

Chelson Community Solar – Shareholder Representative Briefing Paper



Background

Chelson Community Solar (CCS) will be located on the northern edge of the City's old landfill site at Chelson Meadows. The expected benefits of the scheme include:

- Reducing the Council's carbon emissions by approximately 60%, with 75% of the electricity need being met by renewable energy.
- To provide certainty of energy costs over a 15 – 20 year period through a Virtual Power Purchase Agreement with the solar farm.
- To generate an income over just under £1 million over the life of the solar farm through a lease on the land which will be paid annually.
- To create a 50/50 joint venture with Plymouth Energy Community to construct the solar farm. This will result in 50% of any surplus returning to PCC.

Joint Venture Development

In March 2023, Cabinet approved in principle to establish a joint venture company that would build and operate the solar farm, as an equal shareholding between PCC and PEC.

The creation of the joint venture - to be called Chelson Community Solar (CCS) – enables both parties, PCC and Plymouth Energy Community, to share both the risks and benefits associated with the construction and management of the solar farm.

As part of the approval process, a Shareholder Representative was named for the Council who would:

- Enter into all relevant documentation and agreements in relation to the joint venture vehicle.
- Exercise all voting rights on behalf of the Council subject to Key Decisions (as defined by the Council's Constitution) being reserved to the Leader / Cabinet.
- Take any necessary action to protect, safeguard and effectively manage the Council's interest in the Local Authority Trading Company.

The named shareholder representative in the Cabinet decision taken in March 2023 was the former Service Director for HROD (Kim Brown) who has since left the Council. There have also been structural changes in where the management of energy service contracts are located within the Council organisation. It is therefore proposed to make an amendment to this proposal. The recommendation is for the Section 151 Officer to be named as the new Shareholder Representative. Currently this is David Northey, Interim Director for Finance, but the shareholder representative's role will now be vested with a position not a specific person to enable continued representation of the Council in the joint venture.

In conjunction with the above, it has also been recommended by PCC Legal team to confirm the appointment of the Section 151 Officer as delegated authority in accordance with the statement below:

“Delegated authority be granted to David Northey, Interim Service Director for Finance (in consultation with the Project Board and Head of Legal Services) to approve the documentation and associated work to set up the joint venture, Chelson Community Solar, a private company limited by shares, between the Council and PEC Renewables Ltd, including but not limited to Articles of Association, the Shareholder Agreement, the Lease and Option Agreement, and variation of the existing landfill gas agreement relating to land at Chelson Meadow.”

These changes will enable robust oversight and scrutiny of the set-up of the joint venture and its operation once established. It will also enable the project to progress at pace to deliver the solar farm.

Recommendations:

Recommendation: Approve a revision to the approved decision that the Council’s Shareholder Representative in matters related to the Chelson Community Solar Joint Venture company from Kim Brown (former Service Director for HROD) to the Council’s Section 151 Officer, currently David Northey Interim Service Director for Finance.

Reason: To ensure continuation of the Council’s shareholder representation after a staff change.

Recommendation: Delegate authority to the Section 151 Officer (in consultation with the Project Board and Head of Legal Services) to approve the documentation and associated work to set up the joint venture, Chelson Community Solar, a private company limited by shares, between the Council and PEC Renewables Ltd, including but not limited to Articles of Association, the Shareholder Agreement, the Lease and Option Agreement, and variation of the existing landfill gas agreement relating to land at Chelson Meadow.”

Reason: This will grant the Section 151 Officer the authority to enter into all relevant documentation to ensure the project can progress.