

GREATER LONDON AUTHORITY

RE:FIT is the Mayor of London's award-winning scheme to provide the public substantial financial cost savings, by reducing energy consumption of their buildings and reducing their CO2 footprint.

The scheme uses a framework of Energy Service Companies (ESCo) to implement energy efficient measures to enable reductions in energy consumption and carbon emissions. The ESCo guarantees the level of energy savings, thus offering a secure financial saving over the period of the agreement.

To test the concept of RE:FIT, a pilot scheme on 42 public sector buildings across London totaling in area of 146,000 m2 of building space, delivered over 7,000 tonnes reduction in carbon emissions and an average 28% reduction in energy consumption. The total spend was £7 million with a simple payback period of 7 years, i.e. a saving of £1 million per annum.

An OJEU compliant framework was established in January 2010 for 3 years, streamlining the procurement process by providing pre-negotiated, EU-regulation-compliant contracts used by the group of 12 pre-qualified ESCos for the design and implementation of energy conservation measures (ECMs). Since then a new RE:FIT Framework has been procured for a further 4 years.

RE:FIT PROGRAMME DELIVERY UNIT (PDU)

In February 2011, the GLA was successful in securing funding from the European Commission under the ELENA (European Local Energy Assistance) Programme.

ELENA is part of the European Investment Bank's (EIB) broader effort to support the EU's climate and energy policy objectives. As a joint EIB-European Commission initiative it helps local and regional authorities to prepare energy efficiency or renewable energy projects and is currently mobilising more than EUR 1.6bn in investments over the next few years.

With these funds the GLA has established the PDU to manage the framework and facilitate the uptake by London based public sector organisations.

RE:FIT SCHOOLS PROGRAMME

The GLA has developed a tailor-made offer for schools using the robust performance based commercial principles of RE:FIT working alongside Department for Education (DfE) and Salix Finance to roll out the programme. This is the first

major UK programme to address energy efficiency in schools using robust commercial principles to achieve guaranteed savings. RE:FIT Schools programme was launched in June 2013 and is open to all schools across London with the aim to retrofit 200 schools by 2015.

COMMUNICATION

RE:FIT has a large number of stakeholders who have an invested interest in the programme. A key to RE:FIT's success is in the approach to how we communicate with our stakeholders, as listed below:

Public sector organisations

- Refit.org.uk - a dedicated website that provides background information on the programme, news and events as well as case studies.
- A bi-annual newsletter is issued to clients providing an update on the programme's activities.
- Events – GLA invite public sector organisations to hear about the opportunities that RE:FIT offers them to reduce energy consumption, operating costs and carbon footprint. Excising clients are also invited to learn about further opportunities and also share their experience.

ESCos

- ESCos are updated on the programme's activities and upcoming projects to maintain their interest and participation, similarly to the client newsletter, a dedicated ESCo newsletter is issued to them regularly and an update on the future projects is issued monthly.
- ESCos to submit bi-annual reports to the GLA on their RE:FIT projects for performance monitoring.
- Quarterly meetings between ESCos, PDU and the GLA provides an opportunity to give feedback the programme's performance.
- Under the RE:FIT Schools programme, the ESCo runs an engagement programme with the school's pupils to educate them on what is happening in their school and how they can help make energy savings.

Programme's partners

- The GLA reports bi-annually to the EIB providing updates on RE:FIT's progress against targets, activities undertaken/ planned, lessons learnt and risks to the programme, with mitigations.

- The GLA provides monthly report to DECC and DfE to assess progress on the Schools programme either verbally or through written reports.
- The GLA has aligned is the RE:FIT Schools process and templates with Salix Finance and will communicate as often as necessary and will attend meetings with schools and Salix to help secure project funding.

COST EFFECTIVENESS

RE:FIT is one of the most "Cost Effective" schemes developed for the public sector. It offers a unique opportunity to achieve substantial annual energy and carbon savings of up to 35%, with a contractually guaranteed return of investment by the ESCos that is realised through flexible payback periods of 5 to 9 years.

Under RE:FIT there is no sharing of any of the guaranteed energy savings, unlike other schemes within the market, meaning all achieved efficiencies are kept by the client.

Project	Colville School	
Energy Savings:	Annual estimated energy saving of 29%	Estimated 50 tonnes of CO2 per annum to be saved
Value:	£67,294 total expenditure	Maximum 7 years payback period
Timescale:	Measures installed / savings started March 2014	

Project	Waverley School	
Energy Savings:	Annual estimated energy saving of 25%	Estimated 273 tonnes of CO2 per annum to be saved
Value:	£418,555 total expenditure	Maximum 8 years simple payback period
Timescale:	Phase One Measures installed / savings start March 2014	

Two examples of how RE:FIT is cost effective are recently completed schools, Colville Primary and Waverley Schools.

