

Energy Update



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Head of Energy and Carbon Management



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Current Energy Team

Head of Energy and Carbon Management - Jeremy Martin

Operations Manager - Hackney Light and Power - Jason Powell

Utilities Manager - Fatma Yousuf

Utilities Officer 1 - Carlos Cevallos

Utilities Officer 2 - Shaun Spencer

Utilities Officer 3 - Liudmyla Pasichnichenko

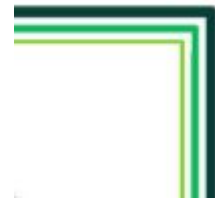
Utilities Officer 4 - Melissa Butler

Utilities Project Manager - Vacant (to be filled 2023)

Principal Activity - Invoice validation, c5-15% error rate (£1-3m)

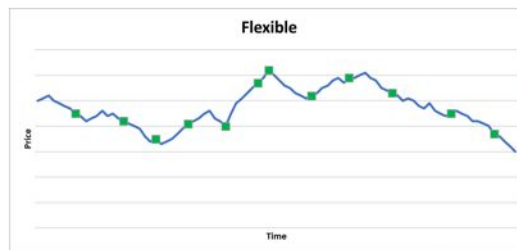
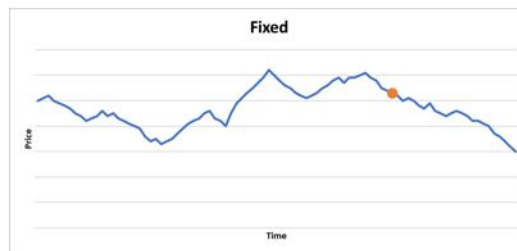


Flexible Purchasing



Intro to Flexible Energy Procurement

- Flexible Procurement Basics
- Flexible energy procurement permits gradual purchase positions to build up over time
- This helps manage risk by trading (“hedging”) fractions of total requirement over a longer period
- Flexible procurement becomes more cost effective, as well as versatile, where volumes are aggregated



£103

£97

Flexible Purchasing



Current Market Conditions

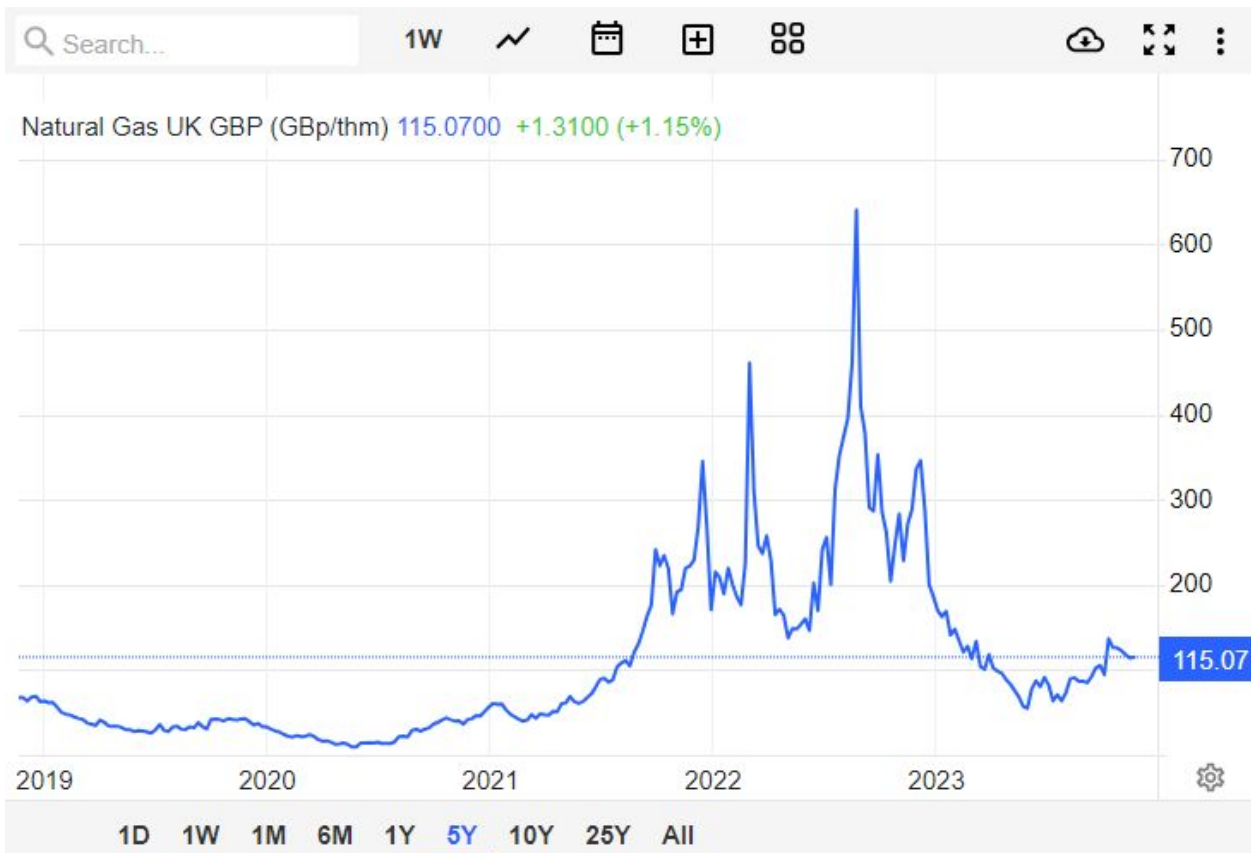
- Markets have seen considerable correction in prices since end of 2022
- Largely due to a mild winter de-pressurising UK & Euro position
- West exited winter with high gas levels & heads into this winter at nearly 100% storage
- However, risks remain – return of Asian demand, ageing French nuclear stock, El Nino/La Nina & continuing geopolitical events
- Also important to note that the price for next winter is still at Apr 22 price levels despite the drops
- This means it is approximately 3-4 times the level of historic pricing



