RB draft amendments for review and final approval : 18th June 2024

Declaration of Understanding – Our Mutual Journey to Net Zero

# Declaration and Agreement

## We, GA Pet Food Partners (GA) and the Working Group of Bretherton Parish Council (BWG) as the body authorised to review Renewable Energy proposals for the village of Bretherton (referred to as the “Parties”), hereby declare and agree: -

## The Parties will seek to work together under the banner of “Bretherton Energy Partnership” (BEP).

## The BEP will work together on the concepts of “Our Mutual Journey to Net Zero”.

## The Parties to this Declaration fully accept that some key details which could affect the commercial and technical viability of the scheme are yet to be established. The Parties agree to work together to achieve the concept of “Our Mutual Journey to Net Zero” The Parties have agreed some key principles on how this could be achieved, as set out below.

## BWG has assessed, with the assistance of Community for Renewables (CfR) the GA proposal and consulted the residents of Bretherton and produced a final report dated March 2023.

## Attached to this Declaration of Understanding in Appendix A is the agreed schedule of Legal Documents required which helps to formulate the structure and relationship between the proposed parties. Attached in Appendix B is an outline as to how the 5% of the electrical energy generated will be apportioned with Bretherton Energy Local Club (BELC).

## Either party to this Declaration may, at any time, give a written notice to the other party of their wish to withdraw. The parties will meet, and seek to overcome any difficulties and any misunderstanding, within 28 days of the receipt of the written notice. If an agreement cannot be reached following the meeting, either party, may apply to the UK Mediation, to appoint a Mediator to seek to overcome the disagreement, causing a party to withdraw. If following the Mediation, it has not been possible to settle matters, then the parties may withdraw. This mediation provision will be replaced by such appropriate dispute resolution provisions in any future legal document.

# Agreed principles of ‘Our Mutual Journey to Net Zero’

## GA will develop, finance, own and operate the Asland Walks Energy Park. Initially, GA will seek to install a single large (i.e. 4.2 MW) wind turbine, solar PV and battery energy storage system (BESS). GA may develop further renewable generation in future to achieve its net zero objectives with increasing energy demand.

## 5% of the output of the Asland Walks Energy Park (calculated in 4-week settlement periods over 12 months) to be supplied, from the battery owned and operated by GA, at zero cost to sell to local residents at a discounted rate via the BELC local tariff. The 5% and 95% are to be measured at the point the energized energy leaves the point of on-site generation, or if the whole or part is stored in a GA battery on site, the point that it leaves the battery, for use by the parties. If there is a need to install a mechanical break, on the feed to BELC, to prevent two points of connection, or a second battery is required, then any losses incurred through the mechanical break, or second battery, will be part of the 5% to BELC. (A mechanical break would be provided by, and maintained at GAs cost).

## BELC will also receive a ‘revenue share’ payment for the net of the electricity not consumed locally up to 5% of the generation by either selling it back to GA or back to the grid if GA do not require it at the time it is available. In either case the surplus electrical energy would be sold at the rate GA would receive for exporting the power to the grid.

## If BELC consumes more than 5%, only available after GA has fulfilled its requirements, of the power generated they will pay for it at the rate GA would receive for exporting it to the grid. The details of the settlement mechanism are set out in Appendix B.

## The Parties recognise that BELC needs to generate a surplus income from power sales to Bretherton Residents to cover:

### The cost of administering the Energy Local club and any other admin costs for BELC (accounts, insurances, book-keeping, comms, annual reports etc.)

### The operating costs of the connection infrastructure from the battery to the grid and the two properties in the parish that will require a direct connection to the battery (service and maintenance, insurance, business rates if applicable, metering and comms, replacement reserves etc.)

### Any finance costs of the connection infrastructure (if required)

### To generate surplus income to invest in further net zero initiatives in the parish, or other parish related activities.

## A battery, installed on Asland Walks, which is required to optimise the recovery and use of Electrical energy, will be provided by GA. Any battery required for regulatory and grid compliance would be at BELC`s expense (if required). GA will fund and own the battery on Asland Walks.

## GA will fund the cable and connection infrastructure to connect the Asland Walks Energy Park to Bretherton North, and Bretherton South Substation. The HV Switch and HV Transformer needed at the substations will be owned and funded by BELC.

## All parties recognise the Energy Local supply model will achieve the best benefits for the community, in terms of direct benefit to households from reduced cost electricity and income to BELC to cover the running costs of BELC and generate surplus income to support the parish’s transition to net zero.

