

**CABINET
4 MARCH 2021**

OPTIONS FOR PROCUREMENT OF ENERGY

Cabinet Member(s): Cllr Andrew Moore – Cabinet Member for Finance & Cllr Elizabeth Wainwright-Cabinet Member for Climate Change

Responsible Officer: Andrew Busby – Corporate Manager for Property, Leisure and Climate Change

Reason for Report: To provide an overview of the options available for the supply of Gas and Electricity to the Council.

Recommendation:

1) To provide the Cabinet Member for Finance, in consultation with the Corporate Manager for Property, Leisure and Climate Change, the authority to continue with the LASER energy framework covering the purchase of Gas and Electricity between 01/10/2021 and 30/09/2024; and

2) To provide the Corporate Manager for Property, Leisure and Climate Change with the authority to submit a letter of intent to participate in the Devon Energy Collective; and

3) To procure a further 50% of our electricity consumption via the ‘Green Basket’ under the LASER Framework for renewable energy for an additional £8k in the financial year 21/22.

Financial Implications: By continuing with the LASER Framework, it is anticipated that the energy supply and staff resources will continue within existing budgets. A further pressure of circa £8k on the 2021/22 budget will be required with Recommendation 3 and will be met via savings detailed in para 9.4.

Budget and Policy Framework: The budget for gas and electricity is met from existing operational budgets which forms of part of the overall budget and approval process.

Legal Implications: By not exercising the break date on 01/10/2021 that requires 6 months’ notice, the Council will be contractually obliged to use the LASER Framework until 30/09/2024. The recommendation is to use an OJEU compliant framework and we are getting economies of scale by joining this collaborative procurement with other Devon authorities. Therefore there are no Procurement implications.

Risk Assessment: Renewing the LASER framework will protect the Council from energy price escalation and will ensure the Council receives value for money on gas and electricity expenditure and will prevent any increase in the Council’s administration resources. At this stage, there is no risk associated with submitting a letter of intent to participate in the Devon Energy Collective.

Equality Impact Assessment: This report does not impact on equality.

Relationship to Corporate Plan: A Sustainable Planet. Environment - ‘Encourage “green” sources of energy, supply new policies and develop plans to decarbonise energy consumption in Mid Devon’.

Impact on Climate Change: The recommendation to continue the LASER framework will not preclude or prevent the Council from implementing measures to reduce and offset carbon emissions from gas and electricity consumption. The LASER framework offers 30% from renewable energy with an additional recommendation of 50% of electricity being procured via renewable energy.

The recommendation to participate in the Devon Energy Collective is a significant opportunity to source the offset carbon emissions from electricity consumption as explored in para 8.1 and section 10, this initiative would support the Council’s objective of becoming carbon neutral by 2030

1.0 Introduction/Background

- 1.1 The energy supply contract for the General Fund and HRA for gas and electricity has a break date on the 01/10/2021. A six months termination notice would need to be exercised. Should the Council not exercise this break date, the Council will continue to procure gas and electricity from the LASER framework until 30/09/2024. As such, this report has been provided to advise the Cabinet on options available for sourcing gas and electricity.
- 1.2 Given the direct influence of energy consumption on the Council’s carbon footprint and the Council’s ambition to become carbon neutral by 2030, each of the assessed options have been evaluated in terms of climate change mitigation potential, as well as cost and commercial viability.
- 1.3 The recommended option will be to renew the existing energy supply framework and explore the possibility of Power Purchase Agreements (PPA) as a means to offset carbon emissions from electricity consumption and to procure additional renewable electricity to reduce our carbon footprint.
- 1.4 Alternative energy supplier options, including alternative frameworks and alternative energy suppliers, have been explored and discussions with a neighbouring authority using the framework has taken place.

