

Wind Turbine at Glengorm Landfill Site

1.0 EXECUTIVE SUMMARY

The Council, at their meeting on 21st January 2016 considered a provisional full business case in respect of the installation of a wind turbine at Glengorm Landfill site on Mull, and gave me a delegation to accept tenders for these works, in consultation with the Leader, Depute Leader and Leader of the main Opposition Group, this delegation being subject to the proviso that the final full business case should present a payback period of less than the working life of the turbine. The Council also agreed that an update paper should be presented to this meeting of the Policy and Resources Committee, to confirm the progress made.

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2.0 INTRODUCTION

- 2.1 The Council, at their meeting on 21st January 2016 considered a provisional full business case in respect of the installation of a wind turbine at Glengorm Landfill site on Mull, and gave me a delegation to accept tenders for these works, in consultation with the Leader, Depute Leader and Leader of the main Opposition Group, this delegation being subject to the proviso that the final full business case should present a payback period of less than the working life of the turbine. The Council also agreed that an update paper should be presented to this meeting of the Policy and Resources Committee, to confirm the progress made.

3.0 RECOMMENDATIONS

- 3.1 To note the position in terms of the delegation granted by the Council on 21st January 2016

4.0 DETAIL

- 4.1 In March 2013 the Council approved a budget for a business case development for biomass and renewables sourcing in the context of the Carbon Management Plan. Development & Infrastructure and Customer Services have since been working on various projects focused on delivering solar, biomass, wind and hydro renewables. This has included an assessment process supported by consultants Locogen in relation to potential renewables sites. As part of this process the Glengorm landfill site on Mull has been identified as a location for a single wind turbine – the first project of its kind for the Council.
- 4.2 A Planning application for a turbine was submitted in August 2015 and approved in September that year. Wind turbine installations are classed as Strategic Change and therefore Full Business Cases must

be approved prior to tender acceptance in order to comply with Capital Programme Planning and Management. The provisional Full Business Case for the turbine has achieved a score of 4 (the highest rating). Delivery of the project by September 2016 could result in income generation of around £250K over the turbine's lifetime once borrowing costs have been repaid.

- 4.3 The annual carbon reduction expected is 92.4 tonnes; the turbine has a 20-year working life; there is a payback period of 12 years; funding requirement is £404,680; net annual saving is £33,665 – all based on commissioning the turbine before September 2016. Due to timeframes around assessing the monitoring data and to maintain timeframe for procurement and accreditation of the turbine, the Council agreed in January 2016 to delegate authority to me in consultation with the Leader, Depute Leader and the Leader of the largest Opposition Group, to ensure that related savings would cover installation costs and additional borrowing and would realise carbon savings which contribute to the Council's overall targets.
- 4.4 The main risk identified is that the turbine (if commissioned after April 2016) will not meet the September 2016 commissioning deadline which could result in a reduction of income and increase the payback period; therefore the delegation is on the basis that the FBC demonstrates a payback period of no more than the life of the turbine.
- 4.5 On the basis of the best advice provided by officer, acceptance of the tender would deliver a payback period of 14.5 years, against an estimated lifespan for the turbine of 20 years. On that basis the three Members consulted agreed that they were content for the delegation to me to be exercised. I have therefore signed the contract, and the process of installing the turbine is now underway.
- 4.6 Officers within the Economic Development Service of the Development and Infrastructure Department will, as the lead service, maintain an overview of the implementation on the contract, and produce a clear plan, identifying those officers who will be involved in ensuring, from the Council's perspective, that there are no delays, and that the September 2016 deadline is, therefore met. Any issues which arise will be reported, to the Strategic Management Team if necessary, to ensure due prioritisation is given to this piece of work.

5.0 CONCLUSION

- 5.1 The delegation given to me by the Council in January this year has been exercised, after consultation with the designated Members, and arrangements are now in hand for the Glengorm turbine to be erected.

6.0 IMPLICATIONS

- 6.1 Policy: Failure to deliver the project would inhibit delivery of a 20% target reduction in carbon emissions as contained within the Carbon Management Plan.
- 6.2 Financial: See risk section at 6.6 below
- 6.3 Legal: None
- 6.4 HR: None
- 6.5 Equalities: None
- 6.6 Risk: If delays occur the turbine may be commissioned after the September 2016 FIT pre-accreditation deadline, this will reduce the annual FIT income however it is currently expected that if this is the case the revenue generated will cover the cost of constructing the turbine but will not generate any surplus revenue over its lifetime. EDST Service will manage implementation of contract to minimise risks.
- 6.7 Customer Service: None

Douglas Hendry
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Policy Lead – Dick Walsh

4th May 2016