



Overview of the Re:fit Programme

Delivering savings in the public sector



**LOCAL
PARTNERSHIPS**

The public sector delivery specialists

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The Re:fit Framework

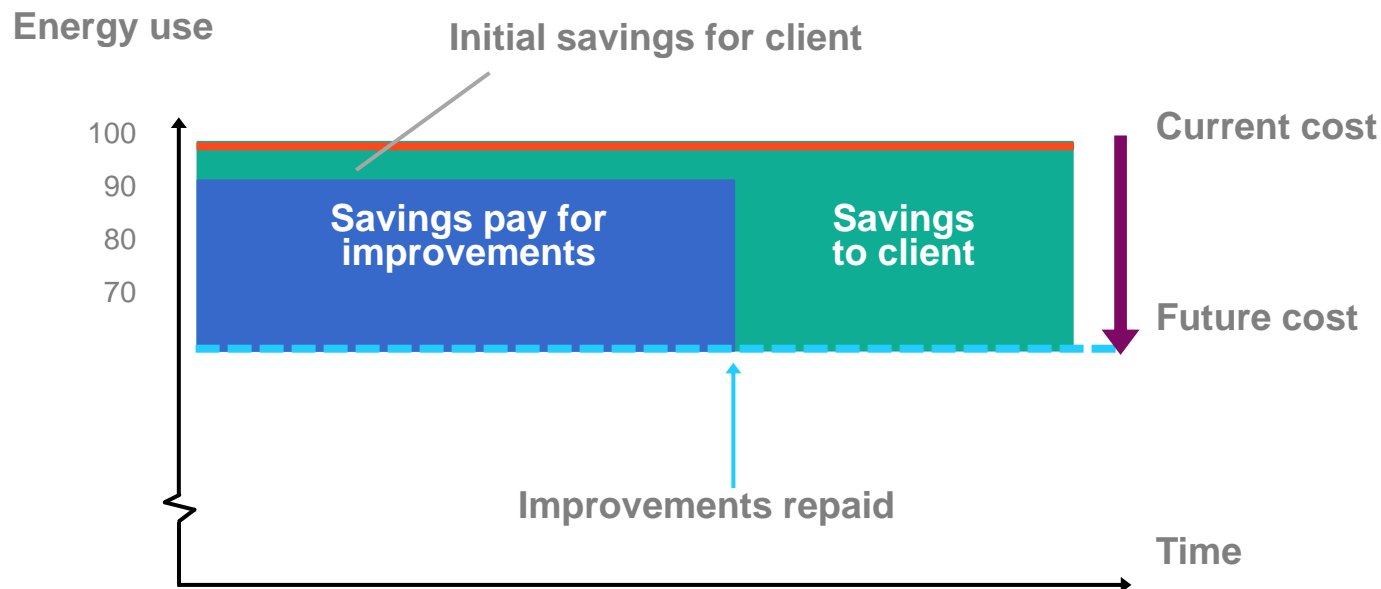
Re:fit allows public sector bodies to achieve substantial guaranteed financial benefits through energy efficiency and/or generation

