

# REVOLVING ENERGY FUND

Policy | Community Growth and Evolution

To Provide Guiding Principles on the Establishment, Operation and Management of a Revolving Energy Fund to support the delivery of actions identified in the adopted Emissions Reduction Action Plan.

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<b>Service Unit:</b>	Sustainability Services		
<b>Responsible Officer:</b>	Manager Community Growth and Evolution		
<b>Responsible Director:</b>	General Manager		
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## Table of Contents

<b>1</b>	<b>Background.....</b>	<b>3</b>
1.1	Title of the Policy and Commencement Date.....	3
1.2	Purpose of the Policy.....	3
<b>2</b>	<b>Objective.....</b>	<b>3</b>
2.1	Objectives and Coverage of the Policy.....	3
<b>3</b>	<b>Application.....</b>	<b>3</b>
3.1	Application of this Policy.....	3
<b>4</b>	<b>Definitions.....</b>	<b>3</b>
<b>5</b>	<b>Principles/Body.....</b>	<b>4</b>
5.1	Procedural Statement.....	4
<b>6</b>	<b>Relevant Legislation.....</b>	<b>8</b>
<b>7</b>	<b>Document Information.....</b>	<b>8</b>
7.1	Related Documents.....	8
<b>8</b>	<b>Responsible Officer / Policy Owner.....</b>	<b>8</b>
<b>9</b>	<b>Responsibilities.....</b>	<b>8</b>
<b>10</b>	<b>Approval.....</b>	<b>9</b>
<b>11</b>	<b>Monitoring.....</b>	<b>9</b>
<b>12</b>	<b>Review Date.....</b>	<b>9</b>
<b>13</b>	<b>Last Review Date.....</b>	<b>9</b>
<b>14</b>	<b>Record Keeping, Confidentiality and Privacy.....</b>	<b>9</b>
<b>15</b>	<b>Breaches and Sanctions.....</b>	<b>9</b>

# 1 Background

## 1.1 Title of the Policy and Commencement Date

The Revolving Energy Fund Policy takes effect upon adoption by Council.

## 1.2 Purpose of the Policy

The purpose of this Policy is to establish an internal loan system and the financing, management and governance arrangements to implement energy efficiency, renewable energy and other sustainability projects that generate cost savings in relation to Council's operations.

# 2 Objective

## 2.1 Objectives and Coverage of the Policy

At its meeting on 20 June 2023 (DI&P32/23), Council resolved to:

1. *Purchase 100% renewable energy from 2030.*
2. *Reduce its emissions by 65% by 2030 (aspirational interim target).*
3. *Publicly commit to net zero emissions by 2050 in line with the NSW Government target.*

This Policy aims to support the delivery of Council's adopted emissions reduction targets and the adopted Emissions Reduction Action Plan through:

1. Investment in energy efficient solutions to Council operations.
2. Provide reductions in expenditure on energy consumption using new and innovative technologies.
3. Provide an income stream(s) from energy-related investments.
4. Facilitate the effective management of energy-related investments to complement Council's existing financial investment policies.
5. Ensure that all Council energy investment related activities occur within legislative frameworks.
6. Establish the principles of probity, equity and transparency in Council's energy investment related activities.

Energy investment activities will be undertaken in accordance with Council's adopted Delivery Program and Operational Plan and will be determined based on the feasibility and internal rate of return requirements set out in this Policy.

# 3 Application

## 3.1 Application of this Policy

This Policy applies to all Council owned and operated facilities and services.

# 4 Definitions

For the purposes of this policy:

Term	Meaning
Council	Singleton Council
Acceptable financial return	An assessment by Council's CFO, with criteria to be a payback period of less than 10 years or an internal rate of return of at least the equivalent of the current investment fund return.
Sustainability Action Group (SAG)	An internal reference group for advancing sustainability initiatives in accordance with adopted Council strategy. The SAG consists of the Leadership Team and performing functions in accordance with its Terms of Reference.

## 5 Principles/Body

### 5.1 Procedural Statement

The overarching intent of this Policy is to ensure maximum renewable energy consumption coupled with an acceptable financial return are achieved through appropriate investment in energy -related initiatives:

- Investment in energy -related initiatives and the proceeds generated from investment in energy-related activities will be managed as part of the Revolving Energy Fund.
- Portfolio performance will be monitored and report in accordance with the Plan of Management through the Singleton Sustainability Advisory Committee.

### Investment Probity

Council has two distinct roles in its energy activities – as the organisation seeing to minimise its environmental footprint and reduce ongoing costs, and as a statutory authority responsible for compliance with environmental regulations. Council must exercise particular care to ensure its roles as consent authority and as a developer are kept separate and are seen to be separate.