2.0 Devon and Cornwall Procurement Partnership

- 2.1 The Devon and Cornwall Procurement Partnership (DCPP) was founded by Devon County Council’s Strategic Procurement Officer, in 2003 in response to the national procurement strategy and the national e-procurement strategy.
- 2.2 The Partnership’s mission is to embark on a “joined up” approach to public sector procurement within the two counties that facilitates collaborative procurement activity including:

- The sharing of procurement related expertise, knowledge and best practice and Benchmarking.
- Collaboratively working towards the standardisation of procurement processes and documentation, together with common procurement systems and tools (e-procurement) across the partnership members to provide a joined up procurement process for the member authorities and potential bidders.
- Supporting local market development and at the same time Championing sustainable procurement activity.

3.0 Innovative Energy Procurement

- 3.1 In 2014 Devon Procurement Services lead an OJEU tender for the re-tender for the supply of electricity and gas to include Torbay, Fire, Dartmoor National Park Authority and Districts (Teignbridge, Torridge and Mid Devon). The contract was awarded to LASER Energy (Kent County Council) with Electricity being supplied by Npower and Gas by Total Gas. LASER are a specialist trading arm within the Council dedicated to delivering energy and other utility services for the public sector. They are an established public buying organisation set up for this very purpose and recognised nationally. The contract took effect from April 2015 with energy being supplied from April 2016, as the authorities have adopted the purchase in advance model (PIA).
- 3.2 The Authorities' volumes are aggregated with other authorities' energy requirements and purchased throughout a year to give an average market price. Using this model LASER delivers below average wholesale electricity prices.
- 3.3 The collaborative working assists when initiatives need to be taken forward and giving greater strength and presence to the various matters that arise. It also helps to reduce the contract administration and support costs that LASER apply.
- 3.4 There is a governance board in LASER to ensure appropriate decisions are being made and use of public sector money. DCCP members are again working collaboratively to identify the preferred route to market for a new contract. Due to the success of the collaborative approach to the LASER contract, specifically in terms of contract management, other members are now looking to join the new procurement.

4.0 Existing Energy Supplier

- 4.1 Overview of LASER Services - the Council has procured gas and electricity through LASER Energy Ltd (LASER), a procurement and service provider, on an OJEU1 compliant framework shared with Devon Local Authorities since 2016. The framework with LASER is due to expire on 30/09/2024 with a break date requiring 6 months on the 01/10/2021. Post 30/09/2024, a new framework to secure the supply of gas and electricity will need to be found.
- 4.2 LASER uses a specialist trading arm within Kent County Council and is dedicated to delivering gas, electricity and other utility services for the public

sector. Recognised nationally, LASER is an established Public Buying Organisation (PBO) and have been set up for this very purpose.

4.3 Under the existing framework, the Council procures gas and electricity collectively with Devon local authorities; this enables larger amounts of energy to be purchased on the market to achieve larger economies of scale.

4.4 LASER uses a “Purchase in Advance” model to procure gas and electricity meaning that energy is purchased in large blocks up to years in advance; this increases certainty in energy pricing and reduces the risk and impact of volatile energy markets on consumers. As such, and as a result of procuring energy through the LASER framework, the Council pays lower unit costs for gas and electricity than compared with national average energy costs. The Purchase in Advance (PIA) strategy in that all the energy is bought ahead of the contract period, as such if the market rises the Council are protected, however if the market falls there would not be a mechanism to take advantage of this.

5.0 Value for Money

5.1 The Retail Energy Price paid by the Council for gas and electricity on a £/kWh basis is made up of two cost groups:

- **Commodity Costs** – This is the Wholesale Energy Cost and is determined by the price at which energy suppliers purchase energy on the energy market; the Wholesale Cost is subject to volatility due to several factors including oil and gas prices, energy demand and generation availability.
- **Non-Commodity costs** - This includes all third-party costs associated with facilitating the transfer of energy from the point of generation/production to the point of consumption. These costs include transmission and distribution costs, environmental levies, supplier profit margins and government taxes etc. Broadly speaking, Non-Commodity Charges are determined by governments and regulators and often apply on a geographic or national basis; accordingly, all energy consumers pay the same Non-Commodity prices on a per kWh basis.

