

Nottinghamshire
County Council

Beacon Council Scheme: Sustainable Energy

Case Study: Energy Procurement

Introduction

For many years Nottinghamshire County Council has promoted the use of renewable generated electricity to both internal sites and other external organisations that join with our portfolio for utility contract services. The de-regulation of electricity was introduced in stages with our larger sites (Over 100kW) initially then our remaining sites (below 100kW). We have maintained these two types on contracts since this time.

We provide a comprehensive service to external organisations including 7 District/Borough Councils (Ashfield District Council, Bassetlaw District Council, Bolsover District Council, Broxtowe Borough Council, Gedling Borough Council, Mansfield District Council, Newark & Sherwood District Council, Rushcliffe Borough Council), 2 Housing Authorities (Ashfield Homes and Rushcliffe Homes), Nottinghamshire Police, Nottinghamshire Fire & Rescue Services, Nottinghamshire Magistrates, and five Colleges of Further Education (Broxtowe College, New College Nottingham, Newark & Sherwood College, Peoples College and West Nottinghamshire College).

Summary

Since 2001, the number of sites joining our utility contract scheme has risen, increasing consumption levels by almost 24% to almost 114million kWh. In addition we have also taken on responsibility for the streetlighting contract which has added a further 36million kWh taking the total consumption for the Nottinghamshire County Council utility contracts to over 150million kWh. The take up of renewable sourced electricity since 2001 has

also risen by 85% reducing emissions by 83% - displacing over 34,000 tonnes of CO₂ annually.

Financial Considerations

Renewable electricity is subject to a premium when compared against conventional electricity. Some of this is offset by the Climate Change Levy (CCL) which is charged at 0.43p/kWh on conventional electricity. The CCL is charged to sites that are subject to 17.5% VAT charges. However organisations such as colleges and voluntary aided or charitable status schools are awarded a 5% VAT rate and subsequently are exempt from the CCL. Accepting renewable electricity with financial premiums without the ability to offset with CCL savings therefore influences their decision when offered the choice of electricity sources.

Large Sites Over 100kW Electricity Contracts

At the start of our green contracts in 1998 there were only a small number of sites accepting renewable electricity (between 1-2% of the total number of sites on contract). However, by 2001 we had secured a dramatic switch from conventional to renewable sourced electricity with over 30% of sites opting for renewable electricity.

In 2002, the contract was tendered for renewal and the Best Value option secured was a two year agreement which offered the opportunity for sites to use either 100% renewable electricity or electricity produced from Combined Heat & Power (CHP) methods. We obtained our CHP electricity at a financial premium equal to that of CCL and because Good Quality CHP generated electricity is CCL exempt,

there were no financial premiums for CHP electricity compared against conventional electricity. This led to a much higher take-up of CHP generated electricity but slightly lower savings in CO₂ emissions when compared to 100% renewable electricity.

With the success of our tender in 2004 we were able to offer 100% renewable electricity at no financial premiums compared against conventional electricity. This was because the rate for renewable electricity (CCL exempt) was the same as the CCL charges and therefore 90% of all sites included on the contract accepted this offer. Of the sites that refrained from taking up the offer for renewable electricity all were 5% VAT rated and subsequently not subject to CCL. But this still brought the total potential CO₂ savings to 95% for all electricity used.

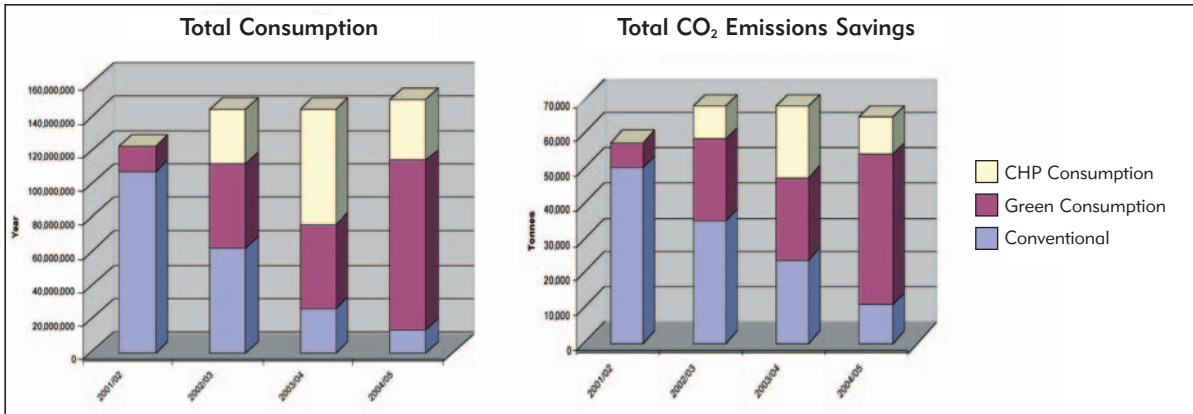
Small Sites Sub 100kW Electricity Contracts

In 2002, the contract was tendered for renewal and the Best Value option secured was a five year agreement which offered the opportunity for sites to use 100% renewable electricity. Over 65% of sites took up the offer and subsequently over 33million kWh of electricity is now being produced using renewable sources. The option of 'going green' has reduced emissions in Nottinghamshire by 77% saving over 15,000tonnes of CO₂ emissions.

Streetlighting

In 2003, the contract was tendered and the Best Value option secured was a two year agreement which offered the opportunity to use electricity produced from Combined Heat & Power (CHP) methods at a financial premium equal to that of CCL.

Because Good Quality CHP generated electricity is CCL exempt, there were no financial premiums for CHP electricity compared against conventional electricity. This led to a 100% take-up of CHP generated electricity but slightly lower savings in CO₂ emissions when compared to 100% renewable electricity.



Contacting us

email beaconenergy.en@nottsc.gov.uk
 phone **0115 977 4351**
 post **Environment Department, Trent Bridge House, Fox Road
 West Bridgford, Nottingham NG2 6BJ**
 internet www.nottinghamshire/greenissues.gov.uk
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