In order to ensure probity in its energy-related investment activities, Council will establish a formal governance structure (including project management and contract management and reporting) for any significant energy investment projects that it undertakes.

### Investment Funding

Council will establish a Revolving Energy Fund for its energy-related initiatives. Any cost savings realised or income received from energy related initiatives will be directed into the Revolving Energy Fund and then be distributed with the following parameters:

1. The Revolving Energy Fund reimburses any expenditure incurred from Council's General Fund such as research, procurement, maintenance and loan borrowings or repayment of any internal borrowing

2. The balance of the Revolving Energy Fund should be invested:
  - a. As part of the pool of funds invested by Council and available to be utilised for investment in energy-related initiatives.
  - b. In energy efficiency initiatives that will generate either cost savings or cash inflows or both.
  - c. In accordance with Council's Investment Policy.

### **Funding Criteria**

The funding criteria have been developed to ensure a strategic approach is taken to the application of Fund monies. These criteria will be used in the assessment of applications to the Fund.

Projects seeking funding under the Revolving Energy Fund will be required to meet as many of the following criteria as possible:

1. Demonstrated acceptable financial return (as defined in the definitions section) except where the project is fully covered by an external funding source(s)
2. A reduction in resource use (water, energy, fuel, materials)
3. Business improvement/efficiency gains
4. The long term and life cycle operational and maintenance costs
5. How the project will be funded (sources of funding)
6. Reduction in greenhouse gas emissions
7. Improved environmental outcomes
8. Improved social and cultural outcomes
9. Use of innovation and new technologies and approaches

### **Allocation of Funds**

When making funding decisions the Sustainability Action Group will consider:

1. The extent to which the project meets the Funding criteria
2. The resourcing requirements of the project and the benefits that will be achieved
3. The level of cost savings and payback periods – see acceptable financial return definition
4. Whether the project will be subsidised through other funding sources
5. The Fund's financial capacity and priorities
6. Maintenance and asset renewal implications

Where projects are expected to meet a sustainability outcome without a financial return, funding will be limited to 10% of the Fund's opening balance.

### **Investment Outcomes**

The efficient and effective investment in energy efficient initiatives will provide ongoing cost reductions which will be able to supplement Council's rate revenue and provide funds for further investment.

### **Conditions for Funding**

An internal Revolving Energy Fund application form will be created and all requests for funding will be made using this form. Applications must consider the criteria for funding under this Policy as a minimum to meet project eligibility. At a minimum, the

application form will include:

1. A project summary
2. An outline of the project objectives
3. An outline of the project costs and funding sources
4. Whole of life costs, including decommissioning
5. A project plan outlining key activities and milestones
6. Detailed calculations of potential savings and payback periods
7. Other project benefits (non-financial)
8. Identification of the budget that savings are to be drawn from
9. Sign off from the relevant Manager(s)

### **Project Eligibility**

Projects will be prioritised based on Council's adopted policy position. Projects identified through the adopted Emissions Reduction Action Plan (or its latest version), the Community Strategic Plan and Delivery Program or as a requirement of a planning approval condition of consent will take precedence over all other projects.

Other projects that may be considered include improvements to the environmental outcomes of the Council and the LGA, improvements to organisational performance and efficiency and enhancements to capital works projects that meet the Funding criteria.

Projects that will not be considered for funding include:

1. Projects that seek retrospective funding for works that have already commenced or have been completed
2. Projects that are inconsistent with Council policy objectives
3. Projects that do not meet legislative requirements or other statutory approvals and permits.

### **Fund Management**

The Revolving Energy Fund will be managed by the Sustainability Action Group in accordance with the adopted Terms of Reference. The SAG comprises all members of the Leadership Team of Council and will be responsible for overseeing:

1. The allocation of Fund monies
2. Securing the re-investment of monies into the Fund
3. Annual review of the Fund's status
4. Reporting to the Executive Leadership Team and Council on a six-monthly basis outlining details of the projects implemented, savings realised and current balance.

### **Funding Limits**

Whilst there is no proposed predetermined limit regarding the extent of financial support available for individual projects, the amount of funding available will depend upon:

1. The actual balance of the Fund at the time of funding application
2. The balance of funds scheduled to be reinvested into the Fund

3. The merits of the project, and opportunities for self-funding, internal loan and/or other funding sources

### **Monitoring and Reporting Requirements**

Recipients of Fund monies will be required to provide a one-off annual report to the SAG one year after delivery of the project. This report will include:

1. Details of the activities/tasks undertaken as a result of the funding
2. An outline of how the project has been successful in achieving the objectives
3. Details of the project outcomes realised to date
4. A financial reconciliation

### **Withdrawal of Funds**

Funds will be withdrawn if a project has not commenced one (1) year after the offer of funds has been made. Recipients will be required to provide an annual report during implementation to demonstrate progress on the project, along with an end of project report.

