

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	Meeting:	Cabinet Member and Advisers for Regeneration and Development
2.	Date:	Friday 11 April 2014
3.	Title:	LTP Hydrogen powered vehicle project
4.	Directorate:	Streetpride

5. Summary

The purpose of this report is to inform cabinet member of the nature and scope of the project and seek an exemption from standing orders for procurement of the unique components and vehicle to bring the project to fruition. The project has agreed funding from a strategic allocation of South Yorkshire LTP Integrated Transport Block.

6. Recommendations

That Cabinet Member:

- (i) **Notes the nature and scope of the project and that RMBC are leading on the procurement and liaison with SY and private sector partners**
- (ii) **Approves an exemption from Standing Order 48.2 (requirement for contracts valued between £50,000 and £500,000) be granted and the Council shall enter into a contract with ITM Power**
- (iii) **The agreement of the Mayor be sought to exempt this from the provisions of the call in procedure on the grounds that it is urgent. The contract with ITM Power needs to be signed by the 16 April to ensure that there procurement timescales can be met.**

7. Proposals and Details

As a result of discussions at the Local Transport Plan (LTP) Air Quality and Climate Change Group it was agreed that Rotherham should take the lead on a strategic LTP Integrated Transport funded project to help bring the Hydrogen Minigrid at Waverley AMP back into use to fuel a hydrogen fuel cell vehicle as a demonstrator for the technology. This would place South Yorkshire at the forefront of these technologies in the UK. The Hydrogen Minigrid at Waverley AMP is owned by the Homes and Communities Agency, however as a result of a competitive tender process, ITM Power (a local Sheffield Company and global leaders in Hydrogen technologies) were awarded a contract to bring the plant back into use and provide demonstration and academic research facilities. Hydrogen fuel cell vehicles are at an early production phase and only one original equipment manufacturer (OEM) currently has production vehicles ready for market. Ten of these vehicles have been earmarked for the UK and have been procured under a contact with Transport for London on the understanding that one would be made available to ITM's project providing funding could be secured.

After further detailed discussions it was agreed that £100,000 of LTP funding should be allocated as a county-wide project to this scheme. The project proposals have been

approved as part of South Yorkshire's LTP programme for 2014/15 by the Integrated Transport Authority (ITA).

The funds will be divided between procurement of the Hyundai hydrogen fuel cell electric vehicle (HFC-EV) (£56K) and ancillary equipment needed to upgrade the refuelling facility at Waverley AMP.

As there is only one supplier of fuel cell cars, the procurement of the vehicle is to be treated as a "sole supplier", however this will require the suspension of standing orders.

Once the vehicle is procured and the facility brought back into use the vehicle will be made available to a range of organisations across South Yorkshire over a period of 4 years to demonstrate the applicability of the technology across as wide a variety of applications as possible. During this period it is hoped that the market price of HFC-EVs will decrease as production volumes increase and hydrogen fuel becomes more widely available. The project will be publicised in local and national media, contributing to raising the profile of Rotherham, Waverley and South Yorkshire as an innovative and forward looking region at the forefront of new technologies.

8. Finance

The scheme will be financed with LTP Integrated Transport block funds. The £100K of LTP funds will be more than matched by funds invested in the project by ITM Power. On advice from RMBC finance officers the nature of the vehicle qualifies its lease as capital expenditure.

9. Risks and Uncertainties

The main risk is that, should the vehicle procurement not take place, the facility at Waverley would not contribute greatly to our desire as a county to be at the forefront of ultra-low carbon vehicle technologies. In addition, the government has expressed a desire to create a national hydrogen refuelling infrastructure, with the Hydrogen Minigrad operating with a demonstrator vehicle this would position South Yorkshire very well for future funding that the government has allocated to the project. Failure to deliver the project would seriously compromise our ability to compete for future funding.

10. Policy and Performance Agenda Implications

The project contributes to the Council's Corporate Plan (improving the environment and safe and healthy communities) as well sustainability / carbon reduction aspirations. The project also conforms to the Sheffield City Region Transport Strategy policies:

Policy G - To deliver interventions required for development and regeneration

Policy V - To improve air quality, especially in designated AQMA areas

11. Background Papers and Consultation

Since the scheme has no direct effect on residential properties, no formal consultation was felt to be necessary. Support has been received from the private sector (ITM) as well as numerous universities who would welcome the opportunity to use the demonstration results to better understand the use of hydrogen as a fuel.

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