

GAS & ELECTRICITY CONTRACTS – REQUEST FOR DELEGATED AUTHORITY	16th February 2016
CORPORATE POLICY AND RESOURCES COMMITTEE	

Linkage to Council Strategy (2015-19)	
Strategic Theme	All Themes
Outcome	
Lead Officer	Robin Brown
Cost: (If applicable)	To be reported on award of tender

For Decision

1.1 Background

Council established contracts for the supply of gas and electricity to all premises in Spring 2015. These contracts were tendered collaboratively in conjunction with Derry and Strabane District Council (DSDC) and Armagh City, Banbridge & Craigavon Borough Council. The current contract was let for a one year period and will expire on 31st March 2016. To ensure continuity of supply and help drive best value in energy procurement, it is proposed that the contracts for gas and electricity are tendered in a similar manner in 2016.

1.2 Approach & Rationale

Causeway Coast & Glens Borough Council have a wide range of properties within their estates portfolio ranging from small sites with limited energy consumption to much larger, energy intensive sites such as leisure centres. Tendering for supply of gas and electricity to all of these sites, using a single contract for each type of energy, helps maximise savings in a number of ways.

Firstly, aggregating demand results in a substantial total consumption figure which energy companies are keen to bid for. As the market is competitive, a lower unit cost of energy can be achieved using this approach. Using separate contracts for gas and electricity helps promote competition as a larger pool of suppliers can bid for each stand-alone contract. If a combined gas and electricity tender were ran, fewer suppliers could meet the requirements.

Secondly, using a single supplier for gas or electricity gives Council access to the most comprehensive information possible with regard to energy consumption. This information can help inform the estates strategy and drive further savings by effectively targeting high usage buildings or high peak loads.

Finally, collaborating with other Councils to tender for gas and electricity further increases the total scope of the contract, helping drive a better value unit rate. Furthermore, energy consumption data for similar facilities in other Council areas can be shared between Councils. This can help support energy benchmarking activities and identify best practice across local government.

For information, the contracts set up in Spring 2015 have performed well with no significant problems. Some small issues were experienced in the first few weeks of the contract as new sites transferred onto the contract and legacy energy arrangements were brought to an end. Since award, the contracts for gas and electricity have achieved a collective saving of approximately 10%. This benchmark is based on properties captured within Coleraine legacy council area only as total spend for the other legacy councils was not readily available. It should be noted that a portion of this saving is a direct result of falling oil and gas prices in the global market.

1.3 Delegated Authority Required

In light of the above, work is underway within Council to prepare the documents and energy usage data to facilitate a new tender exercise for 2016. DSDC will take the lead role in this procurement activity, running the tender process and making recommendations to award based on the lowest prices received from bidders. Due to the volatile nature of the energy market, DSDC require a response from us within a few working days to either confirm or reject the offer received. This report seeks approval of delegated authority to award a contract for gas and a contract for electricity within the tight timelines required. In summary, delegated authority is required due to the short timescales involved in the energy procurement process.

The contracts for both gas and electricity will be for a two year period. This approach has been taken to help lock in savings arising from the present low cost of energy. Once the tender process is complete, the award recommendations for gas and electricity suppliers will be communicated to members for information. The outcome of the tender process will be reported to a subsequent committee.

1.4 Recommendation

It is recommended that authority be delegated to the officers involved in the procurement process to award the contract in line with the outcome of the tender evaluation.