5.2 Given that energy suppliers have little or no influence over Non-Commodity Costs, the competitiveness of a supplier is best demonstrated by the wholesale energy cost, which demonstrates the price at which suppliers can purchase energy in the energy market.

5.3 Tables 1 and 2 show the wholesale cost of gas and electricity procured through LASER over the past five years. On average, electricity was circa 5.42% cheaper than the average wholesale price and gas was circa 3.51% cheaper than the average wholesale price. This demonstrates that the existing LASER framework has provided value for money and a cost-saving to the Council.

Table 1: Wholesale Electricity Prices Achieved by the Council with LASER

Period	Achieved Price (£/MWH)	Achieved Market Price (£/MWH)	Percentage Difference
Oct 16 to Sept 17	39.65	39.22	1.08%
Oct 17 to Sept 18	41.44	44.47	-6.81%
Oct 18 to Sept 19	46.11	51.95	-11.24%
Oct 19 to Sept 20	49.48	54.98	-10.00%
Oct 20 to Sept 21	44.03	44.10	-0.16%
Average %			-5.42%

Table 2: Wholesale Gas Prices Achieved by the Council with LASER

Period	Achieved Price (£/MWH)	Achieved Market Price (£/MWH)	Percentage Difference
Oct 16 to Sept 17	37.77	37.03	1.99%
Oct 17 to Sept 18	41.99	45.65	-8.02%
Oct 18 to Sept 19	49.78	54.71	-9.01%
Oct 19 to Sept 20	53.80	54.15	-0.64%
Oct 20 to Sept 21	36.32	37.01	-1.86%
Average %			-3.51%

6.0 Impact on the Councils Resources and Services

6.1 LASER provides a service of consolidating the Council's bills from our gas and electricity meters into monthly billing summaries. This service is estimated to save the Council £8k per year in staff time; the Council does not currently have the staff capacity to carry out this work. Over the past four years, LASER has provided the Council with support, however at times the service desk has been difficult to communicate especially with removing assets from our balance sheet.

7.0 Proposed Energy Supply Arrangements

7.1 LASER had set up a renewed OJEU compliant framework to cover the supply of gas and electricity between 01/10/2021 and 30/09/2024. Under this framework, LASER will remain to act in the same existing capacity and continue to procure energy and provide administrative services for Devon local authorities.

7.2 At the time of writing, the local authorities detailed on para 3.1 remain part of the Laser framework and have continued with their access agreements; the latest partnership list is shown below:

Devon County Council
 Torbay Council
 Devon Fire & Rescue Services
 Torridge District Council
 Dartmoor National Park

7.3 Npower continues to act as the Council’s electricity supplier and Total Gas and Power would continue to act as the Council’s gas supplier. Maintaining the Councils existing energy suppliers in the contract period.

8.0 Renewable Energy

8.1 Results from the ongoing carbon footprint assessment for the Council show a 57/47 split between electricity and natural gas consumption for the Corporate Estate for the 2019/20 year. Electricity consumption was responsible for circa 796 tonnes of CO2 equivalent including Well to Tank emissions that is prior to correction for the 30% of green energy procured by N Power (where no correction is made for this contract as the national grid factors already include a national mix of generated electricity). Natural gas consumption was responsible for circa 706 tonnes of CO2 equivalent including Well to Tank emissions for the financial year 2019/20 and are two key focus areas for reducing carbon emissions.

9.0 Access to Green Energy- Appendix C

9.1 The LASER framework has available to it the option of procuring either all or a percentage of the Council’s electricity via a green tariff, the Council would be able to access to the green tariff throughout the remaining period of the framework up to 31/09/2024. The Council would not be penalised under the access agreement at the recommended percentage for the Green Basket (50%) for electricity reduction, post completion of the decarbonisation project or the Tiverton hydro project.

