

INFRASTRUCTURE BOARD

29TH AUGUST 2019

DRAFT SCR ENERGY STRATEGY

Purpose of Report

This report presents the emerging Draft SCR Energy Strategy. The Strategy is still a work in progress and views are sought on the emerging goals and policies before the document is completed.

Thematic Priority

This report relates to the following Strategic Economic Plan priorities:

- Secure investment in infrastructure where it will do most to support growth.
- Facilitate and proactively support growth amongst existing firms.

Freedom of Information

The paper will be available under the Combined Authority Publication Scheme.

Recommendations

The Infrastructure Board are asked to:

1. Comment on the Draft SCR Energy Strategy;
2. Agree the next steps as set out in Section 2.3 and request that a report be brought to the next meeting of the Board with the consultation feedback and proposed changes to the Strategy in response to the comments made.

1. Introduction

- 1.1** The development of an Energy Strategy for Sheffield City Region (SCR) is a response to the SCR Integrated Infrastructure Plan (IIP) which commits the Local Enterprise Partnership (LEP) and the Mayoral Combined Authority (MCA) to producing a low carbon energy strategy.
- 1.2** An Economic Baseline (Phase 1) and an Energy Technology Appraisal (Phase 2) for the Strategy were completed in early 2018 and previously reported to the former SCR Housing and Infrastructure Executive Board. The emerging strategic priorities along with the results of a more detailed analysis of heat, power and transport energy across SCR was considered and supported by the HIEB, with some amendments, at its meeting in September 2018.
- 1.3** Since then, the Carbon Trust were commissioned to support the SCR in preparing the Draft SCR Energy Strategy document itself. An initial draft by the Carbon Trust was considered in light of emerging work on the revised SCR Strategic Economic Plan and

Local Industrial Strategy and the recently adopted SCR Transport Connectivity Strategy. The attached Energy Strategy draft (see Annex 2) is reflective of, and aligns with, the emerging policy set out and being developed in these strategic documents.

2. Proposal and justification

2.1 The development of the Energy Strategy has included:

- **Strengthening of the evidence base:** Ensuring that the evidence was balanced and covered all key areas. This included, for example, additional work on relevant housing evidence and stronger alignment with the SCR Transport Connectivity Strategy.
- **Clearer approach:** Introducing a clear 'thread' through the document from the Vision, to goals, policies and interventions.
- **Stakeholder Engagement:** In November 2018 a workshop was held with approximately 50 stakeholders from around the region in addition to attendees from BEIS, that helped inform the preparation of the Draft Energy Strategy. Further individual discussions on specific issues with specialists such as the local Universities, the South Yorkshire Hydrogen Network (SYH₂ Network).
- **Consistency with the SEP and LIS:** Working closely with the SCR policy teams in their development of the SEP and LIS to ensure that the evidence base for energy is complete and up-to-date; highlighting areas of opportunity and focussed economic growth links.
- **University of Sheffield 'Provocation Exercise':** Further detail given in 2.2 (C).
- **Carbon Targets & Future Scenarios:** Further detail given in 2.2 (B).
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2.2 A summary of the Draft SCR Energy Strategy is provided in the attached presentation (see Annex 1). The Strategy is presented to the Board as an emerging 'work in progress' draft, and there are several areas of work ongoing to help inform revisions to the Strategy over the coming months. These are:

(A) Stakeholder Engagement Workshop

A workshop will be held on the 4th September 2019 with the aim to gain feedback on the Draft Energy Strategy on questions including whether the emphasis of the document is appropriate; whether the technology agnostic approach is correct; whether the level of ambition is sufficiently ambitious; and, what tangible targets should be tested (see below).

(B) Carbon Targets & Future Scenarios

In July 2019, Ricardo Energy and Environment were appointed by SCR to carry out a piece of analysis which is split into three phases:

Phase 1: The scope of this Phase is to produce a science-based carbon budget for South Yorkshire which is aligned to the UNFCC Paris Agreement target. The SCATTER (Setting City Area Targets and Trajectories for Emissions Reduction) tool was specified to ensure that the method was the same as that followed by Sheffield City Council and could also account for their 'net-zero by 2030' target.

