



# Councils able to sell renewable electricity

This briefing looks at the new powers for councils to sell renewable electricity. It is provided to local authority chief executives, council leaders and all APSE environmental services contacts in England, Scotland, Wales and Northern Ireland.

## Key issues:

- New legislation allows councils to sell electricity generated from renewable sources.
- Local authorities across England and Wales could boost their incomes by up to £100 million a year through the scheme.
- Further information and support is available from APSE by contacting [djohns@apse.org.uk](mailto:djohns@apse.org.uk)

## 1. Introduction

The Government has passed legislation which allows local authorities to sell electricity generated from renewable sources from 18 August 2010. This will create an opportunity for councils to gain financially (as well as environmentally) from developing local renewable energy projects, either on their own or in partnership. In 2008-09, councils in England generated over 600,000KWh from onsite wind or solar power and 33,800,000KWh from onsite biomass. In total, local authorities were responsible for 8.3 million tonnes of CO<sub>2</sub> which is about 1.6% of the UK Total Net CO<sub>2</sub> emissions for calendar year 2008 (532.8 MtCO<sub>2</sub>).

This briefing paper outlines the new regulations and provides some case studies from councils throughout the UK. For further details from the Department of Energy and Climate Change, [click here](#).

## 2. The new regulations

The Local Government (Miscellaneous Provisions) Act 1976 gives local authorities in England and Wales power to sell heat but, except in prescribed cases, prohibits them from selling electricity which is not produced in association with heat. This prevented local authorities from selling to the national grid power produced from schemes using solar power, wind generation or hydropower.

The Sale of Electricity by Local Authorities (England and Wales) Regulations 2010 allows local authorities in England and Wales to sell electricity produced from the following sources:

- Wind
- Solar
- Aerothermal
- Geothermal
- Hydrothermal and ocean energy
- Hydropower
- Biomass
- Landfill gas
- Sewage treatment plant gas
- Biogases

Similar provisions have been introduced for local authorities in Scotland through the Sale of Electricity by Local Authorities (Scotland) Regulations 2010, which give local authorities in Scotland power to sell electricity from the same sources as listed above.

Through changing the regulations, it is intended to encourage the development of local renewable electricity projects. At present only 0.01% of electricity in England is generated by local authority-owned renewable. In Germany the equivalent figure is 100 times higher.

The changes will bring opportunities to local authorities in both generating revenue as well as the obvious environmental benefits to contribute to Government climate change targets both at national and local level. It is hoped this will open up new sources of income for local councils, including selling any excess renewable energy into the grid and also the full benefit of the feed in tariff - a payment to anyone who owns a renewable electricity system, for every kilowatt hour they generate. DECC estimates that local authorities across England and Wales could boost their incomes by up to £100 million a year through the scheme. Councils will have the choice on how this revenue from the sale of electricity is spent.

The Secretary of State for Energy and Climate Change Chris Huhne has described the legislative changes as a vital step to making community renewable projects commercially viable, to bring long-term income to benefit local areas and secure local acceptance for low carbon energy projects.

### 3. Case studies

The following section provides details of some of the councils who are investing in energy projects.

1. **Bristol City Council** – already have schemes in the pipeline that will now benefit from the change in regulations including two 2-3 megawatt wind turbines off the Severn Estuary, on council land, in the Avonmouth Industrial Area. The council has already invested about £3m in a portfolio of 14 biomass boilers generating renewable heat from the city's wood waste from parks, street trees and other sources. Bristol's wind turbines will be wholly owned by the City Council generating revenue for the council and helping them meet their carbon reduction commitment. It is expected that the turbines will generate a rate of return on investment of at least 15% and will meet about one fifth of the Council's total electricity needs, significantly reducing their carbon footprint. For more information, [click here](#).

2. **Woking Borough Council** – through Thameswey Limited, a company wholly owned by the local authority, green electricity is generated across the Borough and provided to local customers by way of private wires. In May 2000, Thameswey Limited invested in its joint venture company, Thameswey Energy Limited, to finance the first energy station in Woking Town Centre. Since then, Thameswey Energy Limited has continued to deliver a range of sustainable and renewable energy projects in order to meet the Council’s Climate Change Strategy objectives. For more information, [click here](#).
3. **Hampshire County Council** – have three energy from waste (ERFs) plants which process residual waste and generate enough energy each year to power 50,000 homes. These ERFs have contributed to diverting more than 90% of Hampshire’s waste from landfill. Hampshire is now working in partnership across the public sector across the public sector to deliver major responses to climate change. The work includes looking at large scale renewable energy options. The benefits for Hampshire include ensuring energy security and reducing vulnerability to future price increases. For more information, [click here](#).
4. **Shetland Council** – are already developing several wind energy projects. The new regulations will mean more projects like these become viable and will potentially allow another funding source for renewable energy projects. For more information, [click here](#).
5. **Derby Council** – has already got schemes in the pipeline that will now benefit from the change including the first hydro electric plant at Longbridge. This will feed its power into the Council headquarters building and any surplus (night time) generation will be sold to the grid. The hydro is expected to generate 1,250,000KWh of electricity per year saving almost 700t of CO2 emissions. The projected income from the project fully covers its financing costs. For more information, [click here](#).
6. **Cornwall Council** – as part of its new Green Cornwall Programme, Cornwall Council has proposals to create the UKs first solar energy park and the first local council run wind farms. Cornwall is already using its natural resources to generate energy; with eight wind farms and it is also involved in the development of projects to harness wind energy and research to extract heat and power from geothermal sources. For more information, [click here](#).

## 4. Conclusion

APSE supports the changes to the regulations which now free up councils to be able to further pursue projects, which will reap environmental as well as financial benefits. In economically challenging times, the development of further income streams will be welcomed by local authorities. APSE would urge councils to learn from the existing good practice and projects undertaken to date. Further support is available from APSE via access to case studies, in creating a business case for environmental projects, skills development and training, as well as advisory services. Please contact [djohns@apse.org.uk](mailto:djohns@apse.org.uk) for more information.

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