9.2 The latest fuel mix from Laser for the period 1 April 2019 to 31 March 2020 is shown below:

	Coal	Natural gas	Nuclear	Renewable	Other	Carbon dioxide emissions (g/kWh)	Radioactive waste (g/kWh)
Npower Limited	4.8%	54.4%	6.2%	30.7%	3.9%	285	0.0004

9.3 This would come at an additional cost, as an example, for an additional 50% of the Council’s annual electricity consumption it would cost an additional circa £8k or 2.3% on top of our current costs. Provided the 100% Green Tariff is entirely additional, hypothetically the savings in 2019/20 would be 183 tco2e. The annual saving of this tariff will diminish over time as the emission intensity of the grid falls and this would need to be monitored via Laser on a quarterly basis.

9.4 The additional £8k cost pressure required to access the Green Tariff will be met by electricity cost reductions carried out as part of the Salix funded decarbonisation project in the 21/22 financial year.

10.0 Electricity

10.1 Under Npower's standard tariff, 30% of electricity supplied to the Council will come from renewable energy, with the remaining energy supply being derived from conventional sources; this share of renewable energy will increase over the duration of the contract as the grid decarbonises.

10.2 Following Government approved methodologies for greenhouse gas emissions reporting, companies purchasing electricity on Renewable Energy Guarantee of Origin (REGO) backed "Green Energy Tariffs", can report net-zero emissions for all renewable energy stated on the tariff. (See Appendix A for a description of the REGO mechanism). However, there are some drawbacks to REGO backed "Green Energy Tariffs" as follows:

- REGO backed "Green Energy Tariffs" primarily support existing generation and are ineffective for directly supporting the development of new and "Additional" renewable energy capacity. Therefore, REGO backed "Green Energy Tariffs" have limited ability to incentivise decarbonisation of the energy system.
- REGO certificates are not always traded hand-in-hand with the green energy they represent and as a result, through purchasing REGO certificates, energy suppliers can "green" their energy mix without purchasing energy from renewable generators. See Appendix A for a diagram showing this effect.
- Purchasing energy on REGO backed "Green Energy Tariffs" effectively intensifies the carbon emissions of energy available on standard tariffs and results in the same net global emissions contribution.
- REGO backed "Green Energy Tariffs" can prevent energy consumers from taking meaningful and proactive steps to becoming more energy-efficient and decarbonising the wider energy system.

10.3 For the four reasons mentioned above, there is consensus between the Council and other Devon local authorities that REGO backed "Green Energy Tariffs" are not a long-term solution to offsetting emissions from electricity consumption.

10.4 In addition to using REGO backed "Green Energy Tariffs" the Council could investigate options for supporting both on-site and off-site renewable energy schemes to reduce electricity consumption from the grid and mitigate any remaining unavoidable emissions from electricity consumption. Examples of how this could be achieved include but are not limited to:

- Partnership agreement to install on-site renewable energy and low carbon generation such as solar PV (via the Devon Energy Collective)
- Setting up Power Purchase Agreements to support the development of new large-scale, off-site renewable energy capacity.

- The Hydro scheme in Tiverton being commissioned will produce a significant electricity saving on Phoenix House, Tiverton.

11.0 Gas

- 11.1 Under the LASER framework, Total Gas and Power will supply the Council with gas on a standard natural gas tariff.
- 11.2 Renewable Gas Guarantee of Origins (RGGO) have recently become available and operate similarly to REGOs to track the generation and consumption of biogas. Due to the same issues as mentioned above for REGO backed “Green Energy Tariffs”, RGGO backed gas tariffs are not recommended for the Council as a means for offsetting carbon emissions.
- 11.3 Best practice approaches to reducing or offsetting emissions from natural gas heating will involve:
- Increasing the thermal efficiency of buildings
 - Replacing natural gas heating systems with low carbon alternatives such as air and ground source heat pumps.

12.0 Value for Money

- 12.1 LASER has proven to provide value for money through delivering energy at prices below the average wholesale market value. At the time of writing, wholesale electricity and gas prices stand at £44.03/MWh and £36.32/Therm respectively.