- **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

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

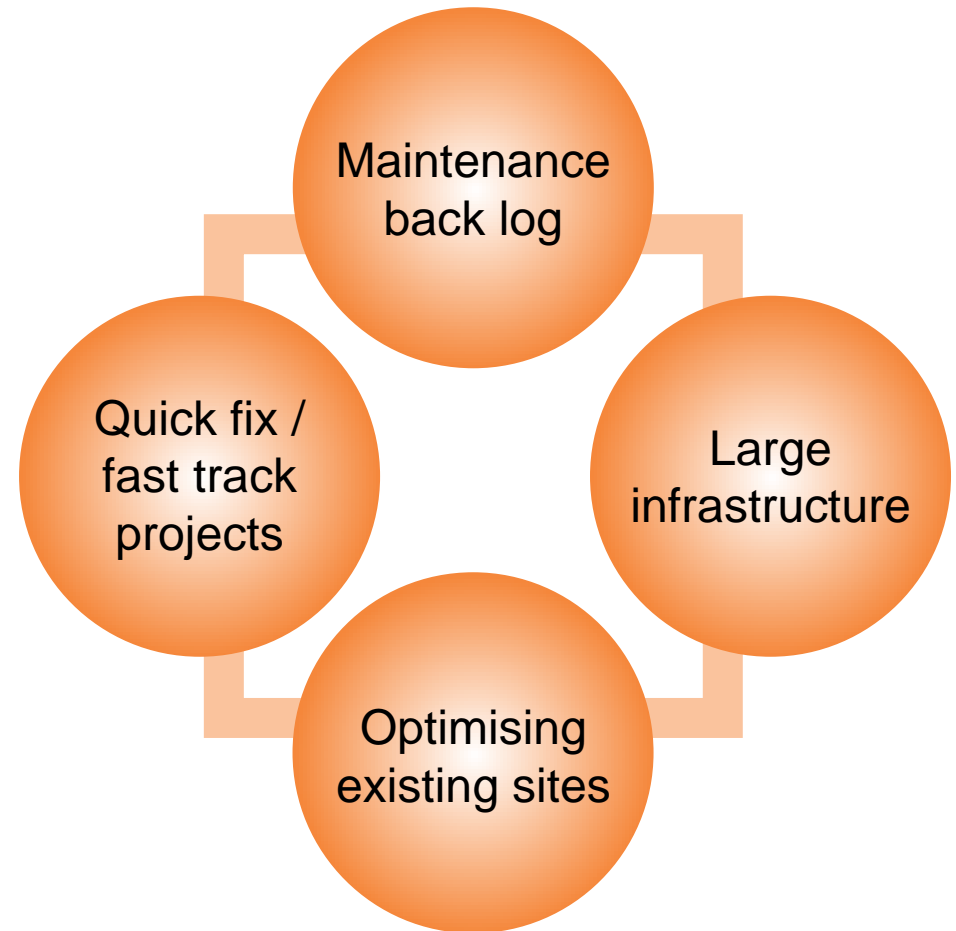


The Framework covers energy efficiency retrofit and local energy generation measures in their broadest sense to enable a wide range of improvements

- 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

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!

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



16 providers appointed in April 2016

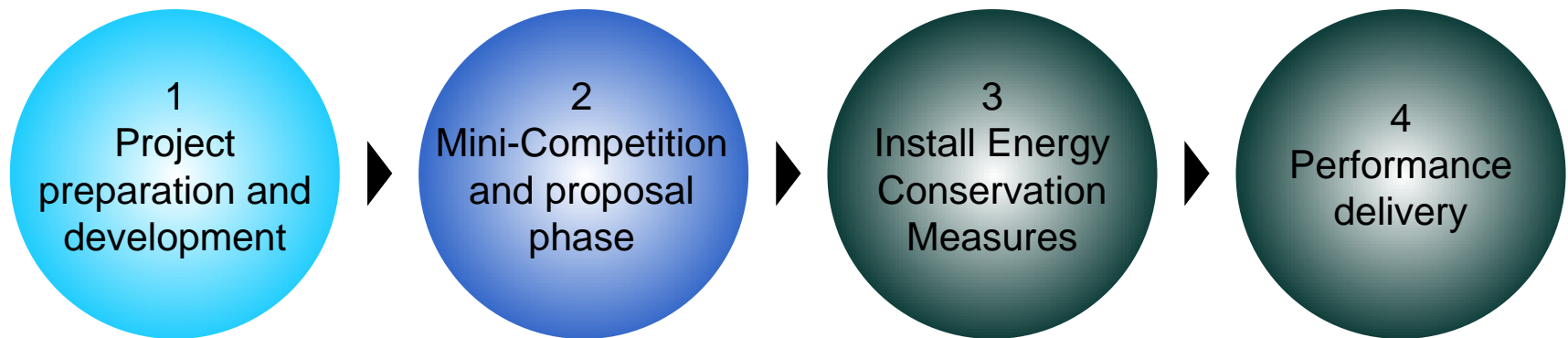
- Ameresco Ltd
- Bouygues Energy
- Breathe Energy
- British Gas Trading Ltd
- Cynergin Projects Ltd
- EDF Energy Customers plc
- Engie Services Ltd (formerly Cofely)
- Herbert T Forrest Ltd
- ISS Facility Services Ltd
- Kier Services
- Larkfleet Ltd
- Matrix Control Solutions Ltd
- Robertson Construction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

Third iteration of the Framework since 2008

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



- 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



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



Support and fees are dependant on

- geographical location and subsidy available
- client resources and capacity
- previous experience
- technical and commercial expertise required

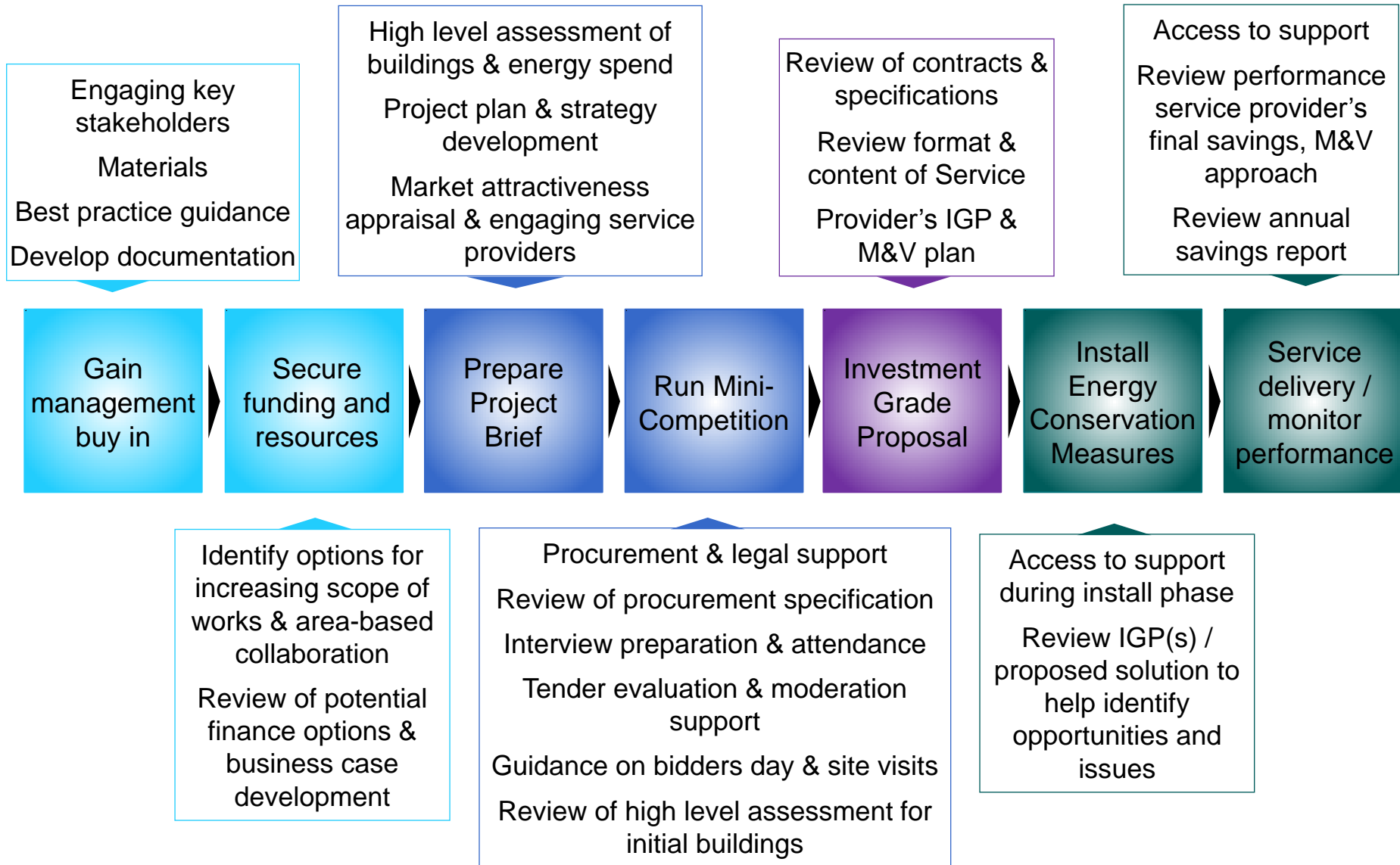
Support available in London, the rest of England and Wales

