



**BELFAST CITY COUNCIL**

Report to:	Strategic Policy & Resources Committee
Subject:	<b>Approval for short-term extension of energy supply contracts</b>
Date:	24 <sup>th</sup> January 2014
Reporting Officer:	Gerry Millar, Director of Property & Projects, Ext: 6217
Contact Officer:	George Wright, Head of Facilities Management, Ext: 5206

<b>1</b>	<b>Relevant Background Information</b>
1.1	Members will be aware that it is the council's intention to enter into a managed service contract in respect of its corporate energy procurement and management, and that this arrangement has the potential to provide significant savings in terms of the cost of energy across the organization.
1.2	A preferred supplier, Schneider Electric Ltd, has been appointed to provide this managed service and the necessary preliminaries are currently under way. It is anticipated that this arrangement will be in place and operational by 1 <sup>st</sup> July 2014, however a number of the council's existing energy contracts are due to expire before that date.
1.3	The existing contracts with Power NI and Airtricity for the supply of electricity and the contract with Firmus for the supply of natural gas are all due to terminate on 31 <sup>st</sup> March 2014, and in the absence of a contractual relationship with these companies the council would be facing steep increases in energy prices in the interim, as standard business tariffs would be applied.
1.4	It is therefore proposed that contractual relationships with these companies be maintained via a formal extension of the existing contracts and/or the negotiation of favourable short-term contracts. These arrangements would be for a period not to exceed 6 months.
1.5	Because of the volatility of the energy market and the frequent fluctuations in price it would not in most cases be possible to extend the existing contracts at current rates, but consultation with the relevant suppliers would indicate that increases could be kept within the range of 4-11%, which is significantly lower than if standard business tariffs were applied.

<b>2</b>	<b>Key Issues</b>
2.1	It is important that energy costs are minimised during the period leading up to the implementation of the corporate managed energy procurement contract. Any additional costs incurred during the interim period should be offset by the savings so generated .

<b>3</b>	<b>Resource Implications</b>
3.1	As indicated, there may be cost increases across some/all contracts during the interim period in the order of 4-11%, although additional costs would be much greater if no interim arrangements are made and standard tariffs applied. Officers will obviously seek to minimise the length of the extension period as much as is possible.

<b>4</b>	<b>Equality and Good Relations Implications</b>
4.1	There are no direct equality or good relations implications arising in respect of this report.

<b>5</b>	<b>Recommendations</b>
5.1	It is recommended that the Committee authorises the Director of Property & Projects to make the necessary interim contractual arrangements necessary to ensure energy supply and minimise costs for a period not to exceed 6 months, and to issue any notifications and instructions necessary in order to do so.

<b>6</b>	<b>Decision Tracking</b>

<b>7</b>	<b>Key to Abbreviations</b>
None	

<b>8</b>	<b>Documents Attached</b>
None	