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Carbon Offset Funds - GLA guidance for boroughs

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1. Background and London Plan policy
2. Guidance structure and content
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4. Questions

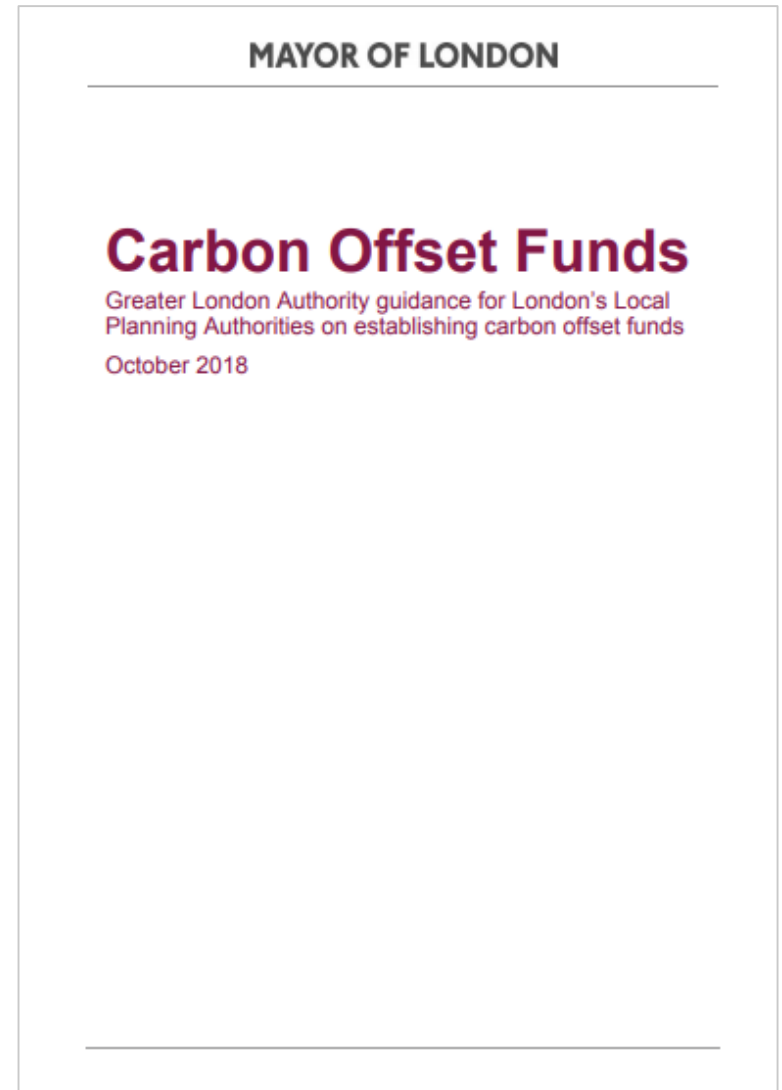
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1. Background

- Zero carbon homes & offsetting policy took effect on 1 October 2016
- New draft London Plan policy: maintains requirement for offset funds, introduces a new recommended offset price of £95/tonne and extends zero carbon target to all major development
- Regular workshops and discussions with boroughs on implementation, as well as ongoing ad-hoc advice
- Feedback from boroughs that additional guidance needed to:
 - Set GLA expectations and support the policy
 - Create a consistent approach in London but allow for flexibility
 - Provide advice on type of projects to fund and how to identify projects.
- We commissioned AECOM to produce a carbon offset framework which we have translated into guidance.

2. Guidance structure

1. Introduction
2. Setting up funds & collecting payments
3. Types of offsetting project
4. Assessing a project's eligibility
5. How to find suitable projects
6. How to compare projects
7. Reporting



Setting up funds and collecting payments

- It confirms the requirement for LPAs to set up funds, secure payments through section 106 and determine when collection will be made.
- It requires the setting of a carbon offset price and references the proposed carbon offset price of £95/tonne.
- Encourages the use of existing processes for administering and monitoring offset funds.
- If additional funds are required to develop and manage projects, we recommend a maximum of 10% of the fund is allocated.
- It also maintains the option of allowing a developer to fund a project off-site in agreement with the borough.

