

Local Energy Challenge Fund 2015-16

Phase 1 - Project Development and Feasibility

(GCF-141) Wellpark (Glasgow) – Community Heat and Power Project – Final Report – 28.04.16



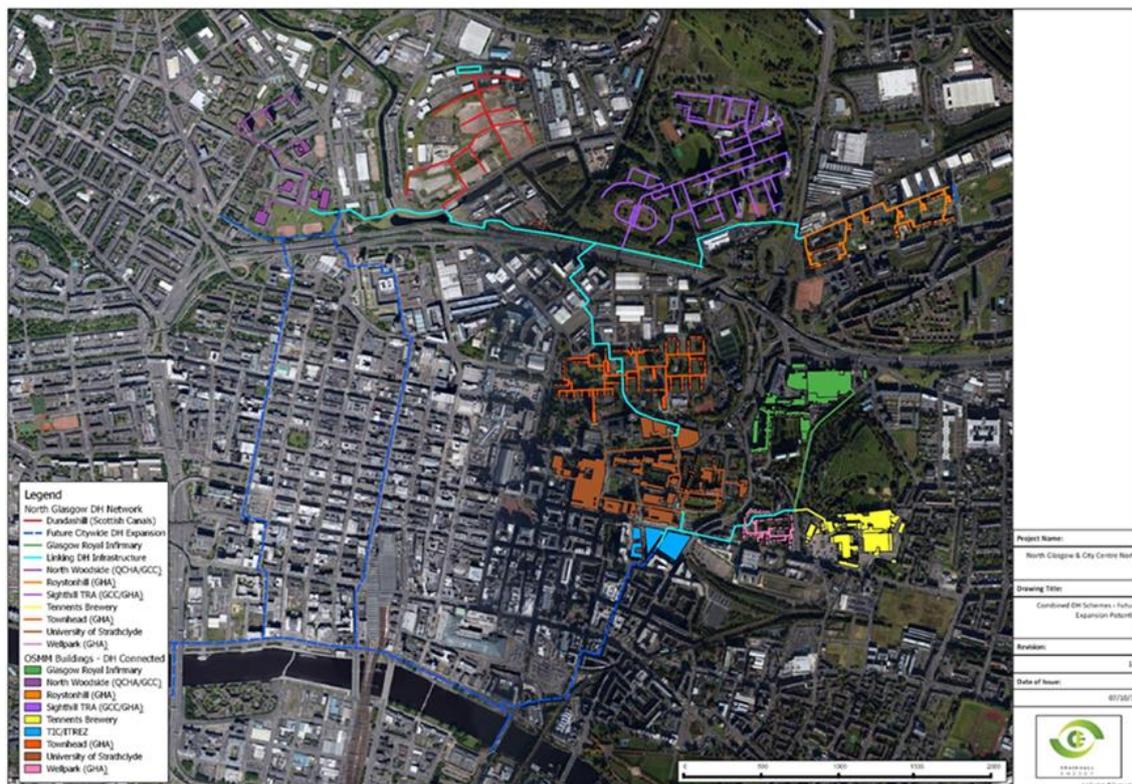
Project lead: Craighall Energy Ltd

Award Amount: £24,900

Area: Glasgow City

Vision

Craighall Energy Ltd aimed to develop a large, highly innovative and sustainable community energy scheme which would bring together stakeholders from Government, Local Authority, Further Education and private industry to develop a localised not-for-profit business model. The vision for this project was to capture and utilise waste industrial heat to reduce fuel poverty and promote a low carbon energy approach, through the development of an integrated District Heat (DH) network and thermal energy storage system to make heat and power more affordable to residential and public service buildings within Glasgow City Centre.



LECF Project Outline

LECF grant funding was requested to develop a financial model and business plan to support the decision-making process relating to a district heating scheme in central Glasgow. The proposed project would incorporate the retrofit of energy efficiency measures to a large industrial brewing and packaging process (including, both decentralised heat and power generation, in the form of CHP and waste heat recovery via absorption heat chillers) and the design and construction of an integrated DH network and associated thermal energy storage. The aim was to feed affordable and low carbon heating and hot water to several hundred domestic dwellings (mainly social landlord owned) and public buildings within the local city centre community, and would be capable of significant expansion in the years ahead.