Wholesale Energy Prices - Day Ahead



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Market and Price Setting



Price =

Wholesale Energy Cost

- + Network Costs
- + Balancing Costs
- + Settlement Costs
- + Metering Costs
- + Admin Costs
- + Margin

- Domestic Market
 - Monthly meter readings (except HH smart)
 - Assumed profile
 - Large proportion of energy bought close to usage time
- Business
 - NHH - 5 assumed profiles
 - HH - based on previous years usage
 - Most energy bought in advance
 - Broker or direct from energy company is the same cost
- Basket
 - Lots of sites placed in a single contract
 - Same start and finish dates
 - Better aggregation and lower risk/admin costs
- Flexible Purchasing
 - Energy bought in advance to match basket requirements.

Benefits/Risks of Flexible Purchasing



Better aggregation leads to better match of purchasing and lower balancing costs

Lower administration

Lower wholesale costs as able to buy the dips (typical c70% of market cost)

Risk controls close out positions early in rising markets

Overall produces long term (6-10 year) average prices lower than other purchasing paths - e.g direct to energy suppliers, tenders, brokers.

Not so good to exploit falling markets

Needs confidence in volumes being purchased so operates with long notice periods

Will give occasional (1 in 10) years with prices above the market, usually in falling markets

2023/24 will be one of those years.

Procurement/Energy Prices



2022/3 Outturn - 77% increase

Electricity c24p per kWh - note HH sites had a standing charge change

Gas 3.76p per kWh

2023/4 Outturn - c100-300% increase

Electricity c40-43p per kWh - note HH sites had a standing charge change

Gas 9.22p per kWh

2024/5 Forecast

Electricity c23-25p per kWh

Gas c6p per kWh

Purchasing started early - about 60-75% purchased

Difficult forecast due to geopolitical and macroeconomic variations

2025/6 Forecast - +5-10%

ReFit and Public Sector Decarbonisation Scheme



ReFit is a framework for energy efficiency and decarbonisation . The Council has engaged and appointed Asset Plus as delivery partner.

PSDS is a £5bn government grant scheme for decarbonising heat (£3bn allocated already, £1bn about to be awarded). £100bn needed in reality.

Council prioritising Grant qualifying buildings while grants available:

- 2023-5 - c£16.8m project 3 schools, 3 leisure centres, 2 others (Grant £12.2m)
- 2024-6 - 2 applications, £29.5m, 11 schools, HSC/HTH, Tomlinson Centre, 3 others
- Qualifying buildings are those with End of life (10 yrs plus) boilers
- Council/School has to pay for the equivalent of replacing existing boilers

Also working on Invest to Save electrical works - mainly lighting and solar PV.

Hackney Community Energy Fund

November 2023



What the grant could be used for?



Application STREAM A funds feasibility studies (up to £15,000) and STREAM B will cover capital expenditure.

Costs relating to a project or activity:

- Cost of installation or deep retrofit
- Consulting fees
- Staff & office costs (to support the project)
- Project costs
- Project workshops
- Reasonable contingency costs

The fund does not cover general staff costs or fully funded posts.

It cannot be used for day-to-day running costs or maintenance of equipment.

Who can apply?



Constituted groups with charitable aims

Projects in the borough of Hackney

Targeted at small organisations

- ❑ Registered Charities
- ❑ Community and voluntary groups
- ❑ Co-operatives
- ❑ Faith and equalities groups
- ❑ Social enterprises
- ❑ Community Interest Companies

Partnerships with Schools



We are looking for genuine partnerships between energy groups & schools and the development of strong relationships

Projects should be run in partnership throughout the feasibility and capital stages.

Groups need to demonstrate engagement with students and teachers to integrate the project and work together to promote local and global net-zero carbon ambitions.

Carbon Saving and Innovation



The fund encourages new innovative ideas and proposals.

In the application, bidders can propose multiple innovations within a project and we will assess each application on its own merits.

Projects will need to clearly demonstrate their
carbon saving potential

To find out more..



hackney.gov.uk/community-energy-fund

hackney.gov.uk/hackney-light-and-power



lightandpower@hackney.gov.uk

Questions?



Please contact Jeremy Martin / Jason Powell

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