



Nottinghamshire
County Council

Beacon Council Scheme: Sustainable Energy

Case Study: Renewable Nottinghamshire Utilities Ltd (ReNU)

ReNU is a private company limited by guarantee and set up as a Social Enterprise i.e. it is non-profit-distributing.

The company was established with the aid of the East Midlands Development Agency (EMDA) and arose directly out the Nottinghamshire County Council Wood Heat Project, a part of the Council's Carbon Management Strategy.

The Company was formally established in 2002 and began trading in 2003. Although not in any way controlled or influenced by the County Council, it does aim to meet many of the same objectives as the County Council, and, indeed the County Council's Cabinet Member for Resources sits on the Board of ReNU.

One of the formal objectives of the Company is: "To develop the physical and commercial infrastructure necessary to encourage the wood heat industry in the East Midlands."

The first full trading year has been spent in acting largely as a fuel supply company to a relatively small number of clients. One important client is Nottinghamshire County Council, in the form of its wood burning school boilers. Initially these were installed at Garibaldi School, in Mansfield Woodhouse, at Dunham-on-Trent School and at Redlands School in Worksop. All of these sites have been very useful learning experiences for both ReNU and County Council staff alike.

Further sites are earmarked to allow both existing large coal boilers and small scale Coalflow Pearl fed boilers to be converted to operate on wood pellet.

During this first year, host company agreements have been negotiated with existing relevant private companies for the manufacture of wood pellet from saw cut waste and also for wood chip from forestry management round wood. They plan to begin Manufacture of wood pellets.

The company also has an arrangement with a forestry management company to act as its agent in respect of site plant, loader, chipper, trailer and truck which is available for hire at advantageous rates by the wood energy industry in the East Midlands.

A further agency arrangement is in hand with the forestry arm of Thoresby Estates in north Nottinghamshire as a base for the plant hire business and a location for the wood chip business.

The Company's transport needs are met by a partnership arrangement with an established haulier, whereby a pneumatic delivery vehicle, owned by ReNU, is operated by the haulier on a shared profit basis. Straight tipper deliveries use the haulier's own vehicles, which are liveried to show the partnership with ReNU.

To date much of the efforts of ReNU has been directed to being able to supply a demand before stimulating that demand. They are now in the situation where we can meet the likely demand for both wood pellet and wood chip in the immediate future.

It is not the intention of ReNU simply to be a fuel supplier, although this arm of the business will, no doubt, continue. ReNU sees its future as the provider of energy services through Energy Service Company (ESCO) arrangements.

Until recently the current contract fuel price of gas was such that wood heat has not been so competitive. However, with the recent gas price increases this will change when customers renew their gas contracts. With regards to electricity, the cost for cooling, is much higher and rising rapidly. Consequently, ReNU is focussing its attention on large institutions that have both a heating and cooling requirement. Discussions are under way with the British Geological Survey (BGS) at Keyworth for an ESCO style of service for one of the sites main blocks. This block stores all of the Institute's core samples in temperature controlled conditions. There is thus a year round demand for cooling as well as for normal heating. This cooling can be met by absorption cooling, using heat from the wood heat boiler, and thereby saving heavy electricity costs.

Weighted average costs of energy for BGS currently show that by 2006, when a scheme should be in place, wood heat and absorption cooling will be more than competitive with gas/electricity costs.

The saving over fossil fuel will finance capital equipment. It has therefore been proposed that ReNU will purchase and install the capital equipment for the scheme, in a way that best suits the capital/revenue balance required by BGS.

Because of the heavy cooling load, BGS works despite a long haul to site from the chip store, which leads to higher, delivered, fuel costs. Sites nearer the chip store, or local chipping will allow heat-only ESCOs to prosper.



Contacting us

email **beaconenergy.en@nottscc.gov.uk**

phone **0115 977 4351**

post **Environment Department, Trent Bridge House, Fox Road
West Bridgford, Nottingham NG2 6BJ**

internet **www.nottinghamshire/greenissues.gov.uk**

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