### **Return of Excess Funds**

Any unspent monies from project allocations are to be returned to the Fund.

### **Reinvestment to the Fund**

Savings resulting from initiatives funded by the Fund are to be reconciled by the Finance Department and reinvested into the Fund to provide funding for future sustainability initiatives.

Reinvestment to the Fund will occur with the initial repayment of funding at a rate of 100 percent of the realised savings until the initial funding provided by the Fund has been repaid. Upon full repayment of the loan, those savings (100 per cent of the realised savings) will continue to be reinvested for a minimum period of three years, to fund further sustainability initiatives. Following the reinvestment to the Fund, the ongoing savings will be returned to General Revenue unless otherwise agreed by the SAG.

All savings identified are required to have been quantified as part of the business case submitted as part of the application to the Fund. The Business Case must have been reviewed by Financial Services, prior to the application to the Fund, and must identify the departmental budgets where the savings will be made. Applicants should be aware that upon approval departmental budgets will be adjusted accordingly, with these adjustments being made at the beginning of each financial year and reconciled by Financial Services at the end of each year.

## **6 Relevant Legislation**

The Provider is required to comply with all relevant legislation and obtain all applicable approvals and consents. As a minimum:

- *Environmental Planning and Assessment Act, 1979*
- *Local Government Act, 1993*
- Singleton Development Control Plan 2014

## **7 Document Information**

## 7.1 Related Documents

Related documents, listed in **Table 7-1** below, are internal documents directly related to or referenced from this document.

Number	Title
	Singleton Sustainability Strategy
	Singleton Development Control Plan 2014

Table 7-1 – Related documents

## 8 Responsible Officer / Policy Owner

Ownership of this policy rests with the Manager Development and Environmental Services.

## 9 Responsibilities

Parties or Persons	Responsibilities
Sustainability Action Group	<ul style="list-style-type: none"> <li>• Development and implementation of the Revolving Energy Fund and operational framework</li> <li>• Process improvement and governance in relation to the Revolving Energy Fund</li> <li>• Monitor and report on the long term financial sustainability of the Revolving Energy Fund</li> <li>• Review, approve and monitor funding applications and allocations and approve expenditure</li> <li>• Undertake quarterly financial reporting following the Quarterly Budget Review</li> <li>• Make recommendations to the Executive Leadership Team in line with the SAG Terms of Reference</li> </ul>
Executive Leadership Team	<ul style="list-style-type: none"> <li>• Review applications for the Revolving Energy Fund and make recommendation to Council on approval or otherwise</li> <li>• Receive and review regular reporting from the SAG</li> </ul>
Leadership Team	<ul style="list-style-type: none"> <li>• Support the preparation of applications for funding through the Revolving Energy Fund</li> <li>• Monitor and report on funds received to align with the Quarterly Budget Review process</li> <li>• Ensure resources are allocated to provide for the preparation of applications and delivery of projects approved under the Revolving Energy Fund</li> <li>• Provide reports to the Sustainability Action Group on progress, particularly where projects are not meeting expectations and proposed adjustments</li> </ul>
Manager Community Growth and Evolution	<ul style="list-style-type: none"> <li>• Provide the resources necessary to support the functions of the Sustainability Action Group and the implementation of this Policy.</li> </ul>
Manager Finance	<ul style="list-style-type: none"> <li>• Establish and maintain the accounting structure required to support the Revolving Energy Fund.</li> </ul>



	<ul style="list-style-type: none"> <li>• Provide quarterly reporting on Fund performance to the SAG.</li> <li>• Provide six monthly report on Fund performance to the ELT and Council</li> </ul>
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## 10 Approval

As per cover sheet.

## 11 Monitoring

This policy will be monitored by the Manager Development and Environmental Services to ensure compliance.

## 12 Review Date

This policy, once adopted, is to remain in force until it is reviewed by Council. This policy is to be reviewed approximately every four (4) years to ensure that it meets legislative requirements.

## 13 Last Review Date

This is the first version of the Policy.

## 14 Record Keeping, Confidentiality and Privacy

This policy is to be made available for public viewing as required under the *Government Information (Public Access) 2009, NSW*.

## 15 Breaches and Sanctions

Any breaches of this Policy will be referred to the General Manager for appropriate action.

## 16 Document History

The below table provides a summary of changes and amendments to this document.

Version.	Date	Author	Comments (e.g. reasons for review)
1	February 2025	M Crawford	<ul style="list-style-type: none"> <li>• New Policy</li> </ul>