



Environment & Energy Board

Date	1 March 2023
Report title	WMCA Energy Programme Update
Portfolio Lead	Environment, Energy & HS2 - Councillor Ian Courts
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Recommendation(s) for action or decision:

The Environment & Energy Board is recommended to:

- (1) Note the progress across the WMCA energy programmes.
- (2) Identify topics for future updates at the Environment & Energy Board meetings.

1. Purpose

To provide an update to the Board on the progress of energy work by the Energy Capital team at the WMCA, including a forward look at priorities over the next 3 years.

2. Background

2.1 The Energy Programme

Building on the foundations of the Regional Energy Strategy adopted by the WMCA in January 2019, and the subsequent highly acclaimed WM2041 Strategy and Five-Year Plan, the West Midlands's regional energy priorities are now fully integrated into the WMCA operations. Through Energy Capital's national reputation for excellence in innovation and the teams' deep roots into the sector through the Energy Capital Partnership, the team have become a valued and integrated part of the SINZ directorate at the WMCA.

2.1.1 The energy team’s vision is ‘a just energy transition, where investment is appropriately channelled to meet the needs of our diverse communities – enabling timely decarbonisation and creating a thriving market for clean-tech innovation and economic growth.’ The programme is inherently linked to the objectives of directorates across WMCA.

2.1.2 The current energy programme breaks down into three core areas:

Theme	Aim and objective	Workstreams	Lead
Energy Infrastructure	<p>Aim - To ensure our energy infrastructure facilitates the timely and cost-effective, decarbonisation of our industry, businesses, homes and transport systems and supports economic growth.</p> <p>Objective - To remove barriers and enable investment in clean energy assets, by facilitating a smarter, place-based approach to investment in energy efficiency, renewable energy and storage.</p>	<ul style="list-style-type: none"> - Local Area Energy Planning - Smart Local Energy Systems - Heat Network delivery and zoning - Non-domestic energy solutions, including energy efficiency, renewables and storage - Infrastructure for Zero Emission Vehicles 	<i>Energy Systems team led by Kate Ashworth</i>
Domestic retrofit (SMART Hub)	<p>Aim – To prove that we can reduce fuel poverty and create warmer homes through area-based solutions whilst securing net zero and economic growth through supply chain development.</p> <p>Objective - To support LAs to access funding, intelligence and expertise to retrofit homes, reduce carbon emissions and work with partners to develop and deliver projects that tackle fuel poverty in the region.</p>	<ul style="list-style-type: none"> - Domestic retrofit delivery - Retrofit market development - Net Zero Neighbourhood demonstrator 	<i>SMART Hub team led by George Simms</i>

<p>Policy and positioning (energy)</p>	<p>Aim - To give the West Midlands power and influence in the energy system, as a national pathfinder and to attract investment into energy infrastructure across the region.</p> <p>Objective - Develop policies and projects to ensure the energy infrastructure of the region supports competitive, clean and inclusive growth.</p>	<ul style="list-style-type: none"> - Lobbying for place-based energy solutions - 'Partner of choice' for government and private sector; innovation; and green finance - Embedding energy across WMCA programmes 	<p><i>Energy Capital team, led by Director Cheryl Hiles</i></p>
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2.1.3 Over the next 3 years, the Energy Team's top priorities are to:

1. Establish Local Area Energy Planning as a mechanism to remove barriers to low carbon infrastructure investment across the region.
2. Deliver high quality retrofit solutions and technical support to member authorities and housing providers to reduce fuel poverty.
3. Demonstrate Net Zero Neighbourhoods as an effective mechanism to attract investment into local communities.
4. Lobby Government, OfGEM and National Grid to empower the West Midlands to influence the energy system across the region.

2.1.4 This paper provides updates on a selection of WMCA energy programme initiatives from the above programme areas for discussion at the Environment and Energy Board.

2.2 Local Area Energy Planning (LAEP)

2.2.1 A LAEP sets out the change required to transition an area's energy system to net zero in a given timeframe. Forming part of the Energy Infrastructure Programme, this integrated infrastructure planning process, brings together energy system planning undertaken by the network operators and regulated by OfGEM, with the local transport planning process and a local authority's spatial planning processes, to ensure they are all working from the same assumptions and intelligence. The LAEP process is still being piloted across the UK, but the value of an effective process has been recognised by cross-sector stakeholders and will be particularly important to the West Midlands given our geography and reliance on national energy infrastructure.