13.0 Devon Energy Collective

- 13.1 Power Purchase Agreements represent a significant opportunity for offsetting a large share of the Council’s carbon emissions from electricity consumption.
- 13.2 One such opportunity will be to enter into a Power Purchase Agreement (PPA), as described in detail in Appendix B, with the Devon Energy Collective, a Devon based not-for-profit organisation. This would directly support the development of new large scale solar energy scheme(s) of up to circa 100 MW in capacity. From their website, they exist to *“...take action to address the climate emergency and to deliver the Devon Carbon Plan by creating a Devon that runs entirely on green energy...rather than buying power from outside the country, we can produce clean, locally owned energy here in Devon. This will significantly boost our local economy, retaining approximately £1.76 billion in our county and creating a local industry and jobs across the region. We are wholly owned by Devon’s local community energy companies. Our purpose is to develop community owned renewables projects across Devon at scale, to address climate change .”*
- 13.3 In return for the Council’s commitments under the PPA, the Council would receive REGO certificates for each unit of energy generation it chooses to back, which in turn can be used as a credible carbon emissions offset for electricity consumption.

- 13.4 The approach of financially supporting “Additional” and new renewable energy capacity will further decarbonise the energy system and is, therefore, a much more effective approach to offsetting carbon emissions when compared to REGO backed “Green Energy Tariffs” provided by traditional energy suppliers.
- 13.5 The Devon Energy Collective is in the early stages of project development and is currently determining the scale of interest from local authorities. To support the Council’s engagement in this process, a recommendation of this report is for the Council to provide the Corporate Manager for Property, Leisure and Climate Change with the authority to submit a letter of intent and Subject to Contract to participate in the Devon Energy Collective.

14.0 Implications, Risk Management and Climate Change Impact

Financial

- 14.1 The future cost of energy is hard to predict ahead of time. The existing LASER energy framework has demonstrated value for money by delivering energy below the average wholesale energy price and as a result, we do not anticipate any adverse effects on the current budgets.
- 14.2 Bill consolidation services provided by LASER result in a saving of circa £8k in staff resources. This equates to a saving of circa £32k over the past four years. LASER will continue to provide this benefit, should the Council continue with the energy supply framework. The council has set its operation budget and to continue with LASER will give the council confidence on financial risk on energy operational budgets given large variances.
- 14.3 The expenditure of Electricity and Gas for 19/20 (for reporting a full financial year) was:

Outturn 19/20 financial year

General Fund

Electricity- £330,237.74 and Gas- £103,177.82

HRA

Electricity- £26,549.22 and Gas- £6,129.84

Budget for the 21/22 financial year:

General Fund

Electricity- £293,320 and Gas- £98,690

HRA

Electricity- £12,080 and Gas- £9,520

15.0 Legal

- 15.1 The existing LASER framework covering 01/10/2021 to 30/09/2024 is an OJEU compliant framework and is compatible with our terms and conditions.

16.0 Risks

- 16.1 The Council's exposure to energy price hikes is mitigated through LASER's "Purchase in Advance" model, which seeks to minimise wholesale energy costs and secure energy prices years in advance. Energy cost increases are further mitigated by the Council's in-house monitoring of electricity and gas consumption and implementation of energy efficiency measures.
- 16.2 The existing LASER framework has demonstrated value for money to the Council by procuring energy below national average wholesale costs. Procuring energy through an alternative supplier or framework may not yield the same cost saving and will likely increase energy costs and management fees.
- 16.3 There are limited timescales for nominating an alternative to LASER through a new OJEU procurement. As such, there is a significant risk that such a contract will not be awarded on time and will not provide value for money.
- 16.4 If the Council were to sign up to an alternative OJEU approved framework, the Council would lose its aggregated buying power with the Devon Energy Group and will likely be exposed to higher energy costs and delays in resolving billing queries or disputes.
- 16.5 Should the Council not continue with the framework for the supply of gas and electricity, the Council will be liable to pay default rates should alternative contractual arrangements not be made.