Due to differing subsidies, the costs for using Re:fit support services will depend upon the project location

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

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

**Based upon one IGP and one contract



* UK statistics May 2016

68+

Procurements working with over 250 organisations:

- Higher & Further Education
- Schools
- Local Authorities
- NHS
- Police
- Central Government
- Cultural and Heritage

1000+

Building improvement projects procured:

- Universities
- Colleges/ Schools
- Civic centres
- Hospitals
- Libraries
- Fire stations
- Police buildings
- Office buildings
- Community buildings
- Leisure centres
- Theatres/ Museums

£165m+

capital investment procured

£50m+

near-term pipeline

£10m+

audited energy savings pa (so far!)

52k+

tonnes CO₂ saved pa*

Typical paybacks of 8-10 years



RE:FIT Engaged Organisations

London Boroughs



Education



Central Government



NHS & Health



Culture & Heritage



GLA Family



RE:FIT Schools



Other Organisations



RE:FIT SMEs



MAYOR OF LONDON



Mobilising Local Energy Investment

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

2008 2010 2011 2012 2013 2014 2015 2016 2017 2025 2030



Carbon assessment of Cambridgeshire's Growth Plan

Cambridgeshire's Renewable Energy Framework

Agree MLEI Project, IEE

Strategic Framework to facilitate investment into Cambridgeshire

Energy Performance Contracting underway

Local Authority Investment Fund Agreed

Fund investments pay for EIU

New business models needed to fund intelligent infrastructures

Smart Energy Grid Project - ERDF

New Corporate Energy Strategy

First bi-directional PPA agreed

€€€€ Investment Into low Carbon economy



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

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

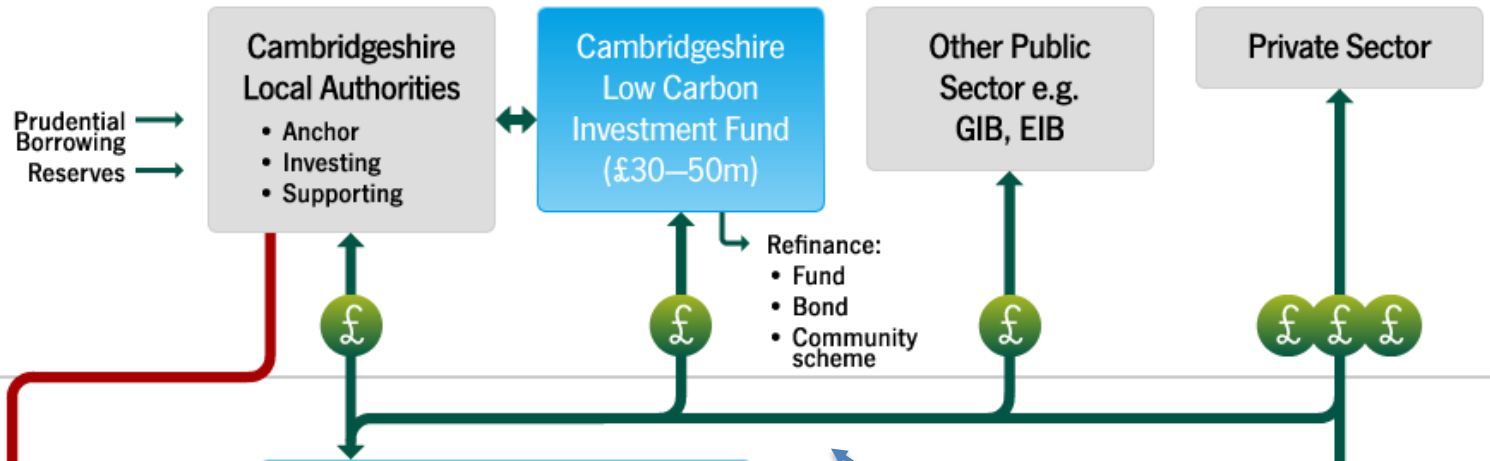


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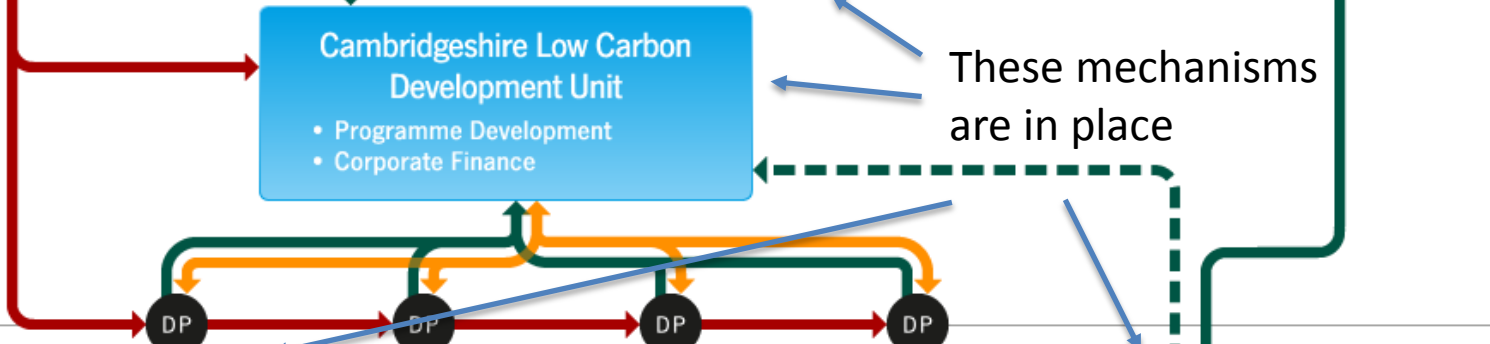
scale: 36 months to August 2015