## If the Energy Local supply model is not technically or economically viable, or at commencement before the infrastructure is installed, the parties will work together to establish an alternative local supply model. As a fall-back, the community will receive a revenue share equal to 5% of the generation from Asland Walks Energy Park at the rate GA would receive for exporting the power to the grid.

## Bretherton Parish Council, with the previous support from CfR and Locality, have agreed to work with GA and Energy Local to consult the parish community on the proposed Asland Walks Energy Park and local benefit model.

## If the results of the community consultation are positive, Bretherton Parish Council support the project and will work with GA and Energy Local to deliver it. This will include supporting GA to secure planning permission for the Asland Walks Energy Park via one of more of the potential routes to planning set out below:

### Proposing the Asland Walks Energy Park to be designated for wind and solar generation in the Bretherton Neighbourhood Plan to be launched later this year.

### Supporting GA’s proposal that the Asland Walks Energy Park to be designated for wind and solar generation in the Central Lancashire Local Plan.

### Supporting a proposal for Asland Walks Energy Park, through the local partnership onshore wind policy. As announced in the Energy Security Strategy the Government intends to support ‘developing local partnerships for a limited number of supportive communities [in England] who wish to host new onshore wind infrastructure in return for benefits, including lower energy bills.’

Signed on behalf of **GA Pet Food Partners (Group) Limited**

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Dated: ………………………………………………………………….

Signed on behalf of **Working Group of Bretherton Parish Council**

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Dated: ………………………………………………………………….

Appendix A – Legal Agreements Required for the Asland Walls Energy Park

1. Introduction

This document is an attempt to start to formulate the legal documents that will be required to establish the “workings” of the Asland Walks Energy Park.

It is intended that all parties involved can assist in the discussions about these documents, by adding to this word document as appropriate.

This June 2024 updated version of the Legal Agreements follows on the original July 2022 version and from the 3rd of April 2022 – Our Mutual Journey to Net Zero – Principals of the Proposed document. A copy of which is attached in Appendix B. This updates and sets out how the proposed was intended to operate in terms of the apportionment of the energy, and this is the evolutionary development of that document.

1. The Parties to the Legal Agreements Required
	1. Chorley Council (CC)

They are the Planning Authority that are empowered to grant Planning Permission, and enter into a legally binding performance agreement, known as a Section 106 Planning Performance Agreement (S.106). This binds the landowner, and future owners, to undertake the agreed requirements.

* 1. Bretherton Energy Local Club (BELC)

This is a not-for-profit Co-Operative with an asset lock which restricts how surpluses are distributed, and ensures they are applied to benefit the community of Bretherton rather than for private gain. BELC will be governed by a board of local volunteer directors and membership decisions will be made on a ‘1 member 1 vote’ basis. BELC will be administered under a service contract with a community energy manager or by a local administrator employed by BELC.

BELC’s community purpose is to supply Bretherton residents, businesses and community organisations with low cost, low carbon power and to generate surplus income to support community-led net zero transition initiatives in the parish.

Every household, business or organisation in Bretherton parish is entitled to become a member of BELC. By becoming a member, they entitled to benefit from the local electricity tariff and have a ‘1 member 1 vote’ say in member decision. Members will be bound by the Co-operative’s constitutional rules to support the community purpose of the co-operative.

* 1. Energy Local (EL)

EL provide help and assistance to BELC, for which EL make a charge based on the energy consumed and number of members.

* 1. Energy Provider for GA (EP1)

For GA’s 95% renewable generated power allocation, the EP1 buys any surplus generated power from GA under a Power Purchase Agreement. Any additional power GA require for Plocks Farm would be supplied under an Energy Supply Agreement (ES1) which may or may not be with the EP1. EP1 charges GA at the grid market rate

Any of the 5% not used locally by Bretherton Residents (BR) is firstly sold to GA if GA have the requirement for the surplus power at a set rate between BELC and GA. If GA has not got a requirement for the power, a PPA is then in place for any of the 5% EPG power not used locally by BR, this surplus power is sold on behalf of BELC to the EP1 through the existing Plocks Farm 4.5 MVA GA grid connection, with all of the 5% surplus revenue going to the BELC. The intention of utilising the GA grid connection is to reduce infrastructure and simplify the system.

* 1. Energy Supplier for BELC and Bretherton Residents (BR) (EP2)

The ‘5%’ of the generation from the shared battery is fed to the Bretherton electricity grid network through a private cable.

