Overview of the Re:fit Programme

Delivering savings in the public sector

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The Re:fit Framework
Introducing Re:fit

Re:fit allows public sector bodies to achieve substantial guaranteed financial benefits through energy efficiency and/or generation

- **a framework of 16 pre-qualified providers** required to adhere to pre-agreed core contract terms
  - fast efficient tendering
  - saves time and resources
  - allows procurement of energy efficiency and generation measures with guaranteed energy savings / performance levels
  - flexible procurement, contract and financing terms

- **expert teams** that provide end to end support in London, England and Wales
  - help to deliver an optimal business case and overall solution
  - support to minimise cost and maximise savings
  - best practice sharing

Jointly owned by Local Partnerships and the Greater London Authority, supported by the Department of Business, Energy and Industrial Strategy, Crown Commercial Service and Welsh Government
Background

National Energy Performance Contracting Framework (RE:FIT) under which energy efficiency and generation measures:

- are contractually bound to achieve at least the set performance criteria stated by the client at the tender stage
- have their performance verified and monitored during the whole term of the contract; and
- are paid for by reference to a contractually agreed level of energy efficiency improvement or other agreed criterion, such as financial savings or energy generation

![Diagram showing energy use and savings over time]
The Framework covers energy efficiency retrofit and local energy generation measures in their broadest sense to enable a wide range of improvements

- energy reduction / energy efficiency measures such as:
  - provision and installation of new equipment
  - optimisation of equipment (including existing equipment)
  - provision of related services
  - maintenance in relation to any of the above
  - (including water related solutions)

- energy generation measures such as:
  - provision and installation of new equipment
  - optimisation of equipment (including existing equipment)
  - provision of related services
  - maintenance in relation to any of the above

- associated works and services (including design) in relation to any of the above

- financing in relation to any/all element(s) of a project
What types of buildings projects can we support?

Re:fit can provide guaranteed water and energy savings plus a number of other potential benefits:

- new and improved equipment installed (failing systems can be prioritised)
- reduction in maintenance backlog
- reduction in maintenance costs
- improved systems, better building knowledge & early issue awareness
- improved environment

Plus the cost of doing nothing is rising!
Coverage of a wide range of energy projects

A very wide range of service and works categories were included within scope to enable delivery or support for energy projects and corporate priorities

Energy generation
- Combined Heat and Power
- Solar PV
- Biomass
- Other sources of energy supplies and distribution – wind, energy from waste

Energy supply
- Distribution and metering

Decentralised energy

Heat networks
- Design, build and/or operation

Smart grid, off grid/ hybrid solutions
- Tackling local grid connection issues

Energy storage systems

Distributed generation

Cost savings / time shifting of demand/supply

Multi-faceted projects
- Energy generation
- Energy efficient buildings
- Street lighting upgrades
- Heat network
- Energy storage systems
- Smart grid
- Water reduction
- Project financing

Tackling corporate priorities
- Income generation
- Cost savings
- Air quality improvements
- CO₂ reduction
- Investment / jobs
- Asset management
Re:fit Framework Providers

16 providers appointed in April 2016

- Ameresco Ltd
- Bouygues Energy
- Breathe Energy
- British Gas Trading Ltd
- Cynergin Projects Ltd
- EDF Energy Customers plc
- Engie Services Ltd (formerly Cofely)
- Herbert T Forrest Ltd
- ISS Facility Services Ltd
- Kier Services
- Larkfleet Ltd
- Matrix Control Solutions Ltd
- Robertson Construction Group Ltd
- SSE Contracting Ltd
- Vital Energi Utilities Ltd
- Zephryo S.p.A

Third iteration of the Framework since 2008
The Re:fit process
The Re:fit process

Arrangements under the framework are flexible in approach to development, tendering and implementing a project

Typical overarching stages are set out below

1. Project preparation and development
2. Mini-Competition and proposal phase
3. Install Energy Conservation Measures
4. Performance delivery

- clear milestones to support internal approvals process
- client controls their project’s progress
- clear go/ no go decision points for client before installation
- opportunity for project phasing

Over 7 years of delivery experience
Accessing Re:fit and support available
Facilitation support available

Three expert teams that offer technical and commercial expertise at each stage of the Re:fit process to support the development and delivery of Re:fit projects

Marketing and stakeholder engagement → Strategy and project development → Procurement and legal support → Technical advice → Support during project delivery

Support and fees are dependant on:
- geographical location and subsidy available
- client resources and capacity
- previous experience
- technical and commercial expertise required

Support available in London, the rest of England and Wales
Due to differing subsidies, the costs for using Re:fit support services will depend upon the project location

