

KENT COUNTY COUNCIL

KENT UTILITIES ENGAGEMENT SUB-COMMITTEE

MINUTES of a meeting of the Kent Utilities Engagement Sub-Committee held in the Swale 2 - Sessions House on Thursday, 1 November 2018.

PRESENT: Mr M A C Balfour, Mr A Booth, Mr D L Brazier, Mr I S Chittenden, Mr D Farrell, Mr H Rayner, Mr A M Ridgers and Mr J Wright

ALSO PRESENT: Mrs K Stewart and Mr M Whiting

IN ATTENDANCE: Mrs K Goldsmith (Research Officer - Overview and Scrutiny), Ms C McKenzie (Sustainability and Climate Change Manager), Ms S Platts (Strategic Planning and Infrastructure Manager), Mr S Baggs (Energy Manager) and Mr A Turner (Water Resources Manager)

UNRESTRICTED ITEMS

16. Substitutes

(Item 1)

(1) Apologies had been received from Mr Trevor Bond.

17. Election of Chairman

(Item 2)

(1) Mr Rayner nominated Mr Balfour, seconded by Mr Brazier.

RESOLVED that Mr Balfour be elected unopposed.

18. Election of Vice-Chairman

(Item 3)

(1) Mr Booth nominated Mr Ridgers, seconded by Mr Rayner.

RESOLVED that Mr Ridgers be elected Vice-Chairman.

19. Declarations of Interests by Members in items on the Agenda for this Meeting

(Item 4)

(1) There were no interests declared.

20. Minutes - 12 April 2017

(Item 5)

RESOLVED that the minutes of the meeting held on 12 April 2017 were a correct record and that they be signed by the Chair.

21. Terms of Reference

(Item 6)

RESOLVED that the sub committee's Terms of Reference, as agreed by the Scrutiny Committee on 6 July 2018, be noted.

22. Kent and Medway Strategic Energy Overview - A Local Authority Perspective (KCC) - Presentation

(Item 7)

- (1) Carolyn McKenzie (Head of Sustainable Business and Communities, KCC) gave a presentation about future energy systems from the perspective of a Local Authority. The presentation can be viewed online at this link: <https://democracy.kent.gov.uk/documents/s87959/Item%207%20-%20A%20local%20authority%20perspective.pdf>
- (2) The Kent Environment Strategy was a driving force behind the future of energy. It had been adopted by all Local Authorities in Kent and Medway.
- (3) Power stations needed to be decarbonised in order to meet the climate change goal of cutting CO₂ emissions by 80% by 2050. There was significant potential in this area, and investment totalling £14bn had been identified in the Tri-LEP Strategy.
- (4) New sources of energy were required, as current forms such as fossil fuels were not sustainable. New, low carbon systems included hydro and wind power.
- (5) Carolyn McKenzie explained that the DIGIGIF was a digital version of the Growth Infrastructure Framework. It was used as an infrastructure mapping tool by developers, utility providers and local authorities, and highlighted energy needs, hotspots and constraints – as well as information on how these would be overcome.
- (6) Steven Baggs (Energy Manager, KCC) continued the presentation to update members about the Maidstone Heat Network. The feasibility study was looking into the possibility of heating a number of buildings in Maidstone town centre by using a large, single source of energy such as a water pump and gas Combined Heat and Power. The objective was to reduce local emissions and be more efficient.
- (7) A pre-feasibility study started in 2012 with Aecom, following the receipt of funding. A number of challenges were identified; therefore a new iteration of the scheme began in 2018. The buildings involved were Maidstone Prison (the largest source of heat demand), Maidstone East train station, Invicta House, Sessions House and Kent History and Library Centre.
- (8) The possibility of locating the energy centre in the Maidstone East development site was being looked into.
- (9) Work progressed on stage 2 of the feasibility study, and KCC continued to work with external partners. The Internal Rate of Return (IRR) would be low (around 4% - though this was just a first financial assessment and more work needed to

be carried out on establishing the financial viability) but central government had set aside money (the Heat Network Investment Programme) in order to help attract commercial investors (who usually looked for an IRR of 10-12%). When the scheme became commercial, it would either be KCC or an external company that took it forward.