2.2.2 The LAEP process will be undertaken in stages, depending on funding. The first phase will see the energy planning data gathered for Coventry as part of the RESO (Regional Energy Systems Operator) project, integrated into a visual data platform that all stakeholders will have access to. This will then be used to demonstrate the value of the LAEP process with the region's local authorities.

- 2.2.3 The second phase will be to develop energy infrastructure solutions for key development zones across the region using the visual data platform to support decision making and our work to overcome barriers to non-domestic energy solutions, including local generation and storage. For more information on the visual data platform see [here](#).
- 2.2.4 If our funding application to OfGEM is successful, the third phase will be to expand the data platform across the whole region.
- 2.2.5 The team will seek to establish a suitable regional framework, supported by BEIS and OfGEM, to enable this programme of work and will seek funding for ongoing management of the LAEPs from partner beneficiaries. Funding to support this programme, and for each local authority to enable local area energy planning is being sought from Government as part of the devolution deal process.

2.3 Retrofit delivery

- 2.3.1 The region faces an ongoing and escalating fuel poverty crisis. Focusing on domestic retrofit, the SMART Hub has been established to support the region's local authorities to capture the resources that are available from the public sector to tackle this issue and ensure best practice in delivery to maximise the benefit to the region's citizens. The team has to date secured an additional £26m of funding to support local authorities and registered housing providers to improve the standards of homes across the region. The team is also currently waiting on a decision (March 2023) regarding a further £18.07m grant as part of a £52.76m consortium bid to SHDF Wave 2.
- 2.3.2 The team are also seeking to establish greater consistency and certainty in the funding regime to provide confidence to the retrofit supply chain to encourage business, jobs and skills growth in this crucial sector. This also forms a key part of current devolution deal negotiations on behalf of the region.
- 2.3.3 However, public grant funding will never be enough to eradicate the problem of fuel poverty and decarbonise the region's domestic building stock. Information on the decarbonisation pathway for every property in the region has been collated in the West Midlands Housing Stock database which the SMART Hub team has made available to all of the region's local authorities and is currently being used to help target interventions. The team will also be working closely with the environment, housing, economy and skills teams to stimulate retrofit demand across a mixture of tenures and help the local market to respond to the opportunity this presents.

2.4 Net Zero Neighbourhoods

- 2.4.1 In addition to public grant, other forms of grant funding are needed as part of a blended finance solution to make retrofit attractive to private sector investors; as, despite a lot of interest, private finance is not reaching domestic retrofit owing to low returns on investment, the high levels of risk associated with dealing with individual properties and involved unproven mechanisms for capturing financial return. Our NZN programme aims to tackle these difficult issues and establish a mechanism to overcome these barriers, while also demonstrating that a neighbourhood / place-based approach brings increased engagement from the community and efficiencies in delivery.
- 2.4.2 As part of the SMART Hub programme, the WMCA is investing £1.65m into phase 1 of the Brockmoor net zero neighbourhood demonstrator project in Dudley; the grant agreement for this is in the process of being signed. This pilot will be used to demonstrate how to overcome

some of the barriers identified above, and the learning will be applied across the cohort of neighbourhoods identified.

- 2.4.3 The team is building strong relationships with the finance community, having undertaken soft market-testing to scope how best to attract private finance, supported by the Smart Local Energy System Investor Panel that was established to support our innovation programme. The team have also secured new Innovate UK funding to explore the value of outcome buyers in the blended finance model and the Dudley pilot will be used to establish how to quantify the co-benefits that outcome buyers are seeking, to shape future business cases.

