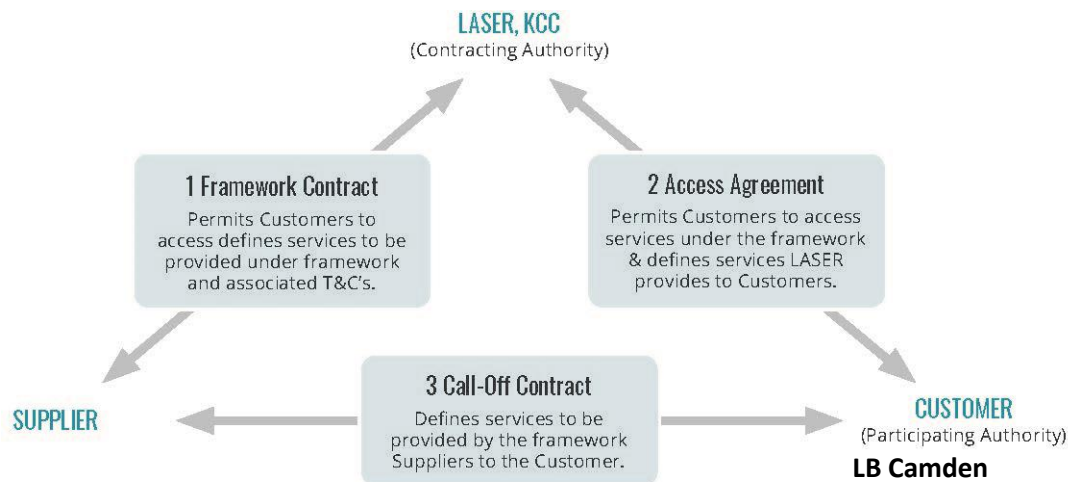


LB Camden Communal Electricity and Gas

Notes following telephone call with the Camden Energy Management Team on 1 September 2022



Headlines

Camden buys communal electricity and gas using a framework established by energy buyer LASER.

Two supply years remain under the current framework: Oct-22 to Sep-23 and Oct-23 to Sep-24.

Communal electricity prices: In June 2022 LASER forecast a price increase of 82% from October. However, the likely price increase for smaller users will not be known as the supplier is changing.

Bulk Gas prices: In June 2022 LASER forecast a price increase of 147% from October. This may increase as some gas yet to buy.

Energy purchase – how it works

Camden has entered into an Access Agreement with energy buyer LASER for the supply of communal electricity and gas from October 2020 to September 2024.

LASER strategy and pricing has been benchmarked and found to be in line with other energy buyers.

LASER has invited tenders for the supply of energy and entered into a Framework Agreement with the highest scoring suppliers.

LASER buys tranches of energy up to 36 months prior to the October start of the annual supply period. It aims to buy when there is a dip in the market (at lower prices), in accordance with its risk managed forward purchasing strategy. This is on a flexible price (Flex) basis.

Camden may also elect to buy energy on a fixed term fixed price (FTFP) basis.

Having chosen the basis, Camden enters into a Call-Off contract with the preferred energy supplier.

Camden's energy management team explains that they forward-purchased significant energy volumes for the Oct 22-Sep 23 supply period during 2020/21 when prices were relatively low. Without this strategy, Camden's energy prices would be considerably higher for this period.

Energy delivered prices are comprised of a charge for the amount of energy consumed and a daily standing charge. For gas supplies, the standing charge is higher for larger sites, but proportionate to the amount of gas used.

Electricity

Since October 2020, the first two years of the LASER agreement, communal electricity for smaller users (about 3,500 properties/supply points historically using less than 10,000 kWh per annum) has been supplied by SSE on an FTFP basis under two 1-year contracts. SSE was appointed following successful bids in a mini-competition when their 12-month offer showed best value in the first year and all bidders would only offer a 12-month term for the second year.

Larger users have been supplied by Npower on a Flex basis since October 2020.

The current SSE contract runs to the end of September 2022 and will not be renewed. From 1 October 2022 all supplies will come from Npower on a Flex basis. This is because in light of the energy cost increases seen over the past year, the FTFP is no longer a preferred buying option as risk and price are now less favourable. Unfortunately, the annual increase for supply points currently supplied by SSE and transferring to Npower will not be clear until November.

Actual Flex pricing for the year October 2022 to September 2023 will not be known until early November. However, LASER provides a quarterly forecast of the pricing for the next year. Its latest Flex forecast, in June 2022, indicates an 82% increase in the delivered price compared with the current year Flex. This forecast is based on the average price with some volumes left to buy. The actual increase may be higher, once the remaining volumes are bought.

Camden's energy management team provides the pricing information to budget holders (such as Leaseholder Services) who determine how this translates into service charges.

Bulk Gas

Since October 2020 communal bulk gas has been supplied by TotalEnergies on a flexible price (Flex) basis under a 4-year Call-Off contract.

Actual pricing for the year October 2022 to September 2023 will not be known until early November. However, LASER provides a quarterly forecast of the pricing for the next year. Its latest forecast, in June 2022, indicates an 147% increase in the delivered price compared with the current year. This forecast is based on the average price with some volumes left to buy. The actual increase may be higher, once the remaining volumes are bought.

Camden's energy team provides the pricing information to budget holders (such as Leaseholder Services) who determine how this translates into service charges.

Meter Readings

Energy suppliers have an obligation to read the supply point meter once every two years, although this may not happen if a meter cannot be easily accessed. This means that interim usage charges may be based on estimated readings.

Many gas meters are now radio-linked. The installation of smart electricity meters is a slower process as engineers would also have to attend where the resetting of lifts or heating boilers was necessary.

Camden's energy team does read landlord/bulk supply meters to resolve any billing queries, and works closely with the Leaseholder Services team with any queries they may raise.

Camden's Estates Management team provides a meter reading service for hard-to-access **domestic** meters on Camden's housing estates, i.e. electrical intake rooms and locked meter cupboards. An appointment for a meter reading can be requested via meterreading@camden.gov.uk.