- (10) KCC had been in discussion with UKPN since 2016 about accessing the grid. A number of upgrades would take place in Kent over the coming years. A flexible approach would be taken where possible – such as accessing power at off-peak times.
- (11) A Member commented on the use of water from the Thames as a source of energy by London authorities. Steve Baggs advised that the Environment Agency would have to consider and approve a similar scheme in the Medway. It would not be as large as the London scheme.
- (12) There was a portfolio of case studies being built across London of different heating schemes. For example, Islington Council was looking at the possibility of using heat from the Underground as a source. Officers within KCC ensured they were aware of schemes happening across Kent and the rest of the UK.
- (13) KCC's role in the energy sector was changing to become more of a strategic partner.
- (14) The Chairman thanked Carolyn McKenzie and Steven Baggs for their presentation. He invited Mr Baggs to a future meeting for an update on the Maidstone Heat Network Scheme.

RESOLVED that the guests be thanked for attending the meeting and that Mr Baggs attend a future meeting for an update on the Maidstone Heat Network Scheme.

23. Future Energy Provision - A Utility Provider Perspective - Presentation *(Item 8)*

Mr Neil Madgwick (Head of Service Delivery, UKPN) was in attendance for this item.

- (1) The Chairman welcomed Mr Madgwick, who gave a presentation about the UK Power Networks.
- (2) There were three main aspects to UKPN's work:
 - i. Keeping the lights on – ensuring the system was fit for purpose.
 - ii. Ensuring knowledge around local plans was up to date.
 - iii. Providing a service to customers who wanted to connect to the grid. Customers would state how much power they required.
- (3) Mr Madgwick explained that the South East was the area of the largest demand growth across the Country. The way power was generated was changing to become more decentralised, bi-directional, intermittent, hybrid and flexible. Customers were also able to self-produce their power with options such as solar panels.

- (4) Peaking power plants were very popular because of current government policy.
- (5) The use of Electric Vehicles (EV's) was a huge growth area. UKPN forecasts had been underestimated by 27%. Some developers wanted to install rapid EV chargers at 50kW+, but Mr Madgwick explained that the power required to do that was equivalent to installing a 22-storey block of flats. Therefore their use had to be justifiable.
- (6) UKPN's performance was rated by the regulator Ofgem. They considered a number of measures, including how many power cuts there had been. UKPN's power cut performance had improved 42% since 2010/11.
- (7) Mr Madgwick informed members of the committee about the new single phone number to call in the event of a power cut (105). There was also a "Track My Power" tool online for customer use. The use of social media such as Twitter to report issues was being utilised just as much as traditional phone calls.
- (8) Special services were available to vulnerable/ priority customers in the event of a power cut. UKPN's definition of a priority customer had developed over time, and there were around 1 million customers on the Priority Services Register at that time. The implementation of GDPR had added a number of challenges, but UKPN had partnered with South East Water and continued to provide support to customers.
- (9) Distribution Network Operator's (DNO's) were not incentivised to anticipate future developments, as they did not receive funding to make speculative decisions on where development might occur. However, UKPN ensured when it was replacing assets no longer fit for purpose, it installed larger ones to accommodate future growth. Customers were required to pay for connections when there was not adequate spare capacity.
- (10) UKPN had looked into areas where capacity was nearly at its limit. It had recently identified 25 sub-stations in specific post codes where this was an issue. They were working with other market participants to see if they could provide the additional capacity; for example, in two contracts had been signed with other providers in order to provide capacity during peak times. Mr Madgwick explained UKPN aimed to utilise the current network because it increased efficiency, reduced cost and created an income stream for customers.
- (11) Kent had significant constraints on its grid, and UKPN was working to unlock latent capacity.
- (12) A Member noted the huge pressure on District Councils to build more houses, and how this would impact the grid. Mr Madgwick commented that landowners were looking to reduce the average power requirement per house from 2.2kW to 1.5kW.
- (13) A Member questioned if there was a shortage of land for the infrastructure required to house sub-stations. Mr Madgwick explained that landowners and developers often did not appreciate the space required for sub-stations, and

also landowners wanted to sell their land to commercial enterprises in order to achieve maximum profit.

