offer a good balance of risk and benefit for schools or for the council as landlord.
- 4.11 If schools own their own buildings, they should still consider various matters before deciding whether to proceed with third party schemes or their own schemes.

Renewable Energy – Application Form

Organisation Name:	
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Organisation Address:	
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Contact Person:	
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(1) Payment:

Guidance

Who is paying for the panels?

Is this payment in full by the installer? If not, is there any form of implied loan and if so, what are the terms and the AER (Annual Equivalent Rate)?

Borrowing by maintained schools is subject to DfE consent and schools should consult with the Schools Finance team before committing to any such proposal.

Academy borrowing will be restricted under the terms of their funding agreement with DfE and they should approach the DfE for advice on this.

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(2) Ownership:

Guidance

Who owns the panels, supporting structure, cabling, inverter and any other components? Can they assign this ownership and what obligations do they have to notify the School if they have done this?

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(3) Consent

Guidance

What are you consenting to by signing any agreement? For how long?

(4) Who benefits from the free electricity, the Generation Tariff & the Export Tariff?

Guidance

Normally the third party will retain at least the Generation Tariff and possibly the Export Tariff. This means that the school will not benefit from these government incentives.

(5) Liability and Insurance

Guidance

Who is liable for any damage caused to the building, building users, neighbours etc? What insurance do they have in place? Normally the panel owner should accept liability and possess, as a minimum, adequate professional indemnity and public liability insurance.

(6) Planning Permission

Guidance

Who is responsible for applying for planning permission and any associated costs? Schools are advised in all cases to consult with their local planning department.

(7) Electricity Network:

Guidance:

Who is responsible for notifying the electricity provider?

(8) Installation:

Guidance:

Installers must be accredited by the MCS (Microgeneration Certification Scheme). Do they hold this certification please supply a copy.

(9) Maintenance of Installation

Guidance:

Who will provide planned and reactive maintenance for the installation, to what standards and for how long?

(10) Maintenance of Roof

Guidance:

What happens if you need to remove the panels in order to carry out maintenance or alterations to the roof?

(11) Changes to building

Guidance:

What happens if you want to sell or demolish the building before the end of the agreement?

(12) End of life removal

Guidance:

Is there a guarantee that the panels will be removed at the end of their useful life? Panels decrease in efficiency during their lifetime and removal and disposal will be a liability. The incentive on the owner of the panels to deal with 'end of life' issues, especially once Feed-In Tariffs cease after 25 years, may not be high. Schools should therefore take into account the potential long-term costs of panel removal and any related repairs.

Signed

Headteacher:

Date:

Chair of Governors:

Date: