



City Leap Energy Partnership

SQ Memorandum of Information



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Contents

The City Leap opportunity	1
Introduction	2
Climate Emergency and Bristol One City Climate Strategy	4
The council's delivery to date	5
City Leap	6
The vision for City Leap	6
Strategic Objectives for City Leap	8
The future smart energy system	11
Delivering Social Value	14
Regulatory environment	16
The City Leap Value Proposition	17
The council	18
The Energy Service	20
The City Leap Energy Partnership	23
Structure Requirements	24
Appendix A – Glossary of Acronyms for SQ MOI	25

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Bristol City Council has issued this SQ MOI under a public procurement process in relation to the appointment of a Strategic Partner for the City Leap Energy Partnership (the “Partnership”). It is aimed solely at potential participants in the Partnership for the purpose of dealings in relation to the Partnership and is not, therefore, a financial promotion for the purposes of section 21 Financial Services and Markets Act 2000 by way of the “joint enterprises” exemption available under article 29 Financial Services and Markets Act 2000 (Financial Promotions) Order 2005.

The City Leap opportunity

City Leap is a world first and has the potential to completely transform the UK's energy system by creating and demonstrating a new model for city scale decarbonisation through a partnership between the public and private sectors.

City Leap is a unique opportunity for a private sector partner, referred to as the Strategic Partner, to:

- achieve a key position in the creation of a new model that leverages private sector finance into the decarbonisation of cities, and thus secure first-mover advantage in the creation and delivery of a globally replicable model;
- secure returns on investment in low carbon energy infrastructure and in the delivery of services based on that infrastructure to customers; and
- be the prime driver of what City Leap achieves through the development and delivery of its strategy for City Leap.

The first step on this journey is the creation of the City Leap Energy Partnership, a joint venture company between Bristol City Council ("the council") and a Strategic Partner, which will act as the cornerstone of City Leap. It is this Strategic Partner that the council is now looking to procure through the letting of a 20 year concession. Following the conclusion of the Procurement, the successful organisation (or organisations) will form a long-term joint venture with the council and share in the successes and opportunities which will be created by City Leap for the city.

The council was the first local authority in the UK to declare a 'climate emergency' and has brought forward its internal and city-wide targets for carbon neutrality (2025 and 2030 respectively) to reflect the short window of opportunity that remains to reduce the city's carbon emissions to zero.

Bristol enjoys a global reputation as a leading energy city and has made significant progress in reducing its carbon emissions; however, despite having invested over £50m in low carbon energy infrastructure over the last decade, this pace of delivery must increase significantly if the council is to play its full part in addressing the climate emergency and meet its 2030 goal for carbon neutrality.

The council's view is that working in partnership is the best way of achieving this goal, and the City Leap Energy Partnership joint venture that will be established presents a tremendous opportunity to decarbonise the city whilst also delivering substantial social benefits. This is a chance to transform the lives of Bristol's citizens and create a cleaner, greener and healthier Bristol.

The council has a compelling value proposition, comprising the council itself as a low risk customer, the many opportunities to deliver low carbon energy infrastructure on its estate and its trusted brand and influence, together with the council's award-winning Energy Service with its significant expertise and track record in delivering low carbon energy infrastructure as well as its project pipeline in Bristol on the council's estate and beyond.

Combining this with the Strategic Partner's contribution, including its experience of best practice, innovative commercial models, capability sets, relationships and financing, to the City Leap Energy Partnership, a unique and powerful entity can be created to deliver the council's vision for City Leap.

Introduction

Bristol is a vibrant, creative and growing city – home to a population of over 450,000 that is forecast to increase to nearly 530,000 by 2037. The Guardian newspaper has ranked it as one of the best places to live in the world and it is the only major city other than London to make a net positive contribution to the UK Exchequer – a testament to Bristol's strong local economy.

The development of a low carbon, resilient and sustainable city is a cornerstone of the council's approach to remaining competitive in the global economy and ensuring that everyone in the Bristol benefits from this success. Bristol also has a growing reputation as a smart city and the council is aware that technology is the key to unlocking Bristol's future smart energy system and all of the potential social, environmental and economic benefits its realisation will bring.

In terms of its success in the energy field, Bristol has:

- the lowest carbon footprint of any of the UK's major cities;
- been the UK's only city to hold the title [European Green Capital \(in 2015\)](#);
- the largest cross sector environmental network of its kind in the [Bristol Green Capital Partnership](#);
- a thriving community energy sector, who come together under the [Bristol Energy Network](#); and
- been ranked the [number one smart city in the UK in 2017](#).

Recognising the climate emergency the world is facing, in November 2018, the council's Mayor and councillors unanimously agreed a motion put forward to declare a climate emergency. They set a target of making Bristol carbon neutral and climate resilient by 2030 and accordingly want to rapidly accelerate the delivery of low carbon and smart energy infrastructure. This is an ambitious goal and the council recognises that, whilst the Bristol cannot achieve this without significant effort at a national level, it clearly signals the commitment of Bristol's political leaders to lead on the decarbonisation of Bristol and the UK.

The council is aware that achieving its ambition will result in a massive transformation of the Bristol and its energy system and, although the council has made a strong start, it cannot do this alone. The council is therefore seeking a Strategic Partner to join the council on this journey, which it calls City Leap.

City Leap seeks to build on the council's activity to date and take advantage of the fact that the UK is on the cusp of an energy revolution. The council's intention is for Bristol to be at the forefront of this revolution, creating the future smart energy system that works for all of the citizens of Bristol and serves as a template for other cities and regions across the UK.

The council's long term ambition is to build an interconnected, low carbon and smart energy system that supports Bristol to achieve carbon neutrality and retains more of the value that this transition will generate for the benefit of the city, its residents and businesses. By strategically co-ordinating

and delivering energy projects at significantly increased scale and pace over and above what the council could achieve on its own, City Leap will create a city-wide smart energy system that Bristolians can be proud of and cement Bristol's reputation as a leading energy city.

Consequently, one of main aims of City Leap is to attract, facilitate and deliver at least £1bn of low carbon and smart energy infrastructure investment in Bristol's energy system to help the city on this journey, although the council is aware that the total investment required to deliver a carbon neutral Bristol will be substantially higher.

The council believes that delivering such a programme will lead to significant additional benefits for Bristol's residents and businesses, including a reduction in fuel poverty, job creation, warmer and cosier homes for residents, improvements to residents' physical and mental wellbeing, better digital connectivity, significant business opportunities, inclusive growth and low carbon energy security and resilience. In essence, a city fit for its residents, businesses and visitors in the 21st Century, a city that will continue to successfully compete at a global level.

Access to affordable, clean energy is hugely important to the residents and businesses of Bristol. An estimated 60,000 Bristolians (1 in 8 households) are living in fuel poverty, many of whom rely heavily on the council's services. £870m (6.4%) of Bristol's GVA leaves the city as a result of it paying its energy bills and, despite significant progress, Bristol's CO₂ emissions are still over 1.5 million tonnes annually.

A key part of the council's philosophy is to work in partnership, as exemplified by [the One City Approach](#) which brings together a wide range of public, private, and third sector partners within Bristol with a shared aim to make Bristol a fair, healthy and sustainable city. In January 2019, Bristol's Mayor, Marvin Rees, launched the first iteration of Bristol's One City Plan. The plan sets out our city's key challenges up to 2050, and brings the city together around a shared vision with annual objectives to 2050, across all areas of city life including the city's energy system. In turn, this has led to the development of the Bristol One City Climate Strategy (see following page).

The council strongly believes that a partnership approach is also the right way forward for City Leap. The council has undertaken an extensive soft market testing exercise following the publication of the City Leap Prospectus in May 2018 as well as a comprehensive options appraisal, and is now in a position to move forward with the procurement of a Strategic Partner for the City Leap Energy Partnership joint venture company as the first step on this journey.

This is an opportunity to deliver something truly transformational for Bristol, and potentially the UK and beyond, by building a citywide low carbon and smart energy system that will protect the environment and improve the quality of life for the people of Bristol.

We look forward to working with partners of all sizes and sectors to achieve our aspirations.

Climate Emergency and Bristol One City Climate Strategy

In November 2018, the council became the first UK local authority to declare a “Climate Emergency”, recognising the need to rapidly accelerate progress in both carbon reduction and to create a climate resilient city. Subsequently, over 400 other councils and countless private organisations elsewhere across the UK have also declared climate emergencies.

At the same time, the council also set an ambition for Bristol to be carbon neutral by 2030 and Bristol as a whole has made good progress in this regard over the last 15 years, reducing its carbon emissions by 35% between 2005 and 2016. Roughly three quarters of this progress is due to national action to decarbonise the UK’s electricity supply, but substantial improvements in energy efficiency in buildings within the city, including the council’s estate, has also significantly reduced energy demand. Building on this momentum, the council believes that there is an urgent need to accelerate the pace of delivery of low carbon energy infrastructure in Bristol in order for the city to achieve carbon neutrality by 2030.

In setting the new 2030 goal, the council and its partners recognise the power of city-based action, whilst also recognising the need for positive changes in national policy, legislation and financial frameworks.

As part of the One City Approach, [the Bristol One City Climate Strategy](#) has been developed as a city-wide, shared vision. The strategy is comprehensive, addressing both the direct and indirect sources of the emissions that are responsible for climate change and looks at the wider carbon footprints of residents and businesses caused by the goods purchased in Bristol that have been produced around the world.

As well as outlining some of the necessary actions to reduce emissions, the strategy recognises that, to achieve these goals, Bristol needs action from the UK Government and the wider world. The council has created [an evidence base](#) for this conversation with Government and is leading the main [UK Core Cities](#) group working with Government to create the right national conditions for success.

The council's delivery to date

The council has been actively working to decarbonise Bristol's energy system for over a decade by investing in low carbon energy infrastructure, which has helped cut emissions in the council's estate by 77% since 2005.

Bristol has achieved national and international recognition as a leading energy city as a result of the action it has taken, including:

- being the only local authority in England to own large-scale wind turbines having invested £7m in the installation of two 2.5MW wind turbines in Avonmouth;
- investing over £10m in low carbon heat networks to date with over 1,000 social housing properties connected to the network and [the first commercial connection](#) secured;
- investing £5m in 4MW of solar PV on council-owned buildings and land including the council's offices, museums, libraries, schools and leisure centres in addition to a number of community buildings;
- overseeing a project to deliver 120 new public EV charging points in the West of England region by 2021, including the installation of [Bristol's first rapid charging hub](#);
- launching the South West Energy Unit: a partnership with Devon County and Plymouth City Councils, utilising £1.9m of grant funding to deliver £38m of investment in low carbon energy infrastructure across the three authorities, including:
 - launching an [energy efficiency scheme for local schools](#) to deliver affordable improvements to the City's education facilities; and
 - signing Memorandums of Understanding with two additional Local Authorities to deliver improvements to their schools and corporate estates.
- supporting the delivery of energy efficiency upgrades to 10,000 social housing and private domestic properties, reducing energy bills for thousands of residents and creating warmer, healthier homes across Bristol;
- investing over £2m in biomass boilers with a generating capacity of 5.2MW;
- installing energy efficient street lighting across the city;
- facilitating the delivery of a 4.2MW community-owned solar farm through the provision of council-owned land and grid connections; and
- supporting 52 local community energy projects with £250k of grant funding through the [Bristol Community Energy Fund](#).

The council's Environmental Performance Summary provides more detail on the council's activities.

City Leap

The vision for City Leap

The vision for City Leap is to use the opportunities for delivering low carbon energy infrastructure projects on the council's estate, together with the council's existing low carbon energy assets and capabilities, as a springboard to drive the transition to a decentralised, flexible, low carbon energy system in Bristol. This will be achieved by strategically developing, co-ordinating, facilitating and delivering a broad range of low carbon energy infrastructure projects across the city, that are then leveraged to deliver clean, affordable energy to its people, communities and businesses.

For the citizens of Bristol, this means:

- **better quality of life:** by improving the warmth and comfort of their homes; through better air quality and environment; by achieving better health outcomes;
- **delivering simple, affordable energy:** by delivering simple, attractive and cheaper energy propositions, tariffs and services; helping to insulate people from future price rises by reducing their overall energy consumption;
- **greater prosperity:** by creating local jobs in energy and related supply chains, by supporting economic growth through affordable energy; and
- **increased ownership:** people can see and own the assets which generate and deliver their energy, influence their energy system through the local political process and having a say in City Leap.

For the city, it means:

- **better environment:** addressing targets for climate change, air quality and the environment in the shortest possible timeframe;
- **generating economic development:** investment in local facilities; local jobs in the supply chain; affordable energy for local industry;
- **improved health, wellbeing and social welfare:** warmer, healthier homes and cleaner air lead to improved health; jobs and affordable energy reduce fuel poverty and improve social welfare; and
- **building our reputation:** City Leap builds from and further develops Bristol's reputation as a forward thinker and innovator.

For investors and partners, it means:

- **generating a competitive return on investments in assets:** opportunities to invest in a range of low carbon energy assets that deliver a competitive return on investment;
- **creating new, service-based revenue streams:** participation in the creation and delivery of advanced service-based energy propositions;
- **developing new business models:** an early opportunity to trial and develop the new business models that are emerging from the transition to a smart energy system; and
- **participating in a pathfinder initiative:** City Leap is potentially scalable and replicable on a national and international scale.

For the wider energy system, it means:

- **gaining better insight into energy usage and flows:** by using real time data from smart metering and other technology to understand patterns of generation and consumption in order to reduce demand;
- **creating access to demand side flexibility:** by enabling investment in energy storage and smart devices, and by linking these devices to digital platforms that enable better monitoring and control of these assets;
- **increasing low carbon generation:** supporting increased investment in low carbon generation by enabling generation and storage to access additional revenue streams and higher value service-based revenue models; and
- **leveraging the council's delivery to date, capability sets and reputation in energy:** as the core of a much larger and more ambitious City Leap under the leadership of the Strategic Partner and the council.

Strategic Objectives for City Leap

The council has set six Strategic Objectives for City Leap which the Partnership will deliver and are outlined below:

1	Establishment of a long-term, flexible City Leap Energy Partnership to strategically develop, co-ordinate, deliver and facilitate a programme of work that supports the creation of a smart, low carbon, resilient energy system for Bristol on its pathway to carbon neutrality.
2	Optimise Bristol City Council's assets and services and to supply and attract additional investment and generate revenue to deliver a sustainable business model for the City Leap Energy Partnership.
3	Deliver the future smart low carbon energy system for Bristol and support innovation more broadly.
4	Ensure that the residents, communities and businesses of Bristol are fully engaged by the City Leap Energy Partnership and are able to influence and participate in the programme of work.
5	Maximise the economic, social and environmental benefits arising from the programme of work carried out by the City Leap Energy Partnership, including job creation and the alleviation of fuel poverty in Bristol.
6	Further enhance Bristol's reputation as a leading energy city through monitoring, evaluating and disseminating the lessons learned from City Leap and working towards replicating City Leap across the UK and beyond.

Outcomes

The council has determined a number of Outcomes against each of these Strategic Objectives and these Outcomes will inform the evaluation criteria used to evaluate bids during subsequent stages of the Procurement. Please note the Outcomes are in draft form and the Authority reserves the right to amend/delete/add to the below.

Strategic Objective 1

Establishment of a long-term, flexible City Leap Energy Partnership to strategically develop, co-ordinate, deliver and facilitate a programme of work that supports the creation of a smart, low carbon, resilient energy system for Bristol on its pathway to carbon neutrality.

Outcomes

Building on the existing portfolio of low carbon energy infrastructure projects being undertaken by the council, create a rolling five-year business plan that:

- a) Strategically develops, co-ordinates and facilitates the delivery of an extensive programme of low carbon energy infrastructure projects, across a broad range of technologies, in:
 - o the council's estate that is replicable for other Local Authorities and public bodies; and
 - o the private and commercial sectors in Bristol and beyond.
- b) Delivers the Strategic Objectives of City Leap in partnership with the council and a broad range of partners across Bristol and beyond.

Strategic Objective 2

Optimise Bristol City Council's assets and services and to supply and attract additional investment and generate revenue to deliver a sustainable business model for the City Leap Energy Partnership.

Outcomes

As part of the delivery of the City Leap Energy Partnership five-year business plan:

- a) Deliver and operate a self-sustaining business model that does not require long term funding from the council.
- b) Supply and/or facilitate sufficient levels of investment for City Leap to achieve its Strategic Objectives and business plan.
- c) Ensure the long-term viability of the City Leap Energy Partnership.
- d) Deliver a financial return to the council.

Strategic Objective 3

Deliver the future smart low carbon energy system for Bristol and support innovation more broadly.

Outcomes

- a) Deliver a smart, low carbon energy system for Bristol.
- b) Participate in innovative low carbon energy projects in collaboration with the council and other partners.
- c) Support the achievement of the relevant objectives of the council's Smart City Strategy.

Strategic Objective 4

Ensure that the residents, communities and businesses of Bristol are fully engaged by the City Leap Energy Partnership and are able to influence and participate in the programme of work.

Outcomes

- a) Develop and deliver a comprehensive and ongoing communications and engagement strategy, including to those that are 'hard-to-reach' and/or do not wish to participate in City Leap projects.
- b) Ensure the active and meaningful participation of the residents, communities and businesses of Bristol in the decision-making processes of the Partnership.
- c) Create and promote substantive opportunities for local organisations to participate in the delivery of City Leap projects, including City Partners and community organisations.
- d) Create and promote substantive opportunities for community investment in/ownership of assets.

Strategic Objective 5

Maximise the economic, social and environmental benefits arising from the programme of work carried out by the City Leap Energy Partnership, including job creation and the alleviation of fuel poverty in Bristol.

Outcomes

As part of the delivery of the City Leap Energy Partnership business plan:

- a) Deliver substantial social value and evidence this delivery through monitoring and reporting on an annual basis.
- b) Develop and support a strong and robust local supply chain to deliver a substantive proportion of City Leap projects.
- c) Work in partnership with the council and other partners to reduce fuel poverty in Bristol.
- d) Undertake low carbon energy infrastructure projects and services that help address social inequality.
- e) Promote diversity and inclusivity across all aspects of the City Leap Energy Partnership's activities.

Strategic Objective 6

Further enhance Bristol's reputation as a leading energy city through monitoring, evaluating and disseminating the lessons learned from City Leap and working towards replicating City Leap across the UK and beyond.

Outcomes

- a) Undertake a comprehensive programme of monitoring and evaluation of City Leap projects and delivery mechanisms and apply lessons learned.
- b) Actively promote the learnings from City Leap to a local, national and international audience in collaboration with the council, City Partners and other partners.

The future smart energy system

The UK is in the midst of a transition to a decentralised, flexible, low carbon energy system. The start of this transition is seeing the installation of smart meters and smart technologies, enabling the provision of new services such as Time-of-Use tariffs. This policy and technology driven revolution has the potential to dramatically change the way households, businesses and communities interact with the energy they use, as well as the way that energy is generated, transmitted and balanced.

The move to the future smart energy system creates opportunities for the development of new business models, increasing the amount of local low carbon energy generation and linking that generation to local demand, including for example:

- heat networks utilising low carbon generation to decarbonise heat demand;
- locally-owned renewable energy generators selling their power directly to their host communities via local energy tariffs and power purchasing agreements;
- peer-to-peer trading enabling people to sell their surplus energy to their neighbours;
- local micro-grids to minimise carbon emissions from new developments;
- digital platforms enabling access to new revenue streams such as balancing and flexibility markets;
- new ways to supply energy such as energy and/or heat as-a-service; and
- greater utilisation of existing distribution network infrastructure, reducing the capital costs, environmental impacts and disruption associated with electricity network upgrades.

The council's smart city strategy, [Connecting Bristol](#), identifies energy as a key area of need and opportunity for the application of smart technology, not least because realising the smart, decentralised energy system will require smart grids and systems to manage demand, supply and storage. In time, smart energy solutions could also provide the basis for and be linked to other services related to health and social care which can support service delivery and reduce costs for those most in need.

The council considers a smart energy system to be a key element underpinning the vision for City Leap by maximising and increasing the use of local low carbon generation and energy storage systems by co-ordinating and controlling smart heating, transport and other devices to balance energy demand and optimise network capacity.

Maximising revenue streams in this way would enable new, attractive, affordable products for consumers and underpin the significant social, environmental, financial and economic returns that would be realised by a successful City Leap.

At the heart of the future smart energy system is the technology required to enable the system to function, referred to here as the 'Smart Energy Platform'. The aim of the Smart Energy Platform

would be to actively manage the assets connected to it in order to utilise network capacity in the most cost-effective way by delivering additional revenue streams to asset owners and cost reductions to consumers.

As a result of the above, a Smart Energy Platform could enable the creation of a local energy market in Bristol that reduces the local cost of energy, minimises local energy consumption, maximises local energy generation and maximises carbon emissions reductions in Bristol.

The City Leap Energy Partnership could capture additional value from a future smart energy system by delivering attractive, high value services such as ‘Heat-as-a service’ or ‘Mobility-as-a-service’ to consumers, enabling it to maintain higher margins in a highly competitive market. These services then translate into the benefits City Leap aims to deliver for Bristol and its citizens: improved warmth and comfort in their homes, better health and affordable energy, job creation and a sense of ownership in their energy system.

This is an evolving picture and the council is aware that the exact structure of the future smart system in Bristol will be driven by ongoing regulatory and market changes as well as government policy and emerging business models.

Nonetheless, given that there is a global trend towards local energy, driven by increasing use of distributed, renewable generation as part of wider carbon emission reduction programmes, the council is of the view that the development of a smart energy system in Bristol is a key objective for City Leap and this will be a significant element of the Procurement at later stages.

The boxes on the next page contain illustrations of the kind of services that a future smart energy system in Bristol could enable:

2022: Heat-as-a-Service

As part of a rolling refurbishment programme for its social housing, Bristol City Council applies a number of home energy efficiency improvements and replaces gas boilers with heat pumps in suitable homes. Tenants are then offered the option to transfer to a Heat-as-a-Service tariff to power these heat pumps. This lets them pay a fixed monthly fee for a defined profile of warmth in their homes at about the same cost as their previous heating bills. Sub-metering and smart controls installed in the home as part of the refurbishment allow intelligent control of the heat pumps to reduce costs.

2023: Mobility-as-a-Service

A local care agency converts its fleet of cars for case workers to electric vehicles. As part of the leasing deal, it signs for a Mobility-as-a-Service charging scheme with City Leap, giving it a fixed monthly cost for charging within agreed vehicle mileage. The scheme covers chargepoint networks operated by City Leap and other partners plus chargepoints installed at the agency's offices and drivers' homes.

When EVs are plugged in at home, chargepoints record the energy used applies it against the agency's account and nets it off from the home's energy bill. EV smart charging and vehicle-to-grid services enable City Leap to reduce input energy costs and capture additional value from system services.

2025: Carbon-Neutral City Services

As part of its contribution towards Bristol becoming carbon neutral by 2030, City Leap develops services to nudge patterns of energy use, traffic, etc., to make best use of local, renewable energy, which may mean making significant daily demand shifts depending on factors such as weather.

For example, on a sunny day a significant proportion of energy demand in city buildings might be met from local solar PV arrays. On a wet, windy day, there would be a shortfall and so people might be encouraged to drive their EVs to work (charged from overnight wind) and use vehicle-to-grid to support building energy demand. Incentives to do this are created by reducing energy costs by using low marginal cost wind, and avoiding network reinforcement.

Similarly, the low carbon heat generation assets attached to the heat network could be optimised to make best use of renewable generation and heat storage capacity by, for example, taking advantage of cheap wind power prices to run heat pumps and store the heat generated for later use.

Delivering Social Value

Under the council's Social Value Policy, social value is defined as, "A process whereby organisations meet their needs for good, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and economy, whilst minimising damage to the environment."

Bristol City Council's [Corporate Strategy 2018-2023](#) explains how the council will contribute to social value and sets the overarching strategic framework for social value policy. The council's Social Value Policy can be found [here](#).

City Leap has the potential to deliver very substantial social value in Bristol and this is reflected in the Strategic Objectives (and their associated Outcomes) that the council has set for City Leap (see p.8), which will help to inform the bid evaluation criteria in subsequent stages of this Procurement.

There are several reasons why the council is placing a strong emphasis on social value in the City Leap Energy Partnership Procurement, including:

1. The council is a local authority and the objective of all local authorities is, 'the promotion or improvement of the economic, social and environmental well-being of their area';
2. The council has a legal obligation to consider the social good that could come from the procurement of services;
3. The council wishes to ensure that the Strategic Partner shares its values and ethos; being committed to delivering significant social value as part of City Leap will help ensure this alignment; and
4. The council believes that the involvement and engagement of the residents, communities and businesses in Bristol with City Leap in a material way will be critical to the success of City Leap.

Working in partnership

Given the need for city-wide action to address the climate emergency, the council is very clear that transformation at this scale cannot be achieved without the input, support and consent of the residents, communities and businesses of Bristol.

These communities will play a key role in further developing Bristol's low carbon energy system whilst ensuring that the diversity of Bristol is fully represented and able to shape the city's future energy strategy. It is therefore vital that the City Leap Energy Partnership fully engages with the City to ensure that the people of Bristol have a meaningful say and, crucially, opportunities to have a level of ownership and investment in the projects delivered by City Leap.

Accordingly, the council believes that the creation of the City Leap Energy Partnership is the first step on the City Leap journey and envisages a much broader partnership evolving over time. This will include a wide range of organisations, community groups, businesses, suppliers and investors to initiate, support, deliver and potentially fund some of the projects that will constitute City Leap.

This commitment to working in partnership will need to be built into City Leap from the outset and will give City Leap the flexibility it needs to access and incorporate the new technologies, approaches and innovations that will be developed as the future smart energy system evolves over time.

Evaluating Social Value

Bidders' proposals regarding partnership working and social value will be evaluated at subsequent stages of the Procurement, and may take account of a Bidder's ability to engage and utilise local supply chains, its commitment to equality and diversity, and the extent of its commitment to work in partnership with and support the residents, communities and businesses of Bristol.

The council will also be interested in any innovative propositions regarding social value that Bidders have and are prepared to commit to, as well as how they might support existing social value programmes in the City.

Regulatory environment

The UK Government has committed to delivering net zero emissions by 2050, a target that will require dramatic changes across the economy. Through the Clean Growth Package, Government has signalled that local energy systems will be a key part of these changes, both to support the transition within the UK's energy system and to create international markets for the UK's expertise. City Leap will put Bristol in the vanguard of these changes, confronting the challenges involved and delivering early benefits for the city's citizens. However, the council is aware that the current policy and regulatory environment was not framed to support this transformation.

This deficiency has been recognised by Government, and the Department for Business, Energy and Industrial Strategy (BEIS) has published several consultations including ones covering the future of energy retail markets, fuel poverty, energy efficiency, and governance of energy industry codes. Enabling the private sector to finance the transition will be a key challenge and Her Majesty's Treasury has [launched a review](#) into how the transition will be funded, which is currently due to report in Autumn 2020.

A city-wide 'sandbox'

City Leap's vision for a smart, flexible energy system is the same as the Government's vision for the UK. However, City Leap aims to achieve this vision more quickly, presenting a major opportunity for the City Leap Energy Partnership to help Government by testing and trialling new approaches, feeding back deployment experience and recommending new ideas. This will provide evidence and learning beyond that from existing pilots and demonstrators including:

- more comprehensive data from larger scale of deployment, giving a better view of risk models, consumer behaviour changes, actual impacts on energy consumption and carbon reductions, etc.;
- demonstrating the models required to leverage large amounts of private sector finance into decarbonisation of cities; and
- addressing a wider demographic at a scale that allows statistically meaningful conclusions to be drawn.

The council believes BEIS and Ofgem will welcome this offer and are currently in discussions with BEIS regarding undertaking a research project to inform a potential future regulatory sandbox in Bristol.

The City Leap Value Proposition

There are two key elements that, taken together, comprise the foundation of City Leap:

- **The council** itself with:
 - its reputation as a leading energy city;
 - its existing low carbon energy infrastructure assets;
 - the opportunities it can provide to City Leap to execute low carbon energy infrastructure projects on its estate and more broadly;
 - its trusted brand and convening influence in Bristol and beyond; and
 - its wide range of communications channels.
- The council's internal **Energy Service** team with:
 - its existing pipeline of low carbon energy infrastructure projects within the council's estate and with third party customers;
 - its strong track record of delivering such projects in Bristol;
 - its intimate knowledge of the opportunities on the council estate, as well as the private and commercial sectors in Bristol;
 - a substantial existing local presence on the ground;
 - its trusted relationships with a large stakeholder group within the council who will be bringing forward projects on the council's estate to be undertaken by City Leap;
 - an excellent reputation and wealth of contacts with local people, communities and businesses; and
 - a working relationship with a growing number of other local authorities across the South West of England.

It should be noted that, in June 2020, the council [took the decision](#) to seek a buyer for its wholly owned energy company, Bristol Energy. Consequently, Bristol Energy is not within the scope of the City Leap Energy Partnership Procurement, although Bristol Energy's brand may be available as part of the Procurement. The position on the brand will be confirmed in later stages of the Procurement.

The council

Leadership

Bristol City Council is recognised nationally and internationally as a leader in energy and organisational innovation, including the One City Approach which brings together a wide range of city stakeholders to work towards achieving the key challenges facing Bristol.

Demonstrating its leadership on the climate change agenda, the council has committed to make its own operations carbon neutral by 2025 – this covers its direct energy and transport emissions (Scope 1 and Scope 2). The council has already reduced its direct emissions by 77% since 2005 and it has also committed to developing a Carbon Budget which will demonstrate how all its major project and plans are contributing to the carbon neutrality goal.

The council has used a range of policy drivers to help reduce the emissions of the city as a whole, such as its planning policy - further detail will be provided on this in later stages of the procurement.

Low carbon energy infrastructure assets

The council has pioneered municipally-led activity in the energy sector over a number of years and has a track record of successfully delivering low carbon energy infrastructure as set out earlier in this SQ MOI (see p.5). As a result of this previous delivery, the council owns a large number of low carbon energy infrastructure assets, including wind turbines, a solar farm, rooftop solar PV arrays, biomass boilers, EV charging points and the heat network.

The council intends to make some or all of its existing low carbon energy infrastructure assets, available to the City Leap Energy Partnership, either by way of acquisition or lease-based transactions. This will be subject to certain conditions that will be set out in later stages of the procurement.

Opportunities to deliver low carbon energy infrastructure in the City of Bristol

The council has a substantial estate in the City, comprising land, buildings (including its corporate and commercial estates), social housing, car parks and Park & Ride sites, parks and green spaces, depots, street lighting and so forth.

Subject to satisfying certain conditions and criteria, the City Leap Energy Partnership will be provided with opportunities to access this estate for the purpose of delivering low carbon energy infrastructure projects and using this as a springboard for wider delivery across Bristol. In addition,

the City Leap Energy Partnership will have the opportunity to build upon the extensive work undertaken by the council on its heat network.

These opportunities are set out briefly in the table below and further detail will be provided in subsequent stages of the Procurement. The list of potential Service Areas and associated opportunities is not exhaustive and the council expects its Strategic Partner to identify additional opportunities across the council's estate, both as part of its bid to become Strategic Partner and over the duration of the concession.

Service area	Potential opportunities for City Leap
Operational Property (operational buildings)	Support the achievement of the council's 2025 target for being carbon neutral by delivering low carbon energy generation, distribution assets, battery storage and energy efficiency measures Potentially on an Energy Performance Contracting basis.
Parks & Green Space	Community-scale battery storage on low amenity value land. Low carbon energy generation, battery storage and energy efficiency measures on and in buildings and depots. Funding of low and zero emission vehicles and machinery.
Car Parks and Park & Ride sites	Solar canopies, battery storage and EV charging points.
Investment Property (leased buildings)	Introduction to leaseholders to facilitate commercial discussions.
Development Assets (land)	Large-scale low carbon energy generation, distribution and battery storage.
Social housing - existing	Programme of work to make the council's social housing stock carbon neutral.
Social housing – new build	Sub-contractor to the council's appointed developer to install packages of low carbon energy infrastructure.
Fleet	EV charging infrastructure and funding of electric vehicles operated by the council.
Street lighting	Funding of lighting upgrades, EV charge points.
Highways	Provision of zero emission mobility solutions.

In addition, the council has two wholly owned companies, Bristol Waste and Goram Homes, via which the City Leap Energy Partnership may be able to access further opportunities:

Company	Potential opportunities for City Leap
Bristol Waste	The installation of low carbon energy generation and energy efficiency measures on land, buildings and depots which are owned by the council and leased to Bristol Waste. Funding of low and zero emission vehicles.
Goram Homes	Collaborate to deliver low carbon energy infrastructure in new developments, e.g. micro-grid ground source heat pumps.

Finally, the council will provide enablers to the City Leap Energy Partnership in the form of the potential for co-branding as well as access to its communications channels and data to support the

development and promotion of City Leap-related projects and activities, subject to certain conditions which will be set out in more detail in subsequent stages of the Procurement.

Opportunities to deliver low carbon energy infrastructure beyond Bristol

The council, through the Energy Service, is already working with a number of other public bodies in the South West in order to develop and deliver low carbon energy infrastructure – see below.

In order to continue these relationships once the City Leap Energy Partnership is operational, the council will be procuring a single supplier framework as part of the City Leap Energy Partnership Procurement to provide low carbon energy infrastructure origination and development services to other public bodies in the South West. The City Leap joint venture company will be appointed as the supplier under the framework.

During later stages of the Procurement, the council will discuss with Bidders the range of options available for the provision of low carbon energy infrastructure project delivery and investment to other public bodies in the South West with the intention of putting an agreed approach in place in due course separately to the City Leap Energy Partnership Procurement.

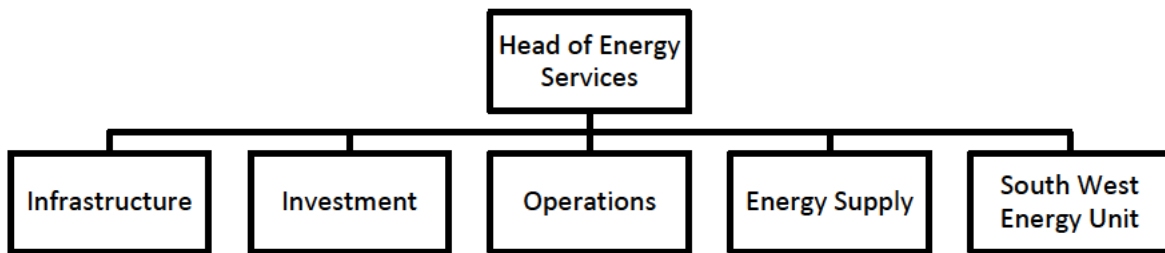
The Energy Service

Since its creation in 2013, the council's in-house Energy Service team has developed a broad set of capabilities across a wide range of low carbon energy infrastructure – from domestic energy efficiency to renewable energy generation to major infrastructure projects such as heat networks - through its delivery of projects, largely on the council's estate in collaboration with colleagues in the Service Areas listed on the previous page.

The Energy Service's predecessor, the Energy Management Unit, was established in 1992 as part of Property Services. The focus of its work was energy procurement and management within the council's estate and included the delivery of innovative and award-winning projects such as the council's wind turbines.

In order to adopt a more pro-active approach to energy management and move beyond the council's estate, a successful application for grant funding was submitted to the European Local Energy Assistance (ELENA) Programme in 2010, which funded the creation of a new team, largely recruited from outside the council, that went on to deliver and facilitate an investment programme of over £50m. As part of the ELENA programme, the Energy Service was formed in November 2013 by merging the ELENA and Energy Management Unit teams.

The Energy Service currently comprises 36.8 FTE (Full Time Equivalent) employees across five work streams, each working to deliver and facilitate the city's carbon neutrality ambitions:



The main objectives of each work stream are as follows:

Team	Areas of work
Infrastructure	<ul style="list-style-type: none"> • Development, design and managing the delivery of the council's heat network.
Investment	<ul style="list-style-type: none"> • Development and design of renewable energy projects within the council's estate and for third party customers. • Development, design and managing the delivery of an electric vehicle charging network for public use. • Funding and supporting the delivery of community energy projects.
Operations	<ul style="list-style-type: none"> • Development and management of domestic energy efficiency programmes within the private housing sector. • Managing the delivery of projects developed by the Investment and South West Energy Unit teams. • Operation and maintenance of the council's low carbon energy assets. • Developing and supporting initiatives to help reduce fuel poverty within Bristol.
Energy Supply	<ul style="list-style-type: none"> • Procurement and management of the council's utility supplies. • Procurement and management of power purchase agreements for the council's renewable energy generation assets (wind and solar). • Development and design of energy efficiency upgrades to the council's operational buildings.
South West Energy Unit	<ul style="list-style-type: none"> • Working with Devon County Council and Plymouth City Council to develop and deliver a pipeline of low carbon energy infrastructure projects across the three authorities as part of the council's second ELENA programme. • Working with other Local Authorities in the South West to develop and design low carbon infrastructure projects in their corporate and schools estates. • Developing and designing energy efficiency projects for public sector and commercial customers.

To date, the Energy Service:

- has delivered or facilitated the delivery of over £50m of investment in low carbon energy assets and energy efficiency measures;
- has installed 16.4MW of renewable energy generation capacity, generating 31.3GWh of zero carbon energy;
- generates c£2m of revenue from installed assets annually;
- has delivered annual carbon emissions reductions of 12,500 tonnes; and
- has secured over £23m of grant funding to support its activities.

The council anticipates that the majority of the council's Energy Service will transfer into the City Leap Energy Partnership, enabling City Leap to hit the ground running given the Energy Service's well-developed and constantly expanding pipeline of low carbon energy infrastructure projects, including the council's heat network. Building on this portfolio and utilising the Energy Service's local knowledge and contacts will enable the City Leap Energy Partnership to quickly convert opportunities on the council's estate and within the private sector into assets on the ground.

In order to complement the Energy Service and comprehensively deliver against the Strategic Objectives and Outcomes of City Leap, the Strategic Partner may choose to augment the Energy Service's capabilities in a number of ways, including the provision of its own expertise, services and products, as well as bringing pre-existing third party relationships and services as part of their solution.

It should be noted that the council also anticipates that not all of the Energy Service will be transferred into the City Leap Energy Partnership and a small team will remain inside the council to become council's expert Client Function in relation to City Leap. This is intended to ensure that the council retains sufficient knowledge and expertise to effectively manage its future relationship with the City Leap Energy Partnership and create capacity within the council to quickly identify and bring forward opportunities for low carbon energy infrastructure projects for the City Leap Energy Partnership to deliver.

The City Leap Energy Partnership

The City Leap Energy Partnership will be a corporate joint venture (“JVCo”), established through a limited company incorporated in England, with the council and the Strategic Partner being equal shareholders in the company.

As stated previously, the council anticipates that the majority of the council’s Energy Service will transfer into the City Leap Energy Partnership corporate structure where, building on its existing pipeline of low carbon energy infrastructure projects, it will play a key role in the development and delivery of the extensive programme of low carbon energy infrastructure projects envisaged under City Leap.

Complementing the Energy Service, the Strategic Partner is anticipated to bring sufficient funding, capability and capacity, either directly or indirectly, to achieve the Strategic Objectives of City Leap over the duration of the concession.

A 50:50 corporate joint venture has been chosen as the most suitable vehicle for the City Leap Energy Partnership because the council believes that:

- the council, the Strategic Partner and any other entities which are involved in delivering City Leap need to work together as a partnership to achieve the objectives of City Leap, and this joint working will require coordination at each level of the various entities that will form the City Leap Energy Partnership;
- City Leap needs to be a true partnership between the City of Bristol (residents, communities, businesses, public bodies and strategic initiatives created by council) and the Strategic Partner, and needs to be seen as such by residents. The creation of a separate joint venture vehicle, co-owned by the council, better enables this and will engender trust; and
- City Leap will be building assets which will become part of the fabric of the City of Bristol and, as such, the council will need to retain a degree of strategic control to ensure fair pricing and continued provision of services to residents.

The council recognises that whilst it requires equal rights of governance and control over the joint venture vehicle with that of the Strategic Partner, the council will be unable to partake in the future funding of JVCo on an equal footing with the Strategic Partner and/or the funding being deployed into City Leap projects. Accordingly, the council also recognises that the economic reward attaching to the equity shares in JVCo may not be split on an equal basis.

As the council wishes to leverage best practice from the private sector in the funding of low carbon energy infrastructure through the City Leap Energy Partnership, the council will ask Bidders to propose their own structure for those elements of the City Leap Energy Partnership which sit around JVCo, including entities outside JVCo’s immediate corporate structure, which may include:

- the mechanism for contributing their expertise, capacity and capabilities to complement and enhance that of the Energy Service;
- the structuring of any subsidiaries to the City Leap Energy Partnership and/or relationships with third parties and other corporate entities, e.g. to undertake development activities, provide services and/or provide funding; and
- corporate structures to own and operate assets built out by the City Leap Energy Partnership.

As previously stated, to enable the JVCo to provide origination and development services to other public bodies in the South West, the JVCo will enter into a single supplier framework agreement with Bristol City Council, which other public bodies will be able to call off from. Funding and delivery of projects to such public bodies by the JVCo could then be via a number of mechanisms that the council will discuss with Bidders as part of the procurement process.

Structure Requirements

The council has set two “Structure Requirements” for the City Leap Energy Partnership as follows:

- the City Leap Energy Partnership is a corporate joint venture between the council and its Strategic Partner (each owning a 50% shareholding); and
- the council’s Energy Service sits within the City Leap Energy Partnership corporate structure to provide the basis of the Partnership’s asset development and delivery capability.

Provided the solution proposed by a Bidder meets the Structure Requirements, Bidders can propose any structure/model they wish to deliver the Strategic Objectives and Outcomes of City Leap.

The council anticipates that City Leap may evolve over time, e.g. additional specialist investment funds may be created in the future to facilitate community investment in City Leap assets, and that the City Leap Energy Partnership will work with a broad range of partners, both from within Bristol and outside the City, to deliver projects.

The council looks forward to seeing Bidders’ innovative and ambitious proposals for the City Leap Energy Partnership at subsequent stages of the Procurement.

Appendix A – Glossary of Acronyms for SQ MOI

Acronym Used	Meaning
BEIS	Department for Business, Energy and Industrial Strategy
ELENA	European Local Energy Assistance
EV	Electric Vehicle
FTE	Full Time Equivalent
GVA	Gross Value Added
JVCo	Joint Venture Company
MOI	Memorandum of Information
OFGEM	Office of Gas and Electricity Markets
PV	Photovoltaic
SPV	Special Purpose Vehicle
SQ	Selection Questionnaire
UK	United Kingdom