Phase 2: Alongside the top-down approach of Phase 1, a bottom-up approach is being employed to assess the contribution of a number of 'tangible targets' i.e. those that can be

met or influenced directly/indirectly by SCR or local authority partners. An example of this could be the percentage of zero emission buses operating within the region.

These 'tangible targets' will be assessed as future scenarios with differing levels of ambition and can be described as:

- Business as Usual (BAU): This assumes that only the bare minimum to be achieved is to meet any legal requirements that are expected, including an appropriate proportion of national requirements.
- Low ambition
- Medium ambition
- High ambition: This assumes all efforts are made to meet or exceed the progress required to stay within the overarching carbon budget.

Phase 3: Each of the future scenarios will also be assessed in terms of the likely capital investment required to achieve the target; the expected GVA growth; and the number of jobs and/or total person-years of employment associated. These metrics may be aligned with the more 'inclusive growth' focus such as the quality of jobs, to align with the emphasis of the refreshed SEP and LIS.

(C) University of Sheffield 'Provocation Exercise'

Dr Nick Taylor-Buck at the University of Sheffield has been awarded internal funding to carry out a 'provocation exercise' on the draft SCR Energy Strategy. PhD students will scrutinise and test the evidence and assumptions within the Draft SCR Energy Strategy, with the aim to plug any gaps identified in the evidence base or reinforce the evidence already given. The work will report in early September 2019.

(D) South Yorkshire Hydrogen (SYH₂) Network

Led by Arup, the SYH₂ Network brings together the key stakeholders who can drive forward hydrogen production, storage and use within the region as this has been found to be a strength of the SCR; and so will likely to form a part of the SCR Local Industrial Strategy. The SYH₂ Network is currently mapping the opportunities that exist to see if there are clusters of potential generation and consumption located near to one another, with a view to creating a hydrogen map for South Yorkshire by early-November.

2.3 Next steps

It is envisaged that the next key milestones are:

- 28th August: Receive output from Phase 1 of the Carbon Target & Future Scenarios commission
- 4th September: Hold stakeholder workshop
- 24th October: report to Infrastructure Board of stakeholder feedback, Provocation Exercise results, and proposals for potential improvements to the Strategy as a result.
- November: Receive output from Phase 2 of the Carbon Target & Future Scenarios commission, and potential initial reporting of the Draft Strategy to the LEP Board / MCA.
- December: Outputs from Phase 3 of the Carbon Target & Future Scenarios work.
- January–March 2020: finalisation and endorsement of SCR Energy Strategy.
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3. Consideration of alternative approaches

3.1 Alternative draft visions and strategic priorities have been tested both internally and with stakeholders and will be tested again during the Stakeholder Engagement Workshop on 4th September 2019, as part of consulting on the emerging Draft SCR Energy Strategy.

4. Implications

4.1 Financial

This work is supported by £40k from BEIS with a further £30k allocated from SCR funds. It is anticipated that this budget will be sufficient to complete all the work required. Further support from BEIS was also secured to employ a full-time Senior Programme Manager to

lead on Energy and Sustainability activity and to deliver the SCR Energy Strategy. The post is hosted by SCR and works alongside district lead officers across the SCR area as well as regionally through the North East, Yorkshire and Humber Energy Hub.

4.2 Legal

A Memorandum of Understanding has been agreed with BEIS related to their funding contribution.

4.3 Risk Management

A risk assessment has been undertaken for the project which is continually monitored.

4.4 Equality, Diversity and Social Inclusion

None arising from this report. The SCR Energy Strategy will help to address fuel poverty and the health and wellbeing of the local populations and, therefore, will contribute to improving social inclusion.

5. Communication

5.1 Proactive communications will be delivered across a range of channels, including digital, social and traditional media, once the Energy Strategy is in a position to be made public.

6. Appendices/Annexes

Appendix 1 – Summary Presentation of the Draft SCR Energy Strategy

Appendix 2 – Emerging Draft SCR Energy Strategy

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Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield S1 2BQ.

Other sources and references: N/A