2.5 Policy and Positioning

- 2.5.1 Energy remains a predominantly nationally reserved matter in the UK, so to reflect the West Midlands interests, the WMCA will need to continue to lobby and position to increase our influence over the centrally managed energy system. Policy advocacy and positioning will continue to be an integral part of the WMCA energy programme, as will our focus on how innovation can support change over time.
- 2.5.2 Energy affects so many aspects of the WMCA's work, and delivery of the Regional Energy Strategy and WM2041 goals will require us to embed energy priorities throughout the WMCA. Much of the work of Energy Capital is about providing expert support to those delivering transport, housing or business support programmes. For example, we are leading a cross-departmental internal working group on hydrogen to support decision making. We are also advising on energy infrastructure aspects of both EVCATS (Ultra-rapid Charging Stations) and the ZEBRA bus programme, and this support mechanism will continue to expand across the WMCA.
- 2.5.3 The legacy of Energy Capital, born of a regional partnership, is also important, as the strategies will not be delivered by WMCA action alone. The Energy Capital Partnership, relaunched in September 2022, enables the team to continue to support a range of partner initiatives such as participating in the steering group for Coventry CLEAN Hub, acting as an advisor on the Coventry University Energy and Environment Board, and work closely with Walsall and Sandwell on their heat network developments. Our monthly collaboration sessions also enable networking and new business opportunities.
- 2.5.4 Over the coming months, the team's expertise will be bolstered by detailed data and intelligence captured through the LAEP process, which will help all parties make better-informed, more joined-up decisions going forward.

3. Financial Implications

- 3.1 There are no financial implications from this report.

4. Legal Implications

- 4.1 None from this report.

5. Equalities Implications

- 5.1 Energy costs are increasingly exacerbating inequalities across the WMCA area, increasing the importance of action to be taken in this area.

6. Inclusive Growth Implications

6.1 The team have been working closely with inclusive growth colleagues to ensure the development of all programmes support our inclusive growth objectives.