Project Plan

A project plan was agreed at the outset, and is copied below for information.

LECF - Wellpark (Glasgow) - Community Heat and Power - GCF141																
Preparation of Financial Model and Development of Stage 2 Grant Application																
Week No.	1	2	3	4	5	6	7	8	9	10	11	12	13			
	September				October				November				December			
Calendar Week	40	41	42	43	44	45	46	47	48	49	50	51	52			
Kick-Off Teleconference (CEL/ LECF)																
Kick-Off Teleconference (CEL/ Baker Tilly)																
Agreement of Scope & Sign-off Model Specification (CEL/TCB/CFCF)																
Submission of Signed Grant Offer Letter/Expenditure Profile/ Work Plan (CEL)																
Provision of detailed scope and initial clarification points (CEL/BT)										£8,300						
Produce "strawman" model for Platform investments, provided to the Client for review and comment (BT)																
Main model build by BT; Interim extracts to be provided to CEL for review and comment (BT/CEL)													£8,300			
Model from BT to CEL for testing then action refinements (BT/CEL)																
Documentation, handover and final quality assurance (BT/CEL/LECF)													£8,300			
Client Review and Consultation Re: Business Model & Procurement Strategy (CEL/TCB/CFCF/GHA/GCC)																
Monthly Progress Report and Meetings (CEL/LECF)																
Stage 2 LECF Application Completion and Submission																
Cashflow (Nett Monthly)	£0	£0	£0	£0	£0	£0	£0	£0	£8,300	£0	£0	£16,600	£0			
Cashflow (Cumulative)	£0	£0	£0	£0	£0	£0	£0	£0	£8,300	£8,300	£8,300	£24,900	£24,900			

Project Deliverables

The task-list (extract below) was agreed in line with GOL (Grant Offer Letter) dated 17th July 2015, Item 2.5. These tasks underpinned the objectives agreed in GOL Item 2.4.

Over 93% of the funding was awarded for the development of a financial model (and template). The remaining 7% of funding was attributed to Project Management by CEL.

This model was successfully designed and delivered to LECF in a manner that is suitable for use by the “Project” and subsequently for other similar low carbon projects here in Scotland.

Item	Project Task List – Agreed with LECF
1.0	Kick-Off Teleconference (CEL/ LECF)
2.0	Kick-Off Teleconference (CEL/ Baker Tilly)
3.0	Agreement of Scope & Sign-off Model Specification (CEL/TCB/CFCF)
4.0	Submission of Signed Grant Offer Letter/Expenditure Profile/ Work Plan (CEL)
5.0	Provision of detailed scope and initial clarification points (CEL/BT)
6.0	Produce “strawman” model for Platform investments, provided to the Client for review and comment (BT)
7.0	Main model build by BT; Interim extracts to be provided to CEL for review and comment (BT/CEL)
8.0	Model from BT to CEL for testing then action refinements (BT/CEL)
9.0	Documentation, handover and final quality assurance (BT/CEL/LECF)
10.0	Client Review and Consultation Re: Business Model & Procurement Strategy (CEL/TCB/CFCF/GHA/GCC)
11.0	Monthly Progress Report and Meetings (CEL/LECF)
12.0	Stage 2 LECF Application Completion and Submission

Items 1.0 to 11.0 inclusive were successfully delivered on time and within the agreed budget.

Project Outcome

The final financial model was delivered to both of the key project Partners (Brewery and Wheatley Group), detailing their respective level of investment and return.

A blank template has been provided to LECF personnel for possible use by other low carbon projects in the future.

As a direct consequence of LECF funding, the brewery is now 100% committed to their own investment. Board Approval for this multi-million pound project is anticipated summer 2016.

The Brewery also remains committed to key CSR Objectives of reducing carbon emissions and providing affordable heat to the local community through district

heating. Provision has been made within the final technical proposals for the brewery energy centre to make this achievable from the outset.

Wheatley Group chose not to progress at the end of LECF Stage 1 due to timing and governance restrictions around that time.

Although it was not possible to develop a phase 2 application without Wheatley Group participation, it is highly recommended, due to the demonstrable fuel poverty and carbon benefits for both the domestic dwelling tenants/owner-occupiers and wider city community, that this initiative is resurrected at the earliest possible juncture.