<table>
<thead>
<tr>
<th></th>
<th>England (exc London)</th>
<th>Wales</th>
<th>London</th>
</tr>
</thead>
<tbody>
<tr>
<td>Who provides support</td>
<td>Local Partnerships</td>
<td>Welsh Government – Programme Implementation Unit (PIU)</td>
<td>GLA – Programme Delivery Unit (PDU)</td>
</tr>
<tr>
<td>Access Agreement</td>
<td>No fee (direct or indirect)</td>
<td>No fee (direct or indirect)</td>
<td>No fee (direct or indirect)</td>
</tr>
<tr>
<td>Full support service fee*</td>
<td>Typically £50k-£80k paid directly to Local Partnerships</td>
<td>£10k if project progresses, £20k if not</td>
<td>No charges</td>
</tr>
<tr>
<td>Framework fee</td>
<td>Where applicable, 0.25% of total project costs paid to Crown Commercial Service through the Service Provider</td>
<td></td>
<td></td>
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<tr>
<td>Minimum support fee (quality assurance)</td>
<td>Approximately £9k paid directly to Local Partnerships**</td>
<td>Not applicable</td>
<td>Not applicable</td>
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</table>

*Based upon a project covering one group of buildings/ premises

**Based upon one IGP and one contract
Support areas

Engaging key stakeholders
Materials
Best practice guidance
Develop documentation

Gain management buy in
Secure funding and resources
Prepare Project Brief
Run Mini-Competition
Investment Grade Proposal
Install Energy Conservation Measures
Service delivery / monitor performance

High level assessment of buildings & energy spend
Project plan & strategy development
Market attractiveness appraisal & engaging service providers

Review of contracts & specifications
Review format & content of Service Provider’s IGP & M&V plan

Access to support
Review performance service provider’s final savings, M&V approach
Review annual savings report

Identify options for increasing scope of works & area-based collaboration
Review of potential finance options & business case development

Procurement & legal support
Review of procurement specification
Interview preparation & attendance
Tender evaluation & moderation support
Guidance on bidders day & site visits
Review of high level assessment for initial buildings

Access to support during install phase
Review IGP(s) / proposed solution to help identify opportunities and issues
Re:fit delivery*

Procurements working with over 250 organisations:
- Higher & Further Education
- Schools
- Local Authorities
- NHS
- Police
- Central Government
- Cultural and Heritage

Building improvement projects procured:
- Universities
- Colleges/ Schools
- Civic centres
- Hospitals
- Libraries
- Fire stations
- Police buildings
- Office buildings
- Community buildings
- Leisure centres
- Theatres/ Museums

68+ 1000+ £165m+ £50m+ £10m+ 52k+

Capital investment procured
Near-term pipeline
Audited energy savings pa (so far!)
Tonnes CO₂ saved pa*

Typical paybacks of 8-10 years

* UK statistics May 2016
National Re:fit clients

- Slough Borough Council
- Cardiff Council
- Calderdale Council
- University of East Anglia
- Cambridgeshire County Council
- Fenland District Council
- City of Stoke on Trent
- Cambridge City Council
- Buckinghamshire County Council
- Huntingdonshire District Council
- Hull City Council
- Department for Environment, Food & Rural Affairs
- University of Kent
- Coventry City Council
- Birmingham City Council
- Sussex Partnership NHS Foundation Trust
Mobilising Local Energy Investment

Sheryl French
Energy Investment Unit
Cambridgeshire County Council
Economy, Transport & Environment
Our Journey

Co-funded by the Intelligent Energy Europe Programme of the European Union

2008

Carbon assessment of Cambridgeshire’s Growth Plan

Cambridgeshire’s Renewable Energy Framework

2010

Agree MLEI Project, IEE

2011

Strategic Framework to facilitate investment into Cambridgeshire

2012

Energy Performance Contracting underway

2013

Local Authority Investment Fund Agreed

2014

Fund investments pay for EIU

2015

New business models needed to fund intelligent infrastructures

2016

Smart Energy Grid Project - ERDF

2017

First bi-directional PPA agreed

2025

€€€€ Investment Into low Carbon economy

2030

New Corporate Energy Strategy
Vision: A step change in delivery of energy infrastructure in Cambridgeshire to support a low carbon economy

Goal: To develop the right financial and delivery framework to secure increased investment in energy infrastructure, using public sector assets to facilitate the initial investment

Objectives:
1. Set up a low carbon investment Fund(s)
2. Identify and set up the delivery mechanisms e.g. ESCo partner under the RE:FIT Framework
3. Deliver an investment programme of public sector and community energy projects of at least €17.03 million via the Fund and delivery mechanisms

scale: 36 months to August 2015
A Strategic framework to facilitate investment into energy infrastructure