The EP2 provides a supply contract for power used by the residents from the battery. It bills for power provided by the battery under the set ‘Club Rate’ local tariff and passes this to BELC. When power is not available from the shared battery, the EP2 provides power from the grid at the grid market rate.

* 1. GA Pet Food Partners (GA)

GA is the generator and consumer of electrical power. As a seller of electrical power, it requires a PPA, and works in conjunction with the EP1 (but could be another EP) to manage the electrical flows. GA also has and needs a PSA1 for the purchase of additional electrical power from a separate third party (being the ES1).

* 1. The Bretherton Resident, Business or Organisation (BR)

The BR is the consumer of the electrical energy supplied by the EP2.

* 1. Distribution Network Operator (DNO) - Electricity North West (ENW)

Distribution Network Operators are key bodies and partners within the energy system. The electricity network is made up of the transmission network (run by National Grid ESO), and the distribution network, which includes six distribution network operators (DNOs) across England. These operators also work with Ofgem, the independent regulator of Great Britain’s energy system.

The DNO for the North West region is Electricity North West (ENW).

1. Possible Energy Partnership Infrastructure



1. Legal Agreements Required Between the Parties
	1. Bretherton Resident (BR) and Bretherton Energy Local Club (BELC)

Bretherton Residents (BR) have to be a member of BELC to benefit from the Club Rate local tariff. Membership of BELC provides formal structure under which BELC operates, including setting the Club Rate and allocated surpluses to local community-led net zero transition projects. Note that this is a membership rather than a contract.

* 1. Bretherton Energy Local Club (BELC) and Energy Local (EL)

EL helps BELC to manage its affairs and acts as a consultant to BELC. It charges a levy according to number of customers/power consumed.

* 1. Bretherton Energy Local Club (BELC) and Energy Supplier (ES2)

BELC enter into an Power Supply Contract with ES2 with an Energy Local clause in it to administer the club, and PPA with ES1 for the sale of any surplus 5% power not used by Bretherton.

* 1. Bretherton Resident (BR) and Energy Supplier (ES2)

BR has to sign up to the appointed Energy Supplier (ES2) nominated by BELC to supply their electric power needs, for the two tariff levels: -

1. The Energy Local Club Rate local tariff
2. The Full Market Rate.
	1. GA Pet Food Partners (GA) and Energy Supplier (EP1)

GA and BELC ( This may need to be just GA, as the holder of the point of supply) to enter into a Power Purchase Agreement (PPA) with EP1, to buy surplus electrical power at GA’s connection to the network.

* 1. GA Pet Food Partners (GA) and Bretherton Energy Local Club (BELC)

There needs to be a ‘power purchase agreement’ between GA and BELC, to supply power via the private 11kV cable from Asland Walks Energy Park to be the shared and managed as follows: -

1. For each 4 week period during the year there is a requirement to have a reconciliation between the Estimated Period Generation (EPG) and the Actual Period Generation (APG) at the Contract Buy Price.
2. This period-by-period reconciliation then builds into an annual assessment. This will keep a running total of the amounts accrued during the year.
3. If the BELC 5% is not consumed by BR, then the difference will be paid by GA to BELC at the rate agreed by GA for its PPA with EP1
4. From this running total, there shall be deducted the Bretherton Additional Demand, (being any amount taken above the 5% Actual Period Generation (APG)) so that any additional electrical energy provided is deducted from a surplus. This amount is only made available if there is renewable energy available from Asland Walks Energy Park (AWEP). GA will receive payment from BELC for this at the EP1 PPA rate.
5. At the anniversary of the agreement, the period-by-period reconciliation will be reviewed. Should this be in surplus, then GA to pay the surplus to BELC. Should it be in deficit, then BELC will pay the amount owing to GA.
	1. Chorley Council (CC) and GA Pet Food Partners (GA)

There will be a legal agreement between CC and the freeholder of the site, to bind the land in terms of the operation of the generation permitted by the Planning Permission.

This Legal Agreement, known as a S.106 Agreement must be signed before the planning permission is granted.

The agreement confirms and ensures the payments under the document in Appendix B.

* 1. Chorley Council (CC) and Bretherton Energy (BELC)

CC to enter into an undertaking from BELC to manage and administer the S.106 Agreement obligations.

CC authorise BELC to administer and deliver the benefits to BR.

* 1. GA Pet Food Partners (GA) Bretherton Energy Local Club (BELC) and Electricity North West (ENW)

GA require an authorisation agreement with ENW, the Distribution Network Operator to provide the generation and connect to the Grid network. BELC will also need a connection at Bretherton North and Bretherton South Sub Station authorised by ENW, in order for BR to receive the electrical energy supply.

