The following decision was taken on 31 March 2017 by the Cabinet Member for Environment.

Date notified to all members: Friday 7 March 2017

Please note that this decision is not subject to call-in, in accordance with the Fast Track process set out in Scrutiny Procedure Rule 17 of the Constitution.

1. **TITLE**
   Acceptance of Grant for Phase 1 for the Connection of the E.ON Biomass Plant to the SCC District Energy Network

2. **DECISION TAKEN**
   That the Cabinet Member for Environment:
   
   (i) approves the acceptance of the grant funding, totalling £2,231,250 from the Department for Business, Energy and Industrial Strategy (BEIS), via Salix (its agent), for commercialisation and construction; and
   
   (ii) delegates authority to the Executive Director, Place to enter a Memorandum of Understanding for the commercialisation grant for £417,500 and a separate Memorandum of Understanding for the construction grant for £1,813,750 with BEIS.

3. **Reasons For Decision**
   The application for grant funding through the HNIP pilot is the only means of attracting the funding necessary to make the connection between the E.ON biomass plant and the SCC DEN viable at this time.

   If the opportunity is not taken to secure the grant funding there may be opportunities to apply for funding if the HNIP is extended, but this cannot be at all certain.

   This is unique opportunity to secure grant funding for a project with significant opportunities for Sheffield, and at minimal risk and cost to the Council. All agreements with E.ON will seek to try to ‘back off’ and ‘flow down’ and risks, obligations and liabilities to E.ON. SCC will only draw down funding from HNIP when requested by E.ON and once agreed milestones have been completed. The risk of any clawback is therefore minimal, but in any case that risk is also backed off to E.ON. SCC’s only costs will be in administering the ‘Accountable Body’ role to pass HNIP funding through to E.ON who will deliver the project.

4. **Alternatives Considered And Rejected**
The HNIP funding application (attached to the OBC) provides evidence that in the absence of the HNIP funding, the project would not be viable. The SCC DEN would continue to rely on gas and oil boilers to provide back-up and top-up heat into the network at times of peak demand and during the Energy Recovery Facility (ERF) shut-down periods. The NGH would continue to rely on its own gas-fuelled energy centre and the BT datacentre would be likely to install a gas CHP energy centre.

The opportunities for carbon savings for all three organisations would be lost and the SCC DEN would remain unable to achieve significant development and expansion.

5. **Any Interest Declared or Dispensation Granted**
   None

6. **Respective Director Responsible for Implementation**
   Executive Director, Place

7. **Relevant Scrutiny Committee If Decision Called In**
   Economic and Environmental Wellbeing Scrutiny Committee