- (14) When asked if UKPN interacted with other networks, Mr Madgwick explained that there was opportunity to share information and lessons learned at Local Enterprise Partnership meetings and at DNO forums.
- (15) Members requested some site visits in order to broaden their minds and see the issues first hand.
- (16) The Chairman thanked Mr Madgwick for his presentation and invited him to stay for the remainder of the meeting.

RESOLVED that Mr Madgwick be thanked for his presentation and for attending the meeting and that Members attend some site visits – the details of which to be determined.

24. Enabling Growth - A Developer Perspective - Presentation

(Item 9)

Mr Nick Fenton (Chairman, Kent Developers Group) was in attendance for this item.

- (1) The Chairman welcomed Nick Fenton who delivered a presentation about enabling growth from a developer's perspective.
- (2) The Chairman observed that historically there had been tensions between property developers and energy providers, but that the relationship had improved over recent years. His hope was that the Kent Utilities Engagement Sub-Committee would improve this relationship further.
- (3) Members of the Kent Developers Group included the Environment Agency, Homes England, and local councils, and they worked together to overcome barriers to development.
- (4) Mr Fenton explained that UKPN had a monopoly in the market. There were insets available, but they were specific to certain sites and did not contribute to off-site infrastructure improvement.
- (5) As explained by Mr Madgwick from UKPN, there was no incentive for providers to invest in future development, and Mr Fenton acknowledged that UKPN needed to recover its costs. He noted that there was no requirement for electricity companies to engage with District Councils, despite there being such a requirement for other utility providers.
- (6) As recognised by others during the meeting, the use of EVs was a growth area. Mr Fenton told the Committee it was possible to get a grant through the government for installing vehicle charge points at domestic properties (called the Electric Vehicle Homecharge Scheme) – but the grant is tied to a car, not a house.
- (7) Mr Fenton wanted there to be a greater understanding of the energy costs involved in a new development from the outset at land purchase. Currently,

abortive costs and uncertainty were high. He wanted pre-start conditions sorted out earlier in the process in order to reduce these costs. He also commented that it could take providers up to 90 days to consider a request regarding capacity – and sometimes it took a number of attempts to get something viable.

- (8) The Chairman requested a visit to a development that was underway, and that the energy providers join this visit.
- (9) Mr Fenton offered to invite Mr Madgwick to a future KDG meeting.
- (10) The Chairman thanked Mr Fenton for speaking to the Committee.

RESOLVED that Mr Fenton be thanked for attending the meeting.

25. Outcomes from the Previous Iteration of the Kent Utilities Engagement Sub-Committee - verbal update

(Item 10)

- (1) Alan Turner (Water Resources Manager, KCC) was welcomed to the meeting, and presented an update on the work of the previous Kent Utilities Engagement Sub-Committee and their focus on water utilities.
- (2) Mr Turner explained that speakers from the previous iteration of the sub-committee were utility providers, property developers, planning authorities and the regulator Ofwat.
- (3) It was being investigated whether some of the recommendations from the work on the water sector could be rolled out to other sectors, including energy providers. For example, one of the recommendations had been about getting an understanding of costs before any land purchase – this was an action that Mr Fenton had wanted to see.

RESOLVED that Alan Turner be thanked for attending the meeting and that his verbal update be noted.

26. Sub-Committee background, context and objectives

(Item 11)

- (1) The committee discussed its future objectives. There were to be three areas of focus:
 - i. Strategic planning
 - ii. Hotspots moving forward
 - iii. Solutions
- (2) Invitees to the next meeting, in around 3 months' time, should include:
 - i. the gas distributor SGN
 - ii. the National Grid
 - iii. Ofgem.

- (3) Formal meetings would be supported by discussion groups and site visits. The first discussion group should explain the overall planning system.

RESOLVED that the Sub-Committee note the background and contextual information.

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