17.0 Environmental/Climate Change Impact

- 17.1 Electricity and gas consumption are recognised to have a significant impact on the Council's carbon footprint. The recommendation to renew the LASER framework for the supply of gas and electricity was made with full consideration of the Council's ambition of becoming carbon neutral by 2030. The following provides a summary of key points regarding the impact of continuing with the LASER framework on climate change are:
- Continuing with the new LASER framework will not preclude the Council from being able to ideally reduce and, as a last resort, offset carbon emissions through on and off-site renewable and low carbon energy schemes.
 - Sourcing gas and electricity on standard tariffs under the LASER framework as opposed to alternative "Green Energy Tariffs" will not increase the Council's carbon emissions or result in a net change in carbon emissions globally.
 - The best practice options for reducing carbon emissions from electricity and gas consumption will remain to include and not be limited to:
 - Implementing energy efficiency measures, installing renewable energy on-site and entering into Power Purchase Agreements with off-site renewable energy schemes;

- Increasing the thermal efficiency of buildings and replacing natural gas boilers with low carbon heating systems such as air and ground source heat pumps.
- Continuing with the LASER framework will save the Council money through reduced energy costs and reduced staff resources. Saved time and money can be used to support energy efficiency and emissions mitigation projects.
- New addition of the 'Green Basket' for purchasing Green energy via the LASER Framework until the framework end date of 30.09.2024, which will enable the Council to reduce its Electricity carbon footprint.

18.0 Alternative Options

Nominating an Alternative Energy Supplier by Conducting an OJEU Procurement

18.1 This option would involve a full OJEU approved tender process and would be open to utility suppliers and brokers. The process could take up to 34 weeks, as such there is a significant risk of exceeding set budgets for the supply of electricity and gas.

18.2 Advantages:

- Allows all organisations both public and private to bid providing greater competition and opportunities in delivering savings and innovation.

18.3 Disadvantages:

- There is a high risk that a contract will not be awarded on time ahead of the existing framework expiry date.
- Firm energy pricing will not be available until the Council receives tenders from energy suppliers and brokers leaving the Council exposed to uncertainty.
- Delegated authority may need to be given to the private company (if successful) to purchase energy on the Council's behalf. The Council will need to be comfortable with providing this.
- There is limited governance on utility brokers compared to Public Buy-in Organisations (PBO's) & regulated energy companies.
- Brokers will apply a profit margin to energy bills and will need to transact with a regulated energy company who in turn will apply management fees.
- Appointing a broker can involve extended times in resolution of account management queries.

- Pricing transparency with multiple suppliers for gas and electricity is often difficult to obtain and monitor.
- The Council staff resources will be required to undertake the procurement process and switch energy meters from one supplier to another.

18.4 The Council reviewed the preliminary assessment of procuring energy from private sector energy suppliers with an existing partner of the framework. Due to the complex metering structure of the Council's gas and electricity supply, which is made up of half-hourly and non-half hourly gas and electricity meters, it was not possible to achieve firm energy prices ahead of a formal tender procurement process.

18.5 A neighbouring authority has researched other suppliers to compare:

- Company A was unable to provide an electricity tariff for any site with a metered demand above 100,000 kWh per year of electricity; The Council owns five sites with half-hourly metering exceeding this threshold.
- Company B was unable to provide a gas tariff for any site with Automatic Meter Reading (AMR) gas meters. As such, separate energy providers will be required to cover both gas and electricity utilities, which will increase billing complexity and the Council's staff resources.
- Company C provided costs for half hourly metering sites. Under this tariff, their Electricity costs would increase by 2% and Gas costs would increase by 39% relative to current LASER energy pricing, as shown in Table 3. This would have equated to a cumulative cost increase to their budget of £173,600 over the period of the framework; such an increase in operational costs is not deemed viable for the Council.

Table 3:

18.6 Indicative Costs under an Alternative Energy Supplier, Electricity Costs, Gas Costs produced by a neighbouring authority.

