



# Strategic energy planning within local authorities in the UK: A study of the city of Leeds

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## HIGHLIGHTS

- Strategic energy planning is currently not a priority for UK local authorities.
- We present an empirical study of strategic energy planning in local authorities.
- Results from stakeholder interviews suggest support for a strategic energy body.
- We identify the capacity barriers to implementing a strategic energy body.
- We make recommendations for ways forward and support needed from national policy.

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## ABSTRACT

This paper considers the development of a strategic energy body in a local authority in the UK and looks at the perceived need for, and possible roles of, such a body. Historically, energy provision and management has not usually been a strategic priority for UK local authorities. Yet energy considerations are implicit in key local authority responsibilities such as transport, waste management, planning, and the provision of housing services. In addition, recent UK central government policies support the move to localism and provide incentives for low-carbon energy generation. A study was undertaken to assess the potential (including both the perceived benefits and actual capacity to deliver) for Leeds City Council to develop a strategic body to execute delivery of city-level energy decision-making. We examine the perceived benefits to a range of main stakeholders, using data drawn from interviews with managers responsible for low-carbon and renewable energy projects across the city. Through participant observation we explore the capacity of a local authority to deliver a strategic energy body, and we briefly examine the possible forms of delivery. We conclude with recommendations for national policy that would enable the development of strategic energy bodies across local governments in the UK.

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## 1. Introduction

It is increasingly being suggested that local municipal authorities, particularly those of cities, could play an important role in achieving energy policy goals (Allman et al., 2004; Bulkeley et al., 2010; Keirstead and Schulz, 2010; Kelly and Pollitt, 2011). Local authorities (LAs; i.e. local government areas) could make an important contribution in facilitating both household and commercial energy efficiency improvements and distributed energy generation, with the aim of providing affordable, secure and low-carbon energy service provision. However, this raises the question of the willingness (encompassing the perceived benefits outweighing the apparent costs) and capacity

of local authorities to play this facilitating role. In the United Kingdom (UK), unlike in many other countries, local authorities have had little involvement in energy provision, and so are likely to have limited experience and capacity in this area. This paper examines the challenges involved in developing a strategic energy decision-making function at a local level, through a case study from the city of Leeds in the UK.

In the UK, municipal power companies are not a common feature, so there has been no pressing motivation for cities to concern themselves with the provision or use of energy. Indeed, much of the urban energy infrastructure – as well as the relevant management and decision-making processes – is currently held in the private sector, following the privatisation in the 1990s of previously state-owned electricity and gas industries. UK energy policy is highly centralised, with central government responsible for key strategic policy decisions regarding the shaping of energy markets, technologies, infrastructure and skills. Thus, historically,

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most UK cities have neither needed, nor developed, energy decision-making functions. Not only is strategic energy decision-making a largely unfamiliar activity for local authorities, but the particular types of energy technologies involved (low-carbon and renewable) are themselves typically new to local authorities. However, this situation has begun to change rapidly over recent years, prompted by both the move towards localism and the devolution of national climate change targets to a regional and local level. The Localism Bill (House of Commons, 2010) was introduced to UK parliament in December 2010 with the aim of shifting power from central government to individuals, communities and local government.

Devolution of national climate change targets to a regional and local level has so far remained voluntary. However, the role of local authorities in taking action to reduce carbon emissions has been recognised by the UK government through a Memorandum of Understanding (MoU) between the UK government's Department of Energy and Climate Change and the Local Government Group (Department of Energy and Climate Change, 2011). This builds on the Nottingham Declaration, a bottom-up declaration by a number of UK local authorities in 2000 pledging to tackle climate change at the local level. These efforts are encouraging at least some local authorities to take an active role in strategic energy decision-making. Other incentives to do so, financial and otherwise, also exist and will be discussed presently.

In this paper, using a local government case study, we seek to address two empirical questions in order to assess whether there is willingness and/or a capacity within UK local government to adopt a more integrated, strategic approach to energy planning, in place of the current piecemeal and ad hoc approach. Firstly, do internal stakeholders within local authorities perceive that benefits from adopting strategic energy planning outweigh the costs of implementation? Secondly, do those local authorities that see the benefits of adopting a strategic approach to energy have the capacity to respond? To address these questions, a case study was undertaken with the collaboration of Leeds City Council.

