

## DOCUMENT TYPE: EXTERNAL

## INITIAL ASSESSMENT CRITERIA

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## Section 1. Introduction

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TECs has developed a set of criteria to identify the suitability of a potential site and its owner/users. The initial engagement will take the form of questions to be explored with the Stakeholder organisation putting a site(s) forward for consideration. A Stakeholder can be either the owner/occupier or another organisation acting on their behalf. It is important that such criteria are applied fairly and openly and have a clear purpose which achieves both financial viability and meets the overall TECs vision and objectives.

The questions are not intended to be handed to a potential Stakeholder for completion. Instead they should form the basis for a discussion on how best to achieve equitable benefit/risk sharing between all parties involved. It is therefore useful to engage decision makers as early as possible in the process. That is the site owner, the TECs Board, the TECs Support Forum and any preferred installers/service providers that may be involved in delivering a successful project. For larger or 'unusual' projects, the TECs Board may also wish to involve its Members earlier in the process to ensure their buy-in.

The Assessment Criteria here is aimed at establishing a relationship with the Stakeholder around their project(s). They take that relationship up to the point where an in-principle agreement may be reached to proceed to a more technical/financial evaluation of the proposed project(s). This point may be concluded with a Heads of Terms agreement (**HoT**) and/or Memorandum of Understanding (**MoU**) between TECs and the Stakeholder.

In some cases a Stakeholder will be representing the owner of the site(s) for the proposed project(s). In such cases, the Stakeholder will need to have the appropriate dialogue with the site owner(s) to obtain the necessary information the Stakeholder needs for their discussion with TECs. It will be up to the Stakeholder to decide how best to use the Assessment Criteria questions.

This assessment is not intended to replace the detailed technical assessment which will be needed in order to establish a Financial Model (**FM**) and move the process on to eventual project(s) completion. Please refer to the Operational Roles document for a more detailed list of project, financial and legal assessment/agreement.

Existing Stakeholders wishing to discuss new projects will only need to update the project specific information for these, provided the organisational criteria remains unchanged.

### 1.1 TECs' Criteria

We want to ensure that all projects taken on by TECs are financially viable and environmentally sustainable. We also need to assess the likely willingness of the Stakeholder to encourage engagement through their organisation on the TECs vision. That is to pro-actively encourage greater awareness of Energy use and generation within the Stakeholder's community.

TECs, together with the Stakeholder, will need to find an acceptable balance between a number of criteria relating to the project and the organisations involved, the most important of these are:

- A significant reduction in the Carbon Footprint for the site
- A robust (cautious) Financial Model with contingency built in from the start
- An equitable and transparent sharing of benefit and risk
- A Stakeholder as a long term partner willing to compromise in order to share benefit/risk
- Clear, legally binding, Leasing and Power Purchase agreements which are sufficiently flexible to maintain an equitable sharing of benefit and risk for the duration of the project.

## 1.2 Stakeholder Engagement

Please refer to the TECs Marketing & Publicity and Operation Processes documents for information on the approach and ongoing relationship with Stakeholders.

## 1.3 The assessment Process

Once a site has been proposed, TECs will need to obtain general information relating to the technical aspects and, equally important, the Stakeholder's commitment to working with TECs to help achieve its vision and objectives. The questions provided are intended to help in the discussion between Stakeholder and TECs. Not all the questions can be fully answered at the start of the process, so a number of meetings and information exchanges will inevitably be necessary. A further, more detailed, assessment will be necessary after the in-principle agreement between TECs and the Stakeholder.

Having established an in-principle agreement (e.g. Heads of Terms and/or Memorandum of Understanding) that a project may be viable from the questions being explored, TECs together with the Stakeholder will prepare a project based Financial Model (FM). A FM template for each type of renewable/energy saving technology is provided by TECs. The costs should be based on at least budgetary, if not firm, quotations for installation and other associated items as identified in the FM.

Based on the FM an equitable benefit/risk sharing needs to be agreed. This will allow the Site owner and TECs to enter into contractual negotiations and a Lease and Power Purchase Agreement.

TECs will normally propose its own preferred installers and Service providers to negotiate and finalise the commercial agreements. The Stakeholder, however, may wish to propose their own, for TECs to consider as a further option.

Invitations to Tender for the installation should be issued in parallel with contract negotiations, especially if there are time pressures. In any event, the final contract between TECs and owner should only be signed once firm installation quotes are available.

As the project progresses, TECs will determine at what stage, and under what terms, to engage its Members and new potential investors to raise the required capital. Only when the capital is secured (i.e. in the TECs account), will TECs issue the installation contract.