Provider	Electricity Costs			Gas Costs	
	Day Rate (£/kWh)	Night Rate (£/kWh)	Estimated total annual cost	Unit Rate (£/kWh)	Estimated total annual cost
Company C	0.159	0.129	£331,600	0.044	£111,700
Current LASER Costs	0.158	0.118	£323,600	0.027	£68,300
Increase in costs/annum	0.001	0.011	£8,000 (+2%)	0.017	£43,400 (+39%)

18.7 Property Services would not recommend this as a suitable method of procurement of energy as we would have to employ separate experts. We would have to complete a full OQ process, which could take over 30 weeks to

complete. Should we wish to do that we would have to plan the work in ahead of the existing framework end date of 31/09/2024.

19.0 Adopting an Alternative Existing Public Buying Organisation Framework

19.1 Several alternative OJEU approved frameworks exist, including Crown Commercial Services (CCS), Yorkshire Purchasing Organisation (YPO), Eastern Shires Purchasing Organisation (ESPO) and the Energy Consortium (TEC).

19.2 Switching to an alternative Public Buy-In Organisation (PBO) would involve switching suppliers for gas, electricity or both, which will require increased resources. The Council may also lose the customer service and bill consolidation services currently provided by LASER.

19.3 Firm energy prices from an alternative PBO to LASER will remain unknown until the Council shows a real commitment to entering into an agreement. As such, there is uncertainty in the cost-benefit of switching from LASER to another PBO. It is understood that alternative PBOs will charge higher management fees, and as such, may not provide the same value for money.

19.4 Advantages:

- Using a PBO framework would be OJEU compliant without the Council having to run a further procurement process; this will save the Council staff resources.
- The Council could have the ability to implement a bespoke set of terms and conditions.
- PBO would have been through an OJEU compliant competitive process to demonstrate value for money.
- Mutual public sector interest in supporting public bodies.
- Profits are reinvested within the Public Sector.
- Energy volumes aggregated to give better purchasing volumes.

19.5 Disadvantages:

- There is a risk that an alternative PBO to LASER will not provide the same high level of service and benefit to the Council.
- Firm energy pricing will not be available until the Council shows commitment to an alternative PBO framework, leaving the Council exposed to financial uncertainty.
- Other frameworks may not have the same aggregated buying power and result in increased energy costs.

- The Council's staff resources will be required to research potential PBO frameworks and switch energy meters from one supplier to another.
- Opting out of the LASER framework will reduce the benefits received by Devon local authorities.
- Not all frameworks will be suitable for local authorities with large numbers of non-half hourly metering and low consumption levels resulting in increased energy costs.

20.0 Conclusion

- 20.1 The LASER energy framework has proven to provide value for money over the past five years and has enabled the Council to procure gas and electricity at levels below the average wholesale market price.
- 20.2 LASER has provided the valuable service of consolidating energy bills and reducing the requirements on the Council's staff resources. They have also provided customer support regarding energy and billing queries.
- 20.3 Conducting a full OJEU compliant procurement process to appoint an alternative energy supplier or broker will reduce the Council's buying power and likely result in increased energy costs and supplier management fees; the time required to conduct this process will exceed the existing contract expiry date.
- 20.4 Using an alternative PBO framework has also been considered. However, uncertainty in the cost of energy procured through an alternative PBO and increases in management fees means this option is less attractive than renewing the LASER energy contract.
- 20.5 The Devon Energy Collective would be able to run in parallel with any energy supply contract and offers a significant opportunity for the Council to mitigate carbon emissions from electricity consumption.
- 20.6 The recommendations of this report are therefore to:
- Provide the Corporate Manager for Property, Leisure and Climate Change, in consultation with the Cabinet Member for Finance, the authority to continue with the LASER energy framework covering the purchase of gas and electricity between 01/10/2021 and 30/09/2024; and
 - Provide the Corporate Manager for Property, Leisure and Climate Change with the authority to submit a letter of intent Subject to Contract to participate in the Devon Energy Collective; and
 - To procure a further 50% of our electricity usage from the 'Green Basket' for renewable energy for a further circa £8k in the financial year 21/22 and would be met from the electricity saving provided by the decarbonisation project.

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Circulation of the Report: Cabinet Member for Finance and Leadership Team.

List of Background Papers: None