A Strategic framework to facilitate investment into energy infrastructure

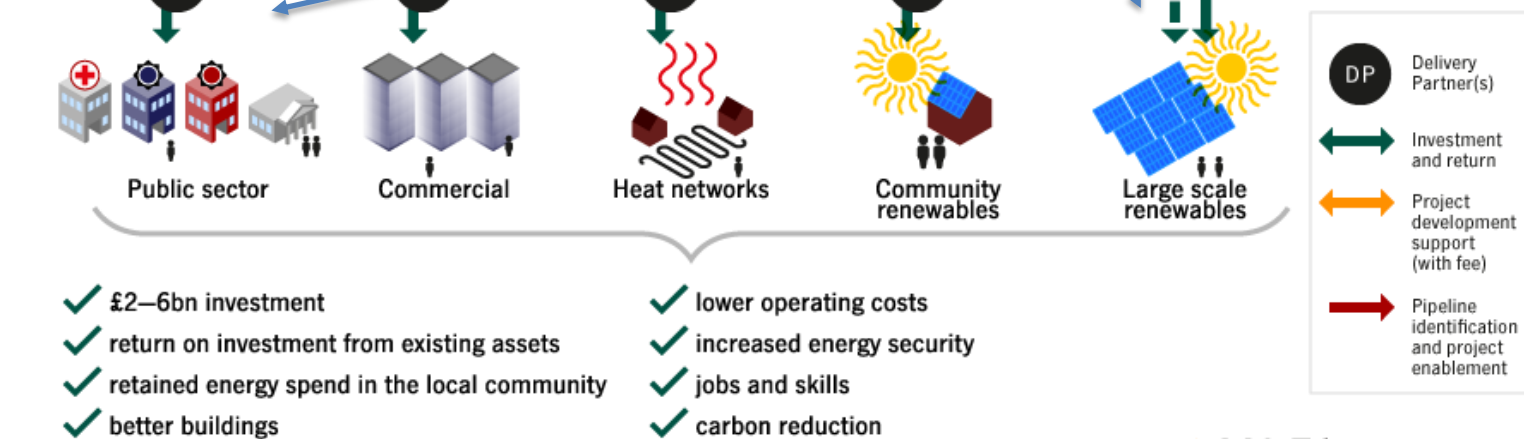
FINANCE



DEVELOPMENT



PROJECTS



	CURRENT METRIC
Capital Value	£18,140,000
Cost savings (£/yr)	£1,570,000
Energy savings – RE and EE (MWh/yr)	17,719
Carbon savings (T/CO2/Annum)	7,329
Renewable energy (kW)	14,960
Jobs Created	<ul style="list-style-type: none"> • 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

