

Board(s)	Dated:
Markets Board	9 July 2025
Subject: Energy Update	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	Leading Sustainable Environment
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	£ n/a
What is the source of Funding?	n/a
Has this Funding Source been agreed with the Chamberlain's Department?	n/a
Report of: The City Surveyor	For Information
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Summary

This report presents an update to the Markets Board on energy, cost and carbon-related matters.

The rebate on energy costs through the Power Purchase Agreement (PPA) started in January 2023 and has provided the markets with a £2.6M credit since inception.

Recommendation(s)

- Note the reduction in energy costs when comparing 24/25 vs 23/24.
- Note the increase in water costs 25/26.
- Note the anticipated date for forecast prices for the October 24 – September 25 contract year.
- Note the PPA rebate savings since program inception January 2023.
- Note the increase in carbon emissions across the market sites when comparing 24/25 vs 23/24 and note the recommended actions in paragraph 12.

Main Report

Utility Prices

1. A renewed energy contract has been secured, appointing LASER as our broker and Total Energies as our supplier. The City has thus commenced purchasing volume in advance to provide the best value.
2. Energy prices for the markets have averaged a 16% reduction 24/25 vs 23/24. A further price breakdown is included in Table 1 and Table 2 of the Appendix.
3. Water prices have risen an average of 33% in 25/26. An estimated cost is included for each market in Figures 4-6 in the Appendix. This price rise is in effect for the entire country as Thames Water (the wholesaler) seeks to recuperate £104B to improve the network.
4. A breakdown of annual utility costs are included in Figure 3-6 in the Appendix.

Energy Procurement

5. We have a renewed contract with LASER acting as our broker and Total Energies acting as our supplier October 2025-September 2029. We are currently awaiting final prices from our broker, LASER for October 2025 – September 2026 which are expected around autumn 2025.
6. Citigen negotiations are currently underway as current heat supply agreements are due to expire in 2027. A list of Citigen prices for Smithfield Market is included in Table 3 in the Appendix.

PPA

7. The City Corporation's Power Purchase Agreement (PPA) commenced in January 2023. The agreement provides for a proportion of the total City Corporation electricity to be supplied at a significantly lower rate than the current wholesale market. This benefit is currently being distributed on a pro rata basis with all City Corporation sites which are supplied through our corporate contract and delivered as a rebate on their energy costs.
8. The Markets have received £2.6M in PPA credits since inception. A summary of the most recent rebate received is included in Table 1 below. Figures 7-9 in the Appendix show the monthly PPA credits and shows the highest credits occur during the months with the greatest solar irradiation (May-September).

Table 1. PPA credits per site

	April 24 - March 25
New Spitalfields	£297,408
Billingsgate	£88,239
Smithfield	£220,750
Total	£606,397

9. PPA credits have significantly reduced since October 2023, and this was driven by a decrease in the wholesale cost of electricity.
10. A breakdown of the PPA generation and the City's electrical consumption in line with credits received from the PPA is included in Figure 10 in the Appendix.

Markets Energy and Carbon Performance

11. Total energy consumption excluding tenants is shown in the Appendix Figure 1. All three markets are performing better than the baseline year. However, the consumption for 2024/25 compared with the previous year has increased across all three markets. This is due to several factors including:
 - a colder year than 23/24,
 - various mechanical issues
 - meter issues, and;
 - Staff turnover

Figure 2 in the Appendix shows the market's carbon emissions. Following the energy consumption trend, scope 1 & 2 carbon emissions have reduced since the baseline year, but increased compared to the previous years. Carbon factors have not improved since last year. Table 4 in the Appendix includes a comparison of carbon factors, and Table 5 provides an analysis of scope 1 and 2 emissions.

It must be noted that the Greenhouse Gas (GHG) audit is scheduled for mid-June and thus these figures are awaiting independent verification.

12. The Energy Team are taking the following actions to mitigate the issues identified in the previous paragraph:
- Working with CBRE and Schneider to identify and rectify mechanical and controls issues at Smithfield Market,
 - Working with CBRE to identify and install energy conservation measures at Billingsgate with a short payback such as LED lights and heating controls,
 - Drafting a business case for the replacement or recommissioning of tenant meters at New Spitalfields Market as these have been identified as suffering data accuracy issues that result in an incorrect calculation of the landlord electricity usage.

Water Cost

13. Historically, water prices have been overshadowed by electricity and gas prices. However, over the next five years Thames Water is anticipating water prices to rise over the next five years. These prices are set by the Water Services Regulation Authority (Ofwat), the water regulator.
14. Thames Water offer free water audits to identify possible leaks and cost saving measures. The Energy Team have led this program and Thames Water is communicating with the sites to schedule these visits.

Corporate Risk

15. Energy price risk for City Corporation is currently managed within the City Surveyor's Senior Management Team. The introduction of the PPA from January 2023 has helped to significantly reduce price impact, and energy prices have reduced when compared to the previous year. However, water prices have increased and will likely continue to do so over the next five years as Thames Water (the wholesaler) seek to recuperate funds to improve their services.

Corporate & Strategic Implications

16. **Strategic implications:** Energy performance is linked to resilience and helps ensure business continuity through reduced pressure on the energy infrastructure within the square mile. We support a thriving economy through ensuring environmental responsibility in this way. Our energy performance contributes to the Corporate Plan outcome leading sustainable environment through the reduction of CO_{2e} emissions and our commitment to procuring clean renewable energy. Whilst carbon emissions have increased across the markets this year the Energy Team are working with sites to address the issues identified and are confident the markets will continue to reduce their emissions in support of the Climate Action Strategy and Net Zero targets.
17. **Financial implications:** Whilst energy prices have seen significant reductions, water costs have risen. We are waiting for the prices for October 2025 to September 2026. The PPA will continue to provide some measure of relief. Members should note for longer sustainable gains the focus will need to be on improving efficient use of energy, through targeted investment in energy saving measures.

Conclusion

18. The Energy Team and wider City Surveyor's department continue to support the markets to improve energy efficiency. Whilst energy costs continue to fall, markets should anticipate cost increases in water. We continue to plan with the Markets Team to advise tenants of this impact.

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