The authors were given the opportunity to take part in Leeds City Council's data gathering process in relation to the scoping of a strategic energy function, providing maximum scope for observation of meetings and conducting structured interviews. This served to facilitate access to information and direct participant observation over an extended period. Leeds City Council took no part in the analysis of the data reported in this paper, in order to protect the objectivity of the study. While a complete answer to these questions would require an examination of a number of cities, we argue that the issues and challenges facing this Council, which runs a large metropolitan city in the north of England, are typical of those facing most large UK cities.

In Section 2, we provide further details of the national and local policy environment within which these developments are occurring. In Section 3, we describe the methodology used for data collection and analysis for the case study. Section 4 presents the main findings from the research. Section 5 comprises a discussion of the current situation and ways forward for the development of a strategic energy body for Leeds based on these findings, culminating in wider policy recommendations. Section 6 offers conclusions regarding the role of local authorities more generally in contributing to delivery of national energy and climate policy goals.

## 2. Policy environment

### 2.1. International and national policy drivers

One of the first policy action plans aimed at encouraging environmentally sustainable development at the global, national and importantly, local level was Local Agenda 21, the outcome of

the United Nations Conference on Environment and Development (UNCED) held in Rio de Janeiro in 1992. Since then there have been numerous developments in environmental policy aimed at the different geographic scales. Several examples of local energy policy in non-UK countries are detailed in the literature (Betsill and Bulkeley, 2007; Bulkeley and Betsill, 2003; Nijkamp and Perrels, 1994). Here we will give a brief overview of recent significant developments in UK national energy policy that are likely to influence local energy decision-making.

The 2008 Climate Change Act, which sets a legally-binding target of reducing the UK's carbon emissions by 80% from 1990 levels by 2050, implies the need for a more strategic approach to energy policy at national and local levels. This raises the question of how the UK energy system should be transformed to a low-carbon system while also addressing the strategic imperatives of maintaining security of supply and ensuring affordability of energy services. A number of central government policies are strengthening the case for local authorities to view energy as a strategic priority. In August 2010, a ban on local authorities selling surplus power generated from renewable energy to the National Grid was lifted (Department of Energy and Climate Change, 2010), thus enabling them to benefit from incentives (including the Feed in Tariff (FIT) and Renewable Obligation Certificates (ROCs) for small-scale and large-scale renewable generation, respectively) and raise revenue that could be reinvested in other projects. The Renewable Heat Incentive (RHI), launched in mid-2011, provides a similar mechanism for generating revenue through renewable heat-provision schemes such as district heating. Even though much of the work that local authorities could undertake in the areas of energy efficiency and renewable or low-carbon energy generation is at this stage optional rather than mandated by government, these policies provide clear incentives for local government action.

### 2.2. Regional and local authority energy policies

Prior to 2010, the responsibility for local and regional economic development in England was shared between elected Local Authorities (LAs), for example representing a city such as Leeds, and Regional Development Agencies (RDAs), set up as non-elected public bodies with significant business input, covering the nine regions of England, including Yorkshire and the Humber. Since 2010, the RDAs have been replaced by thirty-nine Local Enterprise Partnerships (LEPs), which are made up of local businesses working in partnership with a combination of several local authorities, focussing on economic development and regeneration. The Leeds City Region Local Enterprise Partnership brings local businesses together with Leeds City Council and 10 neighbouring local authorities. None of these types of body has any direct responsibility for energy policy, though issues relating to local and regional energy use and provision could overlap with their economic, environmental and social responsibilities.

As discussed by Kelly and Pollitt (2011), some UK local authorities have taken recent policy developments as an opportunity to take a more active role in local energy provision, for example, by promoting distributed generation or district heating systems in their areas. These were motivated by recognition of the co-benefits of a local energy strategy, including a reduction in fuel poverty, increased employment and mitigation of uncertain fuel prices, and driven by strong political leadership by successful local authorities, working with other local business and community stakeholders to raise finance and garner support (Kelly and Pollitt, 2009). However, there are only a few examples of such active leadership in energy issues by UK local authorities, including Woking, Kirklees and Newcastle Councils.

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