Offsetting project types

Main priority: Reduce energy demand in existing buildings, including through energy efficiency measures and improving monitoring and operation

Other priorities:

Generate renewable electricity, e.g. solar PV

Generate renewable or very low carbon and low emission heat e.g. solar thermal, heat pumps or fuel cells, replacing higher carbon systems that contribute to poor air quality such as gas-engine CHP

Support low carbon heat networks

Undertake whole building retrofit, e.g. improve energy and water efficiency, install renewables and smart metering

Project eligibility criteria

1. Will the project save carbon within the borough?
2. What is the carbon cost-effectiveness of the project (£capex/tCO₂ lifetime)?
3. Will the project offer additionality?
 - It would not have occurred without the offset funding
 - It would not have occurred under a business as usual scenario
 - It is not required to meet national legislation.

Combining offset funds with other sources of finance

- Where carbon offset funds and grant payments are insufficient to fully fund projects we recommend seeking finance from other sources:
 - Public Works Loans Board
 - Salix
 - Mayoral Energy Efficiency Fund
- LPAs could consider setting up a “revolving” carbon offset fund which offers loans or equity investment and recycles the returns into other projects.

How to find suitable projects

1. Identifying projects within borough's estate, including social housing.
2. Application process for individuals, community groups and businesses to apply for funding.
3. GLA tools, programmes, data:
 - Zero carbon pathways models and data
 - EPC tool
 - Housing Energy Efficiency Database
 - GLA's Strategic Housing Land Availability Assessment
 - Cambridge Housing Model
 - Building Stock Model (expected in 2019)
 - Energy for Londoners programmes: RE:NEW (and its successor), RE:FIT, DEEP, Warmer Homes.

Case studies

1. Islington – setting up and managing a carbon offset fund
2. Lewisham – establishing a local carbon offset price
3. Tower Hamlets – Schools Energy Retrofit Programme
4. Tower Hamlets – combining RE:NEW and carbon offset funds to replace boilers and insulate properties to reduce fuel poverty
5. Croydon – combining offset funds with other sources of funding to deliver Croydon Healthy Homes scheme
6. LLDC – project deliverability criteria
7. Camden Climate Fund

How to compare projects

Carbon cost effectiveness
(£capex/tCO₂/lifetime)

Lifetime carbon cost effectiveness
(£lifetime/tCO₂ lifetime)

Co-benefits

Monitoring plan

Reporting to the GLA

- Requires annual reporting to GLA on overall progress, including information on:
 - Payments committed
 - Payments collected
 - Payments spent
 - Type of projects being funded
 - Carbon offset price used

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Reporting to the GLA

- The GLA recently issued a survey to collate progress with setting up and spending offset funds across the boroughs
- We will publish a short report of the results later this year
- One respondent per borough
- Link to the survey:
<https://goo.gl/forms/6O8btTRIVJHLqW8y1>
- Please respond by 29 March 2019

Carbon Offset Funds Survey 2019

This survey is for energy and/or planning officers in local planning authorities (LPAs) with responsibility for carbon offset funds. Please note, only one individual from each LPA should submit a response. The deadline for responding is 29 March 2019.

The GLA is collating information on carbon offset funds to track the progress LPAs are making with setting up funds and spending payments since the zero carbon homes & offsetting policy was introduced in October 2016. This fulfils the new draft London Plan policy SI2 which requires LPAs to report on the operation of their carbon offset funds annually to the GLA.

To respond to this survey, you will need information on your LPA's energy policies, expected carbon reductions from new development in the past 12 months and key information about the value and expenditure associated with your LPA's carbon offset fund.

We intend to use the results to identify how we can better support LPAs in implementing and operating their carbon offset funds and will publish a short report on the findings. No personal details (individual names, email addresses etc.) will be published.

If you have any questions about this survey, please email: environment@london.gov.uk.

*Required

Email address *

Your email address