7. Geographical Area of Report's Implications

7.1 The whole WMCA geography, including non-constituent authorities.

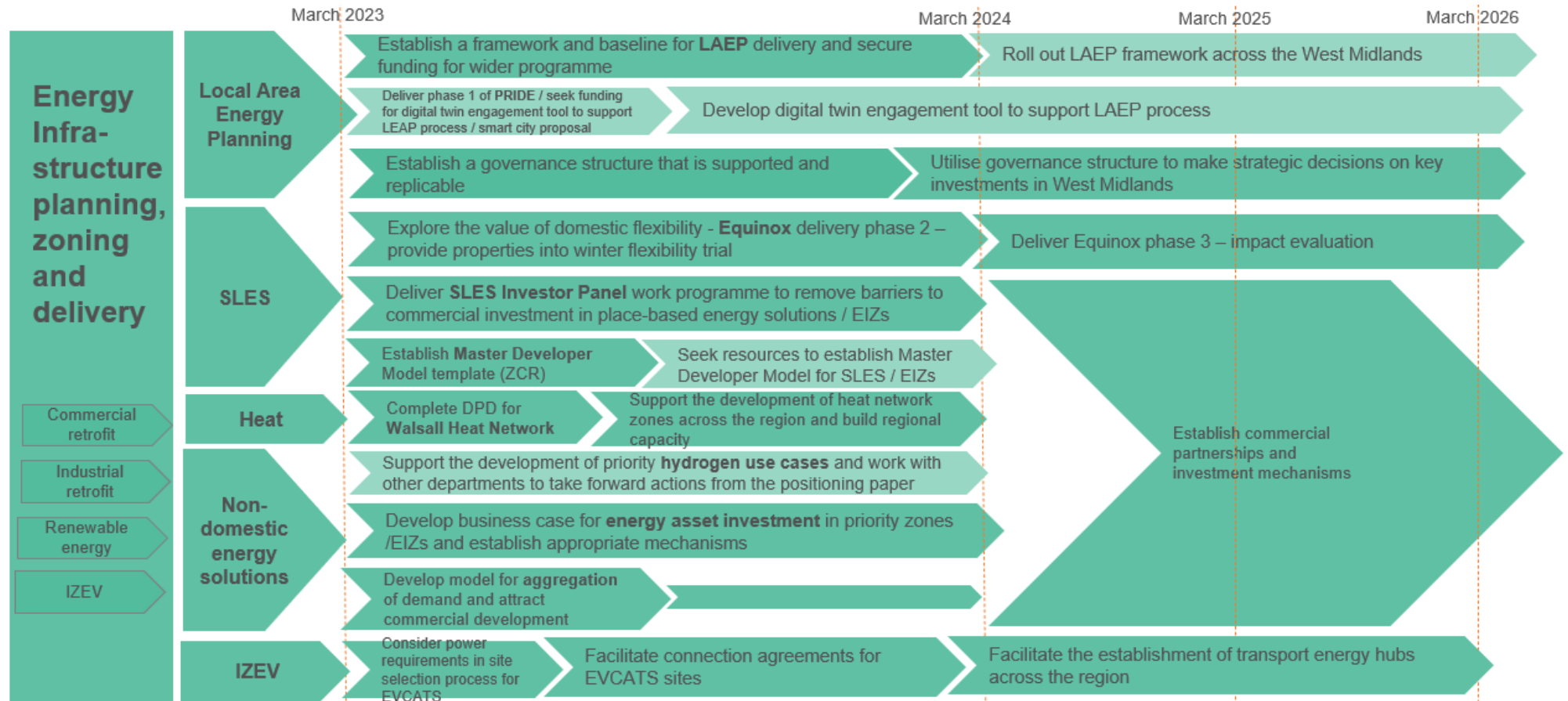
8. Other Implications

8.1 None.

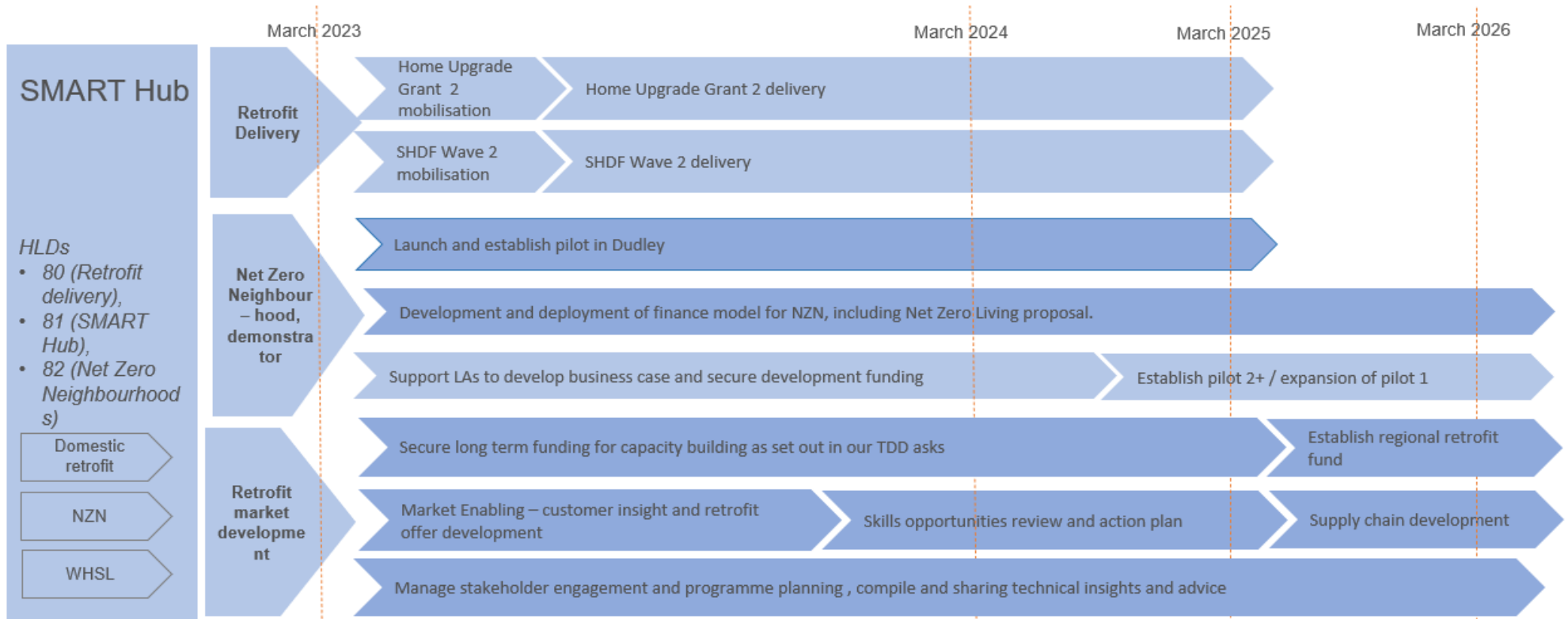
9. Schedule of Background Papers

9.1 Programme slide deck will be presented at the Energy & Environment Board meeting.

Appendix 1: Energy Programme

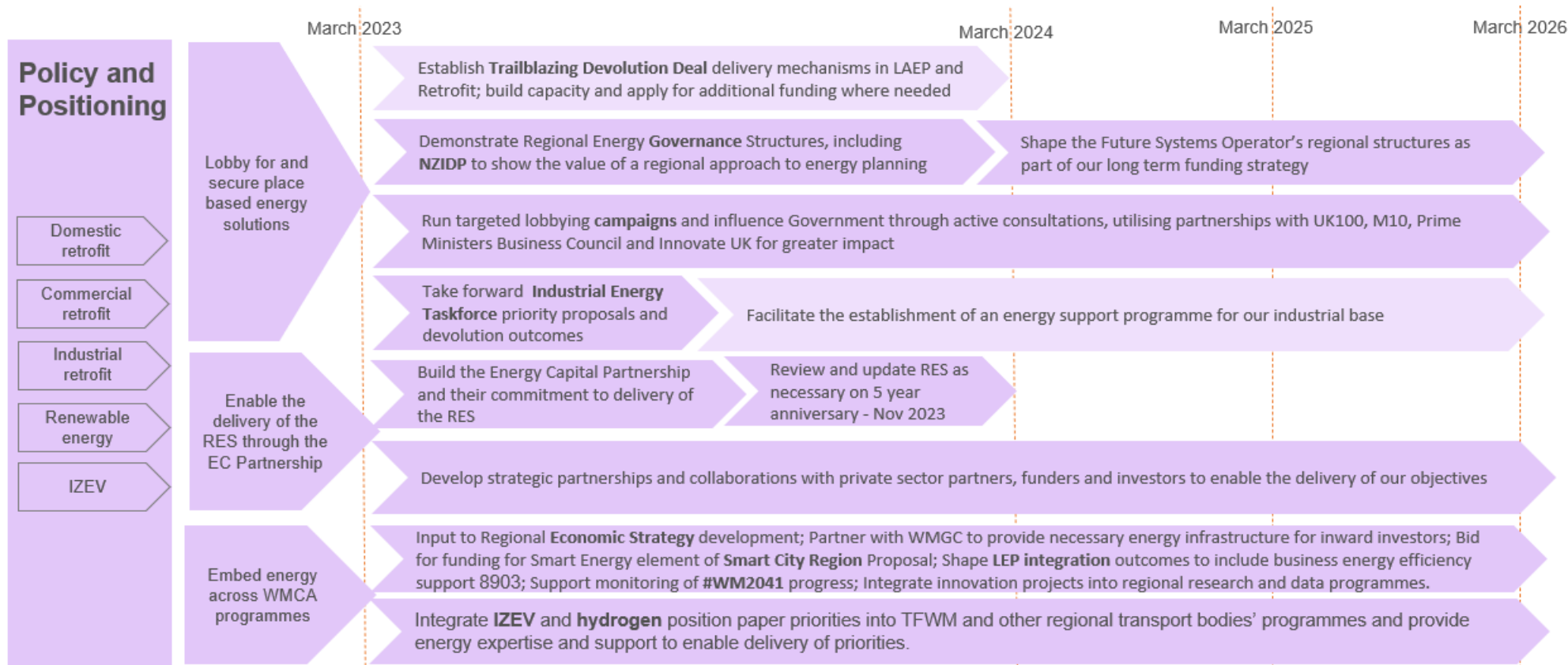


HLD: Remove barriers and enable investment in clean energy assets, by taking a smarter, place based approach to energy investment (energy efficiency, renewable energy and storage)



HLDs:

To support LAs to access funding, intelligence and expertise to retrofit homes and reduce carbon emissions and work with partners to develop and deliver projects that tackle fuel poverty in the region



HLD: Develop policies and projects to ensure the energy infrastructure of the region supports competitive, clean and inclusive growth