Milton CoE Primary School, Milton, Cambridgeshire



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

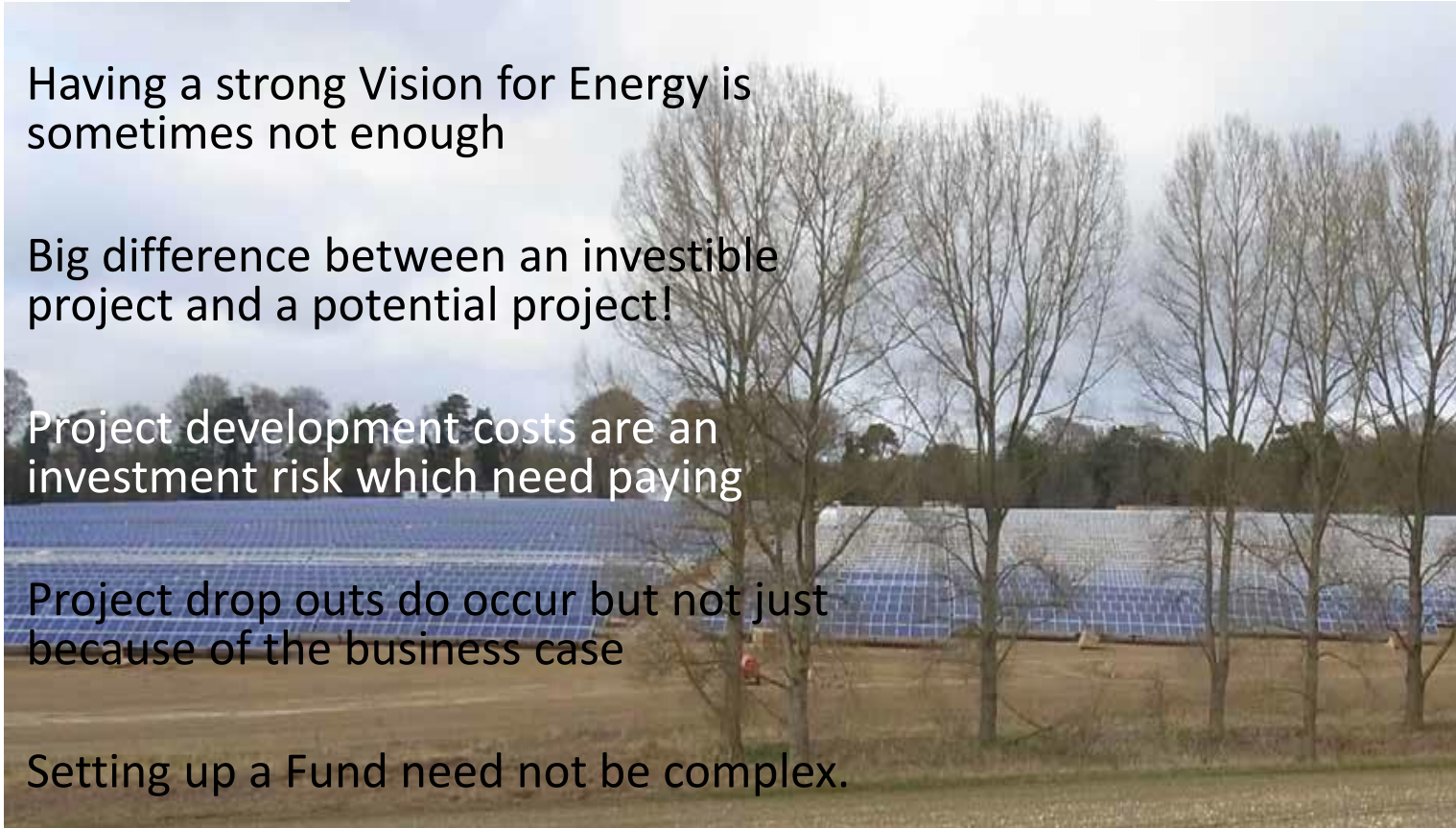
45 tonnes of CO2 per annum saved

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 £1million revenue. This provides income for services of approximately £320K p.a. after costs



- 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.

