



PRICES SOAR ON

WORLD energy prices continue to hit the headlines, climbing throughout this year and showing no sign of letting up as winter approaches

Significantly higher underlying energy prices are affecting renewal contract rates, with some organisations reporting increases of up to 60%. Why have prices risen so much in such a relatively short time? Energy Matters considers what lies behind the increases.

OVER A BARREL

World oil prices continued to rise sharply throughout the year to reach a 21-year high in October. US crude broke through the \$53 per barrel mark and UK Brent crude passed \$50, compared with around \$27 a year earlier.

The main factors are potential disruption to world supplies due to political and industrial unrest in Nigeria's oil producing region; low US stocks approaching the winter heating season – due, in part, to the disruption caused by the Caribbean hurricanes; continuing instability in the Middle East; and the pressure of stronger economic growth on global demand.

Analysts see little likelihood of oil prices falling.

STEPPING ON THE GAS

As we went to press, wholesale gas prices hit a record high, reaching 35.55 pence/therm for October year ahead compared with 21.61p/therm 12 months ago, an increase of 65%. Suppliers have announced increases for domestic consumers of up to 20% over the last year, although this pales in comparison with those suffered by industry and commerce.

Continental gas prices are indexed to oil prices



Soaring fuel bills spell end to era of cheap energy

By Angela Jameson
Industrial Correspondent
and Greg Hurst
Political Correspondent

FUEL bills for millions of households will reach more than four times the rate of inflation as a decade of cheap energy prices came to an abrupt end yesterday.

British Gas, Britain's largest gas and electricity supplier, announced the highest increase since customers were allowed to switch suppliers in 1996.

The increase, which triggered demands for an investigation into gas markets, comes after soaring petrol prices, a 7 per cent increase in water bills due next year, and rising mortgage interest rates and council tax bills.

Rising energy costs will put a heavy burden on pensioners and low-income families and will put pressure on Gordon Brown to do more to help pensioners and poorer families in his Budget Report in November. The Chancellor has delivered an increase in



PRICE RISES SINCE JANUARY

EDF electricity 10.5%
gas 8.1%
ScottishPower electricity 37% gas 5%
Scottish & Southern electricity 4% gas 8.9%
British Gas electricity 15.3% gas 18.3%
Petrol 5.6%
Brent crude oil 46%
Water 7%
* from April 2005

and expose many thousands of households to the risk of fuel poverty," he said. Stephen O'Brien, the Shadow Industry Secretary, demanded an explanation for the rise of the gas. "Consumers will want to know why the prices are rising by such a sharp amount," he said. "The public have confidence in the government and

Energy prices regularly hit the headlines during 2004 – this one is from the Times, August 25

and, as the price of oil has risen, so gas prices have followed. UK gas prices, whilst not indexed directly to the price of oil, are indirectly linked because UK producers export gas to Europe.

High gas prices are also contributing to high electricity prices, as approximately 40% of the UK's electricity is generated from gas. Many industrial consumers, faced with increases of up to 60% and, believing the wholesale market is 'overpriced', have reportedly delayed renewing annual supply contracts. These reports have also contributed to

the latest increases in wholesale prices.

The increases do not appear to be supported by market fundamentals such as supply and demand, leading to complaints from domestic and business consumer groups. The Commons Trade & Industry Committee started an enquiry in November and is asking producers, traders and suppliers to explain why wholesale prices in the UK have risen much higher than in other EU member states.

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GAS MARKET UNDER INVESTIGATION

COMPLAINTS from both domestic and business consumers prompted three separate investigations into gas price rises, by Ofgem, the Financial Services Authority and the Commons Trade and Industry Committee.

Probe 1

Between September and October 2003, wholesale gas prices rose by 80%, even though demand was comparable with previous years, prompting a formal investigation by the industry regulator.

Ofgem's report says the main reasons behind gas price spikes in October and November 2003 were:

- n a reduction in the gas available from UK sources, and
- n the influence of high oil prices feeding into UK gas prices, mainly through the interconnector import link.

Ofgem also uncovered some 'strange' decisions which may have led to around 5% of gas not reaching the UK market, contributing to the price spikes and has referred its findings to the European Competition Directorate to pursue any potential breaches of competition law.

Probe 2

Earlier, in an interim report into the price spikes, Ofgem referred some issues relating to trading to the Financial Services Authority. Even though its investigation found no evidence of malpractice, the FSA

wrote to all energy trading companies saying that, unless they comply with the rules, it will impose a tighter regulatory framework in future.

Consumer groups reacted with disappointment to the findings. Their frustration was compounded by the market's reaction to the Ofgem and FSA reports – a further dramatic leap in prices, with wholesale gas for January 2005 increasing by 11% on the day the reports were published, and similar moves for electricity. The report was seen by many traders as a 'green light' and by energy consumers, facing increases of up to 60% compared with a year ago, as more bad news.

