



Belfast City Council

Report to:	Strategic Policy and Resources Committee
Subject:	North Foreshore – Site Disposal for a Commercial Solar Renewable Energy Scheme
Date:	24 January 2014
Reporting Officer:	Gerry Millar - Director of Property & Projects, Ext: 6217
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1	Relevant Background Information
1.1	Members give approval on the 22 March 2013 to release a Marketing Prospectus for the disposal (by way of lease) of a site up to 10 acres in the northeast section of the North Foreshore for Solar PV renewable energy use.
1.2	Members will be aware that the Council has previously agreed that the North Foreshore should be developed for waste management, environmental businesses and recreational uses. The environmental business proposal comprises the development of an environmental resource park to create an innovative “Green Technology Business Cluster” for Belfast. This would have the benefit of diversifying the economy to encourage investment and job creation.
1.3	The development of a green technology business park at the North Foreshore is included within the Investment Programme 2012 – 2015 and Members will be aware that the Council has submitted a £8 million European Regional Development Fund Application to develop the infrastructure for this environmental resource park. Invest NI and DETI are currently assessing the application, and the Council expects a decision in March 2014.
1.4	The Council has already commenced the regeneration of the North Foreshore with the development of a waste transfer station and a landfill gas electricity generation power plant. We are currently progressing a proposed revised agreement for lease with arc21 / NWP for an in-vessel composting facility and the disposal of two sites for potential cleantech renewable energy facilities to create a sustainable renewable energy hub
1.5	The electricity substation on the North Foreshore site currently generates 3mw of renewable electricity which is exported to the local grid network and is sufficient to power up to 3,500 homes. The substation does, however have sufficient spare export capacity of 7mw to the local grid network, which provides the opportunity to encourage the further development of renewable energy facilities to create a sustainable energy hub at the North Foreshore.

1.6	A renewable energy hub at the North Foreshore would demonstrate Council's leadership in promoting the development of the cleantech environmental technology sector to build the City's resilience in an era of growing energy insecurity, increasing energy cost and fuel poverty. The NI Executive is promoting the development of solar pv facilities to generate renewable energy to reduce our dependence on imported fossil fuels and to improve our security of energy supply. It would also help contribute to the NI Executives' renewable energy target of 40% by 2020.
1.7	Currently Northern Ireland is providing circa 12% of its energy from renewable sources. It is worth noting that in 2009 the Council's landfill gas electricity generation power plant at the North Foreshore was providing 5mw which accounted for 1% of the 12% renewable target established by the Executive for 2012.
1.8	The disposal of a site for a commercial solar array scheme will form part of the renewable energy hub being created at the North Foreshore.

2	Key Issues
2.1	The Council identified and agreed a potential development opportunity to release a site of up to 10 acres to the market. The Marketing Prospectus was advertised in the local papers, the council website and in the European Official Journal in July 2013. Developers were invited to submit development proposals to acquire up to 10 acres for a Commercial Solar Renewable Energy Scheme. Developers were requested to offer an unconditional financial bid for an easement fee (to connect to the grid via the substation on the North Foreshore site) based on the amount of electricity produced. The closing date for the Development Submissions was the 26 September 2013.
2.2	<p>An Evaluation Panel was established, comprising of representatives from Estates, Legal Services and Corporate Services, to undertake the assessment the Development Submissions. The Evaluation Panel used the following assessment criteria which was outlined in the Marketing Prospectus;</p> <ul style="list-style-type: none"> I. Financial offer for the electricity cable easement fees. II. Company background, financial viability of the project and the financial capability of the operator to fund, deliver, and operate the facility. III. Experience of the Developer and project Development Team to deliver and operate similar solar energy facilities. IV. Quality of the design proposal and the socio economic benefits. V. Delivery of the project within a reasonable timescale.
2.3	The Evaluation Panel are of the view that the submission received from the company RePower – Warik Energy best meets the criteria as set out in the Marketing Prospectus, in terms of its unconditional financial offer, funding and delivering a commercially robust solar PV renewable energy project.
2.4	RePower - Warik Energy is proposing to develop a 2.5mw Solar PV Array facility on the 10 acre site. They have advised that this would be capable of generating sufficient power for c2,500 houses. The investment value of the scheme is £2.1 million. The developers involved have previous experience of funding and delivering Solar PV Schemes in Ireland and they are proposing to establish RePower as a Special Purpose Vehicle to deliver the project.

2.5	RePower – Warik Energy have provided an unconditional financial bid for easement fee and confirmed the site rental of £1,000 per acre for the 10 acre site. The total return will be dependent upon the amount of electricity generated but based on predicted figures this could potentially generate an income to the Council c £33,500. The Developers have indicated that they would be keen to offer public and school tours to the solar pv facility to promote greater understanding of the solar pv technology to generate renewable electricity. In addition there will be associated jobs created by the project.
2.6	Independent technical advice was sought from Action Renewables in relation to the submissions received, as well as background company and legal checks undertaken by Legal Services to assess the Development Submissions.
2.7	The Committee is asked to consider the assessment above and to make a recommendation to appoint a preferred developer to develop a commercial solar pv array scheme at the North Foreshore.

3	Resource Implications
3.1	<p><u>Finance</u></p> <p>The Council will receive a financial return for the site based on a ground rental (reviewable every 5 years) and a further return based on the amount of electricity generated from the facility. The return from electricity is based on an agreed (unconditional) price per mw hour. The total return will be dependent upon the amount of electricity generated by the Solar PV. The estimated return to the Council is circa £33,500 per annum.</p>
3.2	The proposed investment by RePower – Warik Energy is £2.1 million. In addition to job creation for the City, this facility will also add to the City’s rate base.
3.3	<p><u>Assets</u></p> <p>The development of this site represents an important regeneration opportunity for Belfast and has the potential to create significant economic, social and environmental benefits.</p>
3.4	The development of this facility is important to firmly position the North Foreshore Environmental Resource Park as a cleantech cluster that will encourage further development interest from the renewable energy and cleantech sector.
3.5	<p><u>Human Resources</u></p> <p>Staff resource will be primarily from Property & Projects and Legal Services.</p>

4	Equality and Good Relations Considerations
4.1	None at this stage.

5	Recommendations
5.1	It is recommended that Members give approval to grant RePower – Warik Energy preferred developer status and to enter into negotiations to complete a Site Options Agreement and Agreement to Lease for the disposal (by way of lease) of a site at the North Foreshore, as detailed above, and subject to detailed

	terms to be agreed by the Estates Manager and Legal Services.
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6	Decision Tracking

7	Key to Abbreviations

8	Documents Attached