## Section 2. The Questions

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The questions under each of the assessment criteria headings should be answered with respect to a building/site and/or organisation as appropriate. This can best be done by transferring the table here into a spreadsheet, but answering these within the Word document is also possible.

Note that some question may only be applicable to certain renewable or energy saving projects. It is, however, useful for all the information to be provided even if this is not immediately relevant.

### 1 **Current Energy use:**

- 1a What is the annual kWh used for electricity and/or for heating (space & water)?
- 1b What is the overall annual Energy spend and/or unit price + standing charges?
- 1c What is the average day time consumption per hour and does this vary seasonally?
- 1d Are there periods when energy consumption is low in the daytime (e.g. weekends, holidays, evenings) and what are they?
- 1e What is the current base power load (average power measured when site not in use)?
- 1f What is the portion of total electricity usage required for lighting?

### 2 **Existing & planned Energy Saving & Renewables measures**

- 2a What Renewable technology have you already installed and what is its rated power output (in kW)?
- 2b What Energy Saving technology have you already installed and what was its expected saving (in kWh)?
- 2c How long have you had these for and what has been the experience?
- 2d What plans do you have for further Renewable technology or Energy Saving projects, type, size and timing?
- 2e Have you had any discussions with WPD about on-site electricity generation and export connection capacity availability?

### 3 **Effectiveness and suitability of FUTURE Energy Saving and Renewable Energy measures**

- 3a Describe the use of the facility(s) in terms of its effect on fluctuation in energy demand?
- 3b What type and number of lighting units are used?
- 3c What type of heating system does the facility have?
- 3d What type of insulation does the facility have or is there an EPC rating/report?
- 3e If Solar (PV or Thermal) are a consideration, what is the size, type and orientation of the roof? Are there potential shading problems? Will the roof support the additional weight?
- 3f If biomass heating is a consideration, is there appropriate space and access? Is the facility connected to mains gas?
- 3g Are there any planning requirements/issues with proposed project(s)?

- 4           **Organisational/Commercial responsibility for Energy**
- 4a           Who has responsibility for Energy costs in terms of budgeting for these, setting and delivering targets and maintenance/monitoring?
- 4b           Are all these aspects of Energy use widely known/discussed by owner/management? Are they seen as important/critical?
- 4c           Are there 'energy champions' in the organisation? Who are they?
- 4d           Who owns the site and who is the occupant, what are the lease arrangements?
- 4e           Have there been any discussions with other companies in relation to solar roof or biomass space leases and if so did any issues arise?
- 5           **Existing/potential sources to finance Energy reduction measures (Saving and/or Renewables)**
- 5a           Have Renewable or Energy Saving measures been undertaken? How was this funded and are the original financial estimates being achieved?
- 5b           If such funding was external, what commercial/grant/loan arrangements were agree on?
- 5c           What funding sources are known about/acceptable for future Renewables and Energy Saving measures?
- 6           **Levels of engagement on Energy with building users and owners, existing & hoped for**
- 6a           How are the users involved or made aware of the facility's Energy usage?
- 6b           Is an increase in user awareness/engagement in Energy important?
- 6c           Are there annual Carbon or financial Energy targets and how well/easily are these met?
- 6d           How many people regularly use the building(s)?
- 6e           Are there any other opportunities to engaging the surrounding community?
- 7           **Possible and preferred options for type of involvement and commercial arrangements with TECs.**
- 7a           Which type of relationship with TECs is possible/preferred: purely commercial, profit/risk sharing partnership?
- 7b           What level of involvement, influence and decision making in TECs is possible/preferred: Board level, Support Forum level, delegated to another group?
- 7c           Would you promote TECs Membership/Community Share Offers within your community?
- 7d           Would you consider providing expertise, seed funding or other direct support to TECs?
- 8           **Timeframes for action and other opportunities/constraints**
- 8a           When should Energy related measures be undertaken at the site?
- 8b           Are there timing constraints associated with implementing any measures?
- 8c           Any other opportunities or constraints not already mentioned in main headings 1-8?

## 2.1 Following an in-principle agreement

The following are top level questions that will follow an in-principle agreement between TECs, the Stakeholder and other parties.

- Has a HoT and/or MoU been agreed/signed? based on questions 1-8
- Has a Financial Model been agreed/signed? based on budgetary quotations
- Have system connection, planning, insurance, metering and registration been completed?
- Have all final quotations and costs been obtained and Financial Model adjusted?
- Have lease and power purchase agreements been signed? based on an agreed Financial Model.
- Has sufficient capital been raised? before installer contract award.