Through installing a range of ECMs, Colville School is set to save 29% from its annual energy consumption, equating to an annual saving of £9,500 from its energy bill.

Energy savings results so far show that Colville are performing better than expected.

Waverley School is also set to save 25% from its annual energy consumption. This equates to an annual saving of £53,500 from their annual energy bill. Waverley's installation included a combined heat and power plant to assist the heating of the swimming pool and thereby reduce the school's overall demand from the electricity grid.

The RE:FIT programme was established in 2008, since then it has achieved energy savings of over £4.7 million per annum. So far over 380 buildings have been retrofitted, generating estimated CO2 savings of 28,900 tonnes per annum from investment of £51 million.

The entire process is supported throughout by the PDU, which is fully funded by the GLA and the EIB. The PDU support is provided at no cost to public sector organisations in London.

RE:FIT provides a pre-tendered Framework that is OJEU-compliant. There are no charges for London based public sector clients accessing the Framework. This can achieve savings ranging from £70k-£100k for the procurement costs alone.

The Framework was competitively tendered by the GLA with a strong value for money focus both in the initial supplier selection and the ongoing project cost control. The commercial model has pre-agreed contract terms including open book costing, maximum margins identified through highly competitive process, strong audit ability, robust rights and remedies and clear performance reporting.

PARTNERSHIP

Listed below are the partnerships formed as a result of RE:FIT:

- **GLA & EIB:** In 2011, the GLA established a joint venture to fund the cost of £2,671,000 for the PDU, split 90% EIB and 10% GLA. With ambitious targets, the PDU has to leverage its cost 25 times in investment in RE:FIT projects over the 3 years.
- **PDU & Public sector organisations:** The PDU are an experienced team that proactively recruits public sector organisations to provide tailored support throughout the process by benchmarking energy data, providing best practice documents, develop project briefs, tendering process and support organisations throughout implementation and beyond to ensure

that the benefits are fully realised. To date the PDU have engaged 159 organisations throughout London to use the programme.

- **Public sector organisation & ESCo:** The RE:FIT process encourages collaboration between the client and their appointed ESCo throughout the project lifecycle, this is particularly important when the ESCo is operating within occupied buildings, that requires programme coordination to reduce risk.
- **PDU & ESCos:** The PDU encourages ongoing dialog with the client to manage and monitor the performance of the ESCo throughout the project, giving client confidence.
- **GLA & Department of Environment and Climate Change :** In 2012, DECC announced that they will fund the initial rollout of the RE:FIT programme and will work with Local Partnerships and the Government Procurement Service to establish this support.
- **GLA, Department for Education & Salix:** In 2013, the GLA worked alongside DfE and Salix Finance to roll out the RE:FIT Schools programme and this relationship has continued during its implementation.
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INNOVATION AND PRODUCT SELECTION/DIVERSITY

The RE:FIT scheme is a tailored process to improve the energy performance of London's public buildings. This achieves substantial energy savings and reducing carbon emissions.

The RE:FIT framework allows the client to appoint an ESCo to implement energy efficiency measures as well as to contractually guarantee the level of energy savings, offering a secure financial saving over the agreement period.

A diverse selection of projects in terms of size, sector, and budget can be encompassed into the programme. PDU delivers total support throughout the RE:FIT programme, providing templates for each of the project phases efficiently and effectively.

The ESCos appointed are prequalified so as to assure that they will have the right experience and the optimum up to date technology in energy conservation measures to suit each diverse project.

"This innovative procurement model has cut out all the time delays and hassles for public sector organisations. We have tested it... so we know it delivers the goods."

Boris Johnson, Mayor of London

CARBON REDUCTION COMMITMENT

The Mayor's Climate Change Mitigation and Energy Strategy and London Plan set out the ambitious aim to reduce London's carbon emissions by 60% by 2025. This target will only be achieved through a range of programmes that are delivered at scale and with impact. Given that 80% of the buildings in use today will still be in use in 2050, retrofitting existing public buildings is extremely important. Furthermore, Public buildings are a significant contributor to London's carbon emissions – contributing as much as 10% to London's total footprint, so retrofitting existing public buildings is extremely important. In recognition of this, the GLA established the RE:FIT programme in 2010, with the aim of reducing the carbon footprint of public buildings.

RE:FIT, delivered by the GLA, is the cornerstone of London's public building retrofit activity. To date, RE:FIT has saved over 28,900 tonnes of carbon on an annual basis and has a growing pipeline of over 50,000 tonnes of carbon to be saved.

It is estimated that the RE:FIT Schools Energy Efficiency Programme could save schools £32million in energy costs and reduce carbon emissions by more than 125,000 tonnes over the next 10 years.