

**EAST AYRSHIRE COUNCIL**  
**PERSONNEL AND PROPERTY SUB-COMMITTEE**  
**OF THE POLICY AND RESOURCES COMMITTEE – 21 NOVEMBER 2000**

**ENERGY MANAGEMENT PROGRESS REPORT**

**Report by Director of Homes and Technical Services**

**1. PURPOSE OF REPORT**

To indicate the progress in the implementation of the Council's Energy Management Policy in respect of non-housing properties.

**2. BACKGROUND**

The Council's Energy Management Policy requires regular updating of Members on its implementation.

The report gives details of:

- a) Update on the Climate Change Levy proposals.
- b) The current situation regarding Energy Supply Contracts.
- c) Energy Monitoring, Targeting and Water Management Systems status.

**3 GENERALLY**

**3.1 Climate Change Levy**

The Levy, which will commence in the financial year 2001/02, introduces tax rates per kilowatt-hour for the various types of energy. The Levy is offset by a reduction of 0.3 percent in Employer's National Insurance Contributions. The levy does not apply to domestic premises.

The rates to be levied on the various energy types are:

Electricity	0.43p	per kilowatt-hour
Gas	0.15p	per kilowatt-hour
Coal	0.15p	per kilowatt-hour

The corresponding increases to the costs of these fuels is:

Electricity	7%
Gas	18%
Coal	26%

There are some exemptions to the levy:

- a) The use of "Green Energy". Currently costs for "Green" electricity have a premium of at least 5 percent above normal supply costs, however, with the introduction of the Climate Change Levy the economic disadvantage of using "Green Energy" is likely to be reduced.

Use of "Green Energy" would also assist the Council in meeting its obligations under Local Agenda 21 to reduce "Greenhouse Gas" emissions.

- b) Electricity supplies consuming less than 1000 kilowatt-hours per month. 70 percent of the Council's sites fall into this category, however, costs for these sites form a very small proportion of the overall electricity bill.
- c) Gas supplies consuming less than 4397 kilowatt-hours per month. 50 percent of the Council's supplies fall into this category, but again the costs for these sites form a very small proportion of the overall gas bill.
- d) Energy from "good quality" Combined Heat and Power (CHP). The Council do not currently operate any CHP plant.

### **3.2 Energy Supply Contracts**

The current contracts for supply of Electricity and Gas expire on 31 March 2001. Tenders will be returned to the Authorities Buying Consortium (ABC) on 5<sup>th</sup> December 2000. The Coal Supply Contract is due for renewal in the summer of 2001 and tenders for the new contract will be obtained in the spring.

#### **3.2.1 Electricity Supply Contract**

It is anticipated that electricity costs will reduce by 10 to 15 percent in the new contract. The contract will also contain rates for the supply of "Green" electricity. There is, however, not a sufficient national supply of "Green" electricity to satisfy the full requirements of the ABC contract, therefore, supplies available under the contract will be allocated to those member Councils, that wish to use it, on a pro-rata basis

#### **3.2.2 Gas Supply Contract**

Gas supply prices currently available in the open market are greatly in excess of the rates enjoyed by the Council under the existing contract. It is anticipated that the rise in costs due to the new contract will be in excess of 30 percent.

#### **3.2.2 Coal Supply Contract**

It is anticipated that coal costs will increase by about 5 percent.

### **3.3 Energy Monitoring and Targeting**

Year on year consumption figures are reported quarterly to departments on a 12 month moving basis so that energy consumption trends up or down can be easily detected for individual premises. The report produces actual and weather corrected figures. Table 1 shows a departmental summary.

**Table 1**

DEPT.	ENERGY COSTS						
	ACTUAL				WEATHER CORRECTED		
	Base Year	Apr 99 – Mar 00	Change	%	Apr 99 – Mar 00	Change	%
	£	£	£	Change	£	£	Change
<b>Education</b>	910750.03	862727.35	-48022.68	-5.27	906131.58	-4618.45	-0.51
<b>Community Services</b>	186977.76	170749.82	-16227.94	-8.68	178452.73	-8525.03	-4.56
<b>Development Services</b>	143783.17	130408.75	-13374.42	-9.30	134998.68	-8784.50	-6.11
<b>Social Work</b>	93413.16	67740.34	-25672.82	-27.48	72275.42	-21137.74	-22.63
<b>Homes &amp; Technical Services</b>	68587.37	74962.61	6375.24	9.30	78755.71	10168.34	14.83
<b>Total</b>	1403511.49	1306588.87	-96922.62	-6.91	1373335.18	-30176.31	-2.15

The base year is the first full year for which consumption figures are available and in most cases is the 1996/97 financial year.

Weather correction adjusts consumption figures to take account of the difference in weather between the periods being considered. The calculation is done using weather information provided by the Meteorological Office. The calculation takes account of the difference in weather conditions between the base year and the year under consideration and adjusts the consumption and cost figures accordingly.

The figures for Homes and Technical Services relate to the residential accommodation in sheltered housing complexes and homeless persons units. The operation of the heating systems is more akin to hospital and domestic situations respectively. Temperatures in the sheltered housing complexes are not allowed to drop during the night as they are with non-residential properties, where heating plant operates only for frost protection outwith the hours of occupancy. As the lowest temperatures are normally recorded during the night the sheltered accommodation cannot benefit from savings attributable to frost fire operation during periods where buildings are unoccupied. The figures are worsened by a billing problem at one site where a series of estimated gas bills grossly underestimated consumption. If this property is taken out of the equation the percentage change figures reduce to 1.56 and 6.05 percent.

### 3.4 Water Management

Sites with water meters continue to be added to the monitoring and targeting system. Table 2 gives departmental details for those sites that are currently monitored.

**Table 2**

Water Costs				
Dept	Base Year	Apr 99 – Mar 00	Change	Percentage Change
	Cost	Cost		
	£	£	£	£
<b>Education</b>	126643.79	133674.92	7031.13	5.55
<b>Community Services</b>	4649.90	7036.01	2386.11	51.32
<b>Development Services</b>	3348.80	4518.76	1169.96	34.94
<b>Overall</b>	134642.49	145229.69	10587.20	7.86

The base year is the first full year for which consumption figures are available and in most cases is the 1996/97 financial year.

It should be noted that there has been a considerable increase in water charges, particularly in standing charges, between the base year and the current year.. However, it should be noted that, although costs have risen, consumption figures for most departments are less than for the base year.

#### **4. FINANCIAL IMPLICATIONS**

The overall effect of the new contract and the introduction of the Climate Change Levy is that energy costs will increase by some 13 percent from 1st April 2001.

The benefits arising from the operation of an Energy Management policy are indicated in Table 1 paragraph 3.3 and Table 2 paragraph 3.4

#### **5. LEGAL AUTHORITY / IMPLICATIONS**

Not applicable.

#### **6. POLICY IMPLICATIONS**

Implements the Council's Energy Management Policy.

#### **7. RECOMMENDATIONS**

- a) It is recommended that Members note the contents of the report.
- b) It is recommended that, provided there is no financial detriment, the Council take up as much as is possible of their allocation of "Green Electricity" from the supply contract.

James Lavery  
Director of Homes and Technical Services

GM/FM  
1 NOVEMBER 2000

#### **LIST OF BACKGROUND PAPERS**

1. East Ayrshire Council Energy Management Policy
2. East Ayrshire Council Environmental Policy

Any member requiring further information should contact George Malone, Principal Engineer, Technical Services, extension 5233

**AGENDA**