

<b>Committee(s)</b>	<b>Dated:</b>
Barbican Residents Consultative Committee Barbican Residential Committee	6 <sup>th</sup> March 2023 20 <sup>th</sup> March 2023
<b>Subject: 2022/23 Electricity price Forecast Update &amp; Meter Query</b>	
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	<b>2,4,5,11</b>
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>N/A</b>
<b>If so, how much?</b>	<b>N/A</b>
<b>What is the source of Funding?</b>	<b>N/A</b>
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	<b>No</b>
<b>Report of: City Surveyor</b>	<b>For Information</b>
<b>Report author: Graeme Low</b>	

### **Summary**

This report presents the view of estimated electricity costs for CoL BEO housing sites. Changes have been made to the original forecast due to the onboarding of the PPA as well as adjustments made by the supplier/broker due to incorrect levy applied. As the PPA is live, the unit rates are expected to remain below the Energy Bill Discount Scheme, the new published price cap. This means that there is not expected to be further government relief as of April 2023. This report also includes an update on meter issues and invoice concerns.

### **Recommendation(s)**

- Note the benefit of the PPA from 1<sup>st</sup> January 2023.
- Note that due to the benefits provided as a result of the PPA and the traded position, the EBDS commencing April 2023 may not be applicable as prices are under the threshold and there is a higher cap than under the previous government support scheme
- Note that consumption and costs are currently validated via a contract with Team Energy Auditing Ltd. and via Sigma, the City's current energy monitoring software.
- Note that Total Energies are lodging a dispute with Elexon (the National Grid) regarding estimated data for Speed House.
- Note continued support with site regarding available supply capacity

### **Main Report**

#### **Background**

1. Energy market prices have fluctuated significantly since March 2022. As part of an agreed approach to managing price risk, the City Corporation purchases energy in advance through our Broker, LASER Energy and their publicly procured framework. This helps to mitigate the risk of purchasing during the market peaks by procuring small amounts over a given period.

2. Alongside the Supply agreement, the City of London Corporation have entered into a 15-year agreement to purchase approximately 56,566 MWh per annum from South Farm Solar Ltd (known as the Power Purchase Agreement or PPA). This figure reduces slightly with performance each year and by the 15<sup>th</sup> year the output is expected to be 50,664 MWh. This currently represents approximately 63% of the Corporations electricity volume, including the Barbican Residential volume.
  - The PPA is now energised and operating as of 01 January 2023.
  - The electricity from this PPA is provided at a set price which increases after the 2<sup>nd</sup> year of operation in line with indexation.
  - Under the PPA our purchased commodity price (excluding non-commodity costs) will be approximately £42/MWh for the first two years, rising thereafter in line with inflation.

### **Meter Concerns & Data Quality Update**

3. The meters at the Barbican are half hourly (HH) meters and therefore legally required to obtain a meter operator (MOP) contract. The City of London Corporation procured Stark to provide this and Data Collection (DC) services following a tender review. It should be noted that this type of meter is different from a typical residential non half hourly (NHH) meter.
4. Following the transfer to the new MOP, PSTN lines that communicate data from the meter to the supplier were disconnected. Unfortunately, this resulted in estimated data being provided to the supplier for invoices.
5. The estimated data worked in favour of Shakespeare Tower and Lauderdale, which according to available data were undercharged due to low estimates. Speed House was overcharged. Due to the way the industry works, the supplier must bill to the data provided by the MOP. The MOP provided estimates for summer months. These charges are passed from the DNO to the customer. The data becomes “settled” by the grid after a certain period of time.
6. With respect to Speed House, the Supplier has passed the dispute to the National Grid to formally resolve this issue of overbilling for approximately 750,000 kWh and any excess capacity charges for May 2021-September 2021. The next Elexon metering dispute board is scheduled for approximately April 2023 (details to be confirmed by supplier). We will update residents and committees of any outcomes and next steps once this meeting is concluded.
7. The Energy Team have instructed Total Energies resolve the visual issue of excess capacity charges by 13<sup>th</sup> April 2023. This relates to data showing as “0” consumption on invoices but with charges applied. If the issue is not resolved by that time the issue will be escalated to the National Account Manager.
8. For this financial year, the supplier and MOP have steps in place to ensure that supplies will be billed to actual data as best as possible. Site support is crucial to allow the data collector on access to meters.
9. Team Energy Auditing Ltd. Continue to validate and verify energy billing. Going forward will also be captured within Team Sigma, our energy management software.

### **Expected Tariff price October 2022 -September 2023**

10. Data has been sourced from Total Energies. The budget spreadsheet in the appendix provides granular detail of unit rates including day and night. This figure represents the price the site will see on their invoice. There will also be calculations performed to redistribute costs back to departments based on the rebate from the PPA. To summarise, there will be a reduction not only in unit charge, but also charges distributed back to sites following receipt of payment from the solar generation. This is dependent upon a number of factors including consumption. An explanation is provided in the Summary section of the Appendix.

11. The Energy and Sustainability hosted an information session to site contacts including housing to advise of the updated invoice validation process as well as the PPA. Team Energy Auditing Ltd. have taken over from Mitie in the validation and verification of invoices in 22/23.
12. The Government has announced changes to the Energy Bill Relief Scheme (EBRS) for commercial energy supplies, applicable from 01 October 2022 to 31 March 2023. The EBRS rate varies each month depending on the achieved flexible purchase price and any discount applied automatically by the supplier. A new scheme called Energy Bill Discount Scheme (EBDS) is expected to begin in April 2023, with a reduced rate of support. Details are yet to be confirmed but early indications are that our achieved energy prices will fall below the level where support is provided and therefore, we do not expect to qualify for this scheme.
13. Unfortunately, although the PPA does provide some relief energy prices have risen across the board. Part of the reason for the increase in the standing charge is due to the significant changes for Transmission and Distribution charges (TCR). Note that this year (2022/23) will be the last in which the Triads operate. Following the Targeted Charging Review (TCR), Ofgem announced it would be ending the Triad periods from April 2023. This change has impacted the new charges starting October 2022. This TCR is calculated based on the agreed available capacity (KVa), which the energy team and Team Energy Auditing Ltd. are currently supporting the site review. However, Total Energies are investigating the standing charges for the following MPANs:

MPAN	Site
1200020487810	BEO Andrews House
1200020487848	BEO Ben Johnson
1200029482332	BEO Bunyan Court
1200020487918	BEO Cromwell Tower
1200020487945	BEO Defoe House
1200020487972	BEO Gilbert House
1200020487990	BEO John Trundle Court
1200020488016	BEO Lauderdale Tower
1200020488043	BEO Mountjoy House
1200020488052	BEO Seddon House
1200020488070	BEO Shakespeare Tower
1200020488104	BEO Speed House
1200020488122	BEO Thomas More
1200020488150	BEO Wallside & Postern
1200020488169	BEO Willoughby

14. Members of the Energy team have attended the Underfloor Heating as well as a meeting with residents on 3 February, and 9 February (LSCWP).

### Corporate and strategic implications

15. **Financial implications:** The likely impacts of higher energy prices will have a significant impact on both residents and Commercial tenants at the Barbican Residential Estate. The City Corporation are working to mitigate the impacts of these rises through the introduction of the Power Purchase Agreement and a purchase in advance approach.

## **Conclusion**

16. Whilst we expect there to be a rise in electricity costs for residents at the Barbican, the introduction of the PPA will go far to mitigate the effects. The supplier is approaching the National Grid to formally dispute the estimates provided by the MOP for Speed House. Confirmation of the dispute determination is expected following this meeting in April.

## **Report author**

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