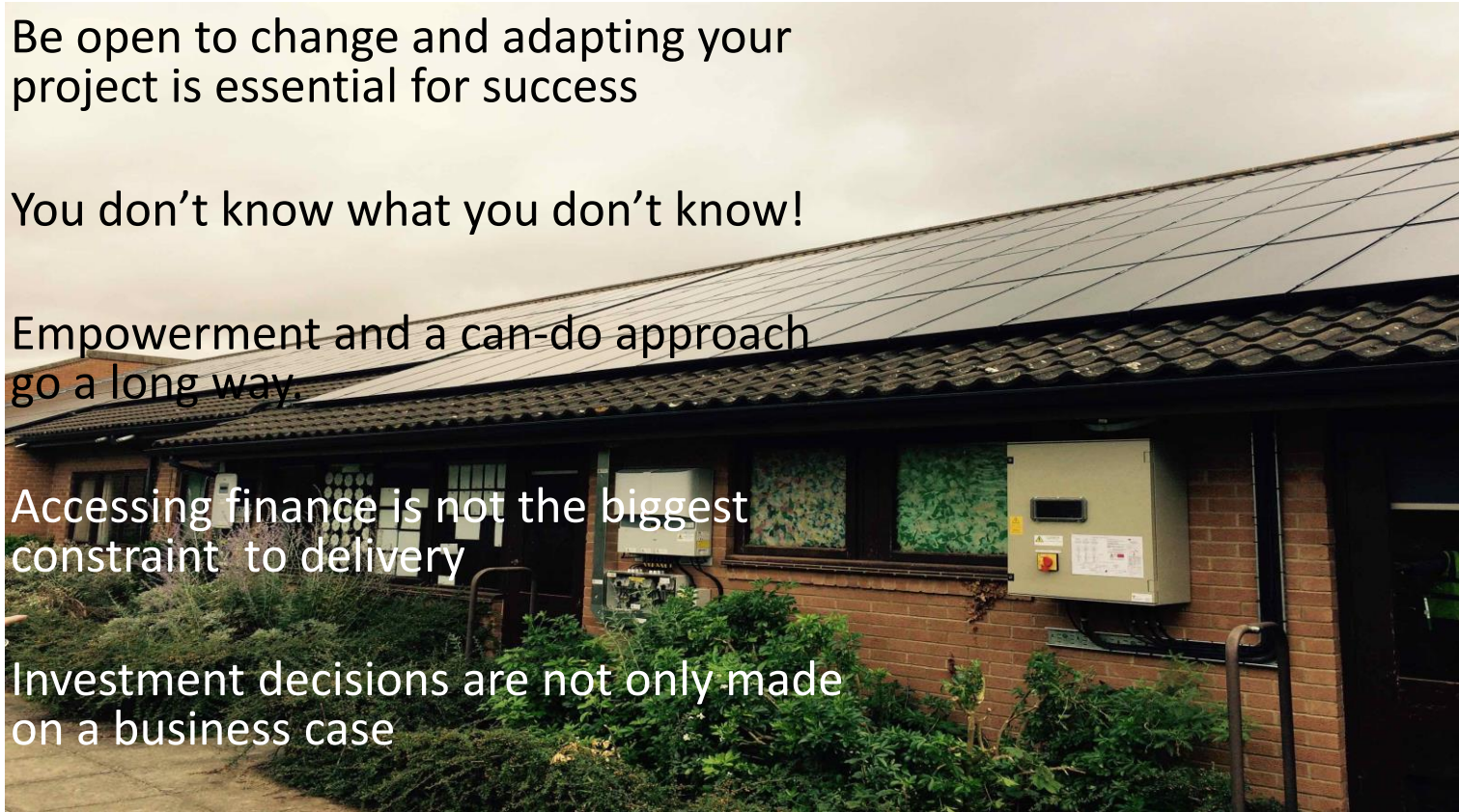


Co-funded by the Intelligent Energy Europe
Programme of the European Union

- 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



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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 + 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

Managed Service Arrangement

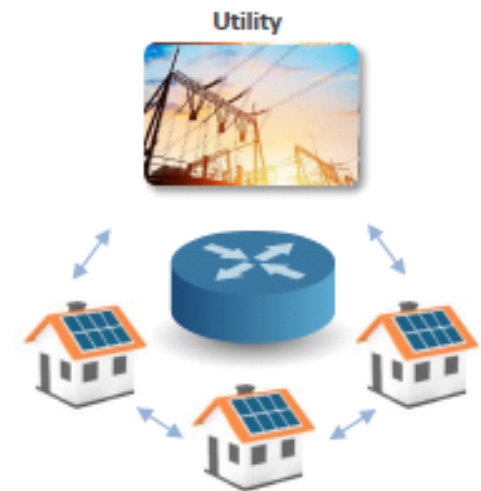
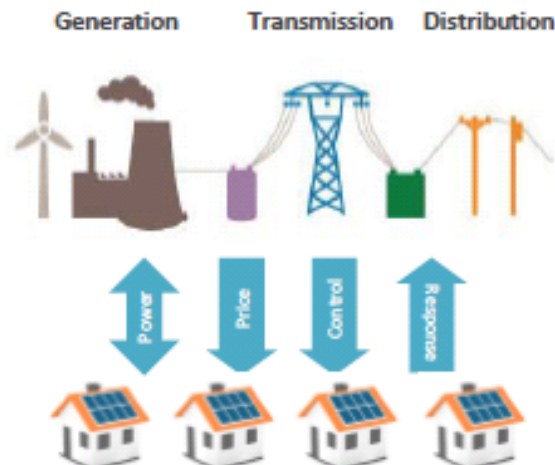
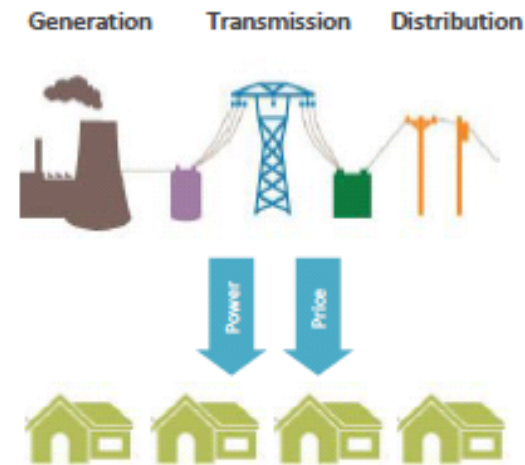
- off- balance sheet solution for some schools
- back to back arrangement between school, Cambridgeshire County Council and the Energy Services Company
- Cambridgeshire County Council takes on the debt and provides energy reduction/generation services to the schools
- Cambridgeshire County Council has 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

YESTERDAY

TODAY

TOMORROW



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



Any questions?

Thank you

www.cambridgeshire.gov.uk