**FINANCE**
- Prudential Borrowing Reserves
- Cambridgeshire Local Authorities
  - Anchor
  - Investing
  - Supporting
- Cambridgeshire Low Carbon Investment Fund (£30–50m)
- Other Public Sector e.g. GIB, EIB
- Private Sector
- Refinance:
  - Fund
  - Bond
  - Community scheme

**DEVELOPMENT**
- Cambridgeshire Low Carbon Development Unit
  - Programme Development
  - Corporate Finance
- These mechanisms are in place

**PROJECTS**
- Public sector
- Commercial
- Heat networks
- Community renewables
- Large scale renewables
- Delivery Partner(s)
- Investment and return
- Project development support (with fee)
- Pipeline identification and project enablement

- £2–6bn investment
- Return on investment from existing assets
- Retained energy spend in the local community
- Better buildings
- Lower operating costs
- Increased energy security
- Jobs and skills
- Carbon reduction
<table>
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<tr>
<th>CURRENT METRIC</th>
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<tbody>
<tr>
<td>Capital Value</td>
<td>£18,140,000</td>
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<tr>
<td>Cost savings (£/yr)</td>
<td>£1,570,000</td>
</tr>
<tr>
<td>Energy savings – RE and EE (MWh/yr)</td>
<td>17,719</td>
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<tr>
<td>Carbon savings (T/CO2/Annum)</td>
<td>7,329</td>
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<tr>
<td>Renewable energy (kW)</td>
<td>14,960</td>
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**Jobs Created**
- 12 working locally
- >60% of work completed by local contractors

- Local Authority Fund created (2014) with £30M loan facility
- Energy Projects in train or complete:
  - 23 Schools
  - 7 Corporate Buildings
  - 1 MW Mini Smart Energy Grid
  - 12 MW Solar Farm
- Significant up-skilling of local authority staff and Members
- Profits from investments support the Energy Investment Unit

Updated 8 Dec 2016
Cambridgeshire County Council – 12 MW Solar Farm
A £9 million investment by the Authority and a ‘Contract for Difference’ with the Low Carbon Contracts finance company generating income for the Authority. The solar farm scheme will generate electricity for the equivalent of 3000 homes and £1 million revenue. This provides income for services of approximately £320K p.a. after costs

Cost of project: £166,000
Energy measures include:
Insulation, Building Management System
Heating controls, New boilers
Solar PV
Savings:
26% savings on energy cost
£11,000 energy spend reduction per annum
45 tonnes of CO2 per annum saved

Milton CoE Primary School, Milton, Cambridgeshire

Projects underway
• Having a strong Vision for Energy is sometimes not enough

• Big difference between an investible project and a potential project!

Project development costs are an investment risk which need paying

• Project drop outs do occur but not just because of the business case

• Setting up a Fund need not be complex.

Lessons Learnt
• Be open to change and adapting your project is essential for success

• You don’t know what you don’t know!

• Empowerment and a can-do approach go a long way.

Accessing finance is not the biggest constraint to delivery

Investment decisions are not only made on a business case
Project challenges

- Building stock rationalisation
  - Apply a set of criteria to assess buildings for energy potential

- Public sector asset data – can be inadequate
  - Identify the gaps in your data as early as possible and find proxy’s of needed

- Taking on debt
  - Off-balance sheet solutions e.g. Managed Service Arrangements

- Policy uncertainty and change
  - Build flexibility into your programme to allow adaptation to change
- Grid connection problems
  - Early discussions with network distribution managers to understand constraints and find solutions

- Fiscal constraint & political change
  - Change happens – governance, procedural and organisational. Piggyback onto existing structures where possible

- Skilled resources for energy project development
  - Procure the technical and other skills to support asset managers keen to do the right thing

Project challenges
Managed Service Arrangement

- off-balance sheet solution for some schools
- back to back arrangement between school, Cambridgeshire County Council and the Energy Services Company
- Cambridgeshire County Council takes on the debt and provides energy reduction/generation services to the schools
- Cambridgeshire County Council has increased financial risk as for the operating lease arrangement to apply it must hold financial risk
- International Accounting rules are changing 2019 and this type of arrangement will be viewed as a finance lease (as opposed to an operational lease) and will no longer apply for Academy schools
- New solutions being discussed
L-CIF contributed to change – towards a low carbon economy

The Future for Electricity Infrastructure

Consistent infrastructure for 100yrs
Centralized generation
One-way power flow
No control
Simple fixed pricing
Passive customers

Aging infrastructure
Distributed generation (e.g. solar)
Two-way power flow
One-way utility control
Time-of-use pricing
Customers want information & control

Energy internet
Utility as energy service platform
Multi-way power flow
Negotiated controls
Dynamic locational pricing
Empowered customers

www.cambridgeshire.gov.uk
Any questions?