Appendix B – Our Mutual Journey to Net Zero

1. Principals of the Proposal
2. Residents to have the first 5% of all electrical energy generated, as a “top slice” of the electrical energy generation. This 5% is based on being twice the total electrical energy consumed by the village when the scheme is complete.
3. Residents to have a 4 week “bucket” of known energy available for them to consume at any time of day, if there is wind or solar available.
4. Any unused “surplus energy” during the year to be sold, to generate income.
5. How will this work?
	1. Generation
6. The Asland Walks Energy Park will be constructed in phases, as the demand and the finances permit.
7. BELC will receive 5% of the Estimated Annual Generation (EAG), based on each phase commissioned.
8. This will be compared, at the end of the year, against the Actual Annual Generation (AAG) to allow for adjustments and annual updates of the figures, so the estimates become more accurate.
9. The EAG will be broken down into 13No. four weekly periods, to allow monitoring during the year. Each of the 13No. periods will be seasonally adjusted for the differences in generation that are anticipated to be experienced during the year. They will be known as the Estimated Period Generation (EPG) which in due course will be reconciled with the Actual Period Generation (APG) on a period-by-period basis to identify the period “surplus”. This surplus is then sold to GA or the grid. This enables income to be generated by the Bretherton Energy Partnership.
10. If there is renewable electrical generation available, from the Wind or Solar sources, then residents will be able to consume it up to the defined quantum in the EPG, at any time of day, in each of the 4 weekly periods. Therefore, effectively, residents have a four weekly “bucket” of energy that they consume at a time of their choosing, provided there is physical generation from the scheme. When the scheme is complete, this should represent twice the electrical energy needs of residents.
11. At the anniversary of the agreement, the EAG would be compared with the Actual Annual Generation (AAG). The EAG for the year ahead to be adjusted, up or down, to better accord with the average of the AAG that is experienced over the years. This will allow the EPG to be amended and updated to better accord with the APG, as knowledge and data is gained.
12. GA will make no additional charge to residents if the EAG exceeds the AAG in any one year, on the basis the residents should know at the start of the year the amount available. GA to determine the EAG in discussions with residents.
	1. Consumption
13. The four-weekly bucket of electrical energy will be made available for residents to consume when they wish to do so, from the Asland Walks Energy Park, up to the maximum of the EPG.
14. When the solar and wind scheme is complete, this should be twice as much energy as required by the residents of Bretherton.
15. This defined “bucket“ of energy separates GA’s consumption from Bretherton’s consumption. The residents will therefore no longer be concerned with GA’s proposed operations including Thermal Storage or other energy efficiency schemes, as residents will have their own known quantity of electricity available.
16. Effectively, GA is acting as the “buffer” and is underwriting the EPG being available for residents to use at any time of their choosing.
17. If residents use up all the EPG, then they could purchase additional renewable energy from the scheme, after GA has fulfilled its own electrical requirements. The purchase price to be similar to the surplus price. If there was no additional renewable electrical energy available, residents would pay the full market price.
18. Each period, the EPG is compared with the APG to give a running total. If the APG exceeds the EPG, then this adds to the annual surplus. However, once the maximum EPG has been reached, residents can only purchase additional energy at the grid price, once GA has met all its needs.
19. The amount paid by GA for the surplus (if the GA sale price varies) would be the weighted average of the sale price received by GA. So that if the price varies due to the time of day or the days of the week or month, then the price will be adjusted accordingly to accord with the period surplus unused by residents.
20. In other words, the Bretherton Energy Partnership receive the price that GA receives, on average, during the period based on the sales achieved by GA.
21. Should GA not sell any electricity during a period, the price for any surplus generated would be a weighted average price that would have been achieved if it had been sold.
22. Conclusion
23. This gives residents the first call on any renewable generation, as if the Wind and Solar were theirs.
24. Residents have a 4 weekly “bucket” of energy that they can use. The “bucket” contains twice the current volume needed to satisfy their needs.
25. As the project continues to develop the bucket becomes larger.
26. As the project develops over time, residents will convert to energy storage systems that allow them to make the most of the energy when available, for example, charging electrical vehicles and heat pumps.
27. Any surplus, unused energy is sold to the grid, and residents receive the full value for it.
28. The “surplus” provides income for the Bretherton Energy Partnership allowing it to install batteries and facilities to maximise the use of available energy.
29. Residents can purchase any additional energy over the EPG, if unused by GA, at the grid sale price, being substantially less than the market price.