Probe 3

Taking Ofgem's analysis as a starting point, the Commons Trade and Industry Committee is investigating the effect of the most recent price increases on all types of customer, and whether the rises are a temporary response to short-term supply problems or the start of a long-term increase in UK energy prices. Major consumers, including ESPO, are being asked for 'written evidence on the issues'.

But probably no Probe 4

Despite calls from Energywatch and the Energy Intensive Users Group, the new Energy Minister Mike O'Brien considers a fuller investigation into the sustained high price of gas is not necessary.

ESPO opinion

SO, OFGEM found no evidence of market manipulation but even the chief executive of Energywatch has openly said he suspects something was amiss. Now the Department of Trade & Industry is asking major energy users, including ESPO, to provide that evidence – but how? It's like asking a man who has been mugged for his attacker's fingerprints.

Is there really no evidence – or does Ofgem simply have insufficient power to find it? It's a difficult situation when there is so much vertical integration between producers and suppliers, and where the majority of deals are not negotiated on the open market.

Wholesale prices for gas and electricity are what drive retail – or contract – prices. All suppliers use the same wholesale price curves so there is negligible difference between quotations. The wholesale markets account for a very small proportion of the total energy being traded because the majority of transactions are undertaken directly between the trading partners – effectively, behind closed doors – and are not reported. This is different to the system in the US, where all trades must be reported and the penalties for failing to do so, or misreporting, are severe.

As a consequence, the wholesale markets are 'illiquid' which means the price can be set by relatively minor trades for small volumes. These may bear no relation to the true value of the energy being traded and yet have a considerable influence on what is regarded as the 'market price'. In effect, the 'marginal price' has become the 'market price' – and sellers will set their prices accordingly, irrespective of where the energy they are selling has come from and how much it cost them.

If there is no market manipulation, there is, at



Now then, sir. Did you manage to get the assailant's fingerprints?

the very least, undue influence – borne out by the fact that, on publication of Ofgem's report which appeared to let energy suppliers off the hook, gas prices shot up another 11% in one day.

The former Energy Minister, Stephen Timms, said Britain has the most competitive electricity generation market in Europe. Whether or not that is the case, it is not reflected in electricity retail prices – UK prices are much higher than on the continent. In our opinion, there is a flaw in the market structure and therefore it is not working in the interests of British consumers.

We all knew that post-NETA electricity prices were too low and that there would need to be an upwards adjustment. But, even allowing for a 30% increase in the cost of oil, a hike of more than 60% in the wholesale price of gas is more of a distortion than an adjustment.

It just doesn't stack up. ESPO and other major consumers will continue asking questions and challenging the 'facts' until we feel we have a proper explanation, adjustments to the market structure and reassurance that the market is working as it should – and in the interests of consumers.

No need to panic this winter, says Ofgem

DESPITE declining UK gas reserves and potential peak demands, even the most severe Siberian-style winter will not leave Britain shivering, according to the energy regulator.

Ofgem says that gas supplies can be maintained using a combination of UK supplies, imports and stored gas. If necessary, large gas customers such as gas-fired power stations will be asked to reduce their consumption or 'sell back' their stored gas to the market.

Peak electricity demand will be met, forecasts National Grid Transco, thanks to the return of some mothballed plant in time for the winter. There should be a 'safety cushion' of between 20 and 22%, better than last winter's margin of 16%, to cover unplanned plant failures or sudden spikes in demand caused by severe weather or popular TV programmes.

Some energy experts have warned that there may not be enough oil to meet demand over the key winter months, again fuelling price rises.

Prices soar on

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In the meantime, Ofgem and the Financial Services Authority have concluded their investigations into the gas price 'spikes' which occurred in October and November 2003 (see *Gas market under investigation*, page 1).

ELECTRICITY SURGES UP

Against the background of higher wholesale prices for gas, coal (due to growing demand from China in particular) and oil, which together account for almost 80% of the UK's electricity generation, electricity prices have soared in the last year. Year ahead electricity was trading at £34/MWH at the end of September (a 62% increase from September 2003). In addition to the increases in 'year ahead' prices, there is a considerable degree of volatility with rises of up to 8% being recorded 'within day'. Prices may also be driven by reports that

many large industrial consumers, facing increases in 'delivered' prices of over 50%, were delaying the renewal of annual supply contracts for the year commencing October.

SAVE IT!

With Middle East peace seen by many as the key to lowering oil prices, and the UK set to become increasingly dependent on imported gas, analysts say prices are likely to remain high for another two or three years at least, until investments in a new Norwegian interconnector and expansion of Liquefied Natural Gas import facilities are completed. In the meantime, there needs to be even greater scrutiny of energy consumption – after all, the cheapest unit of energy is the one you don't use! For some energy saving advice, see *Top Tips* on page 4. Further guidance on energy efficiency is available from your local energy manager – see *Need Advice* on page 4.

How the six largest retailers have put up prices since late 2003

	Gas	Electricity
British Gas	19.0%	15.9%
Powergen	8.1%	6.9%
Npower	17.6%	13.8%
EDF	8.2%	10.5%
Scottish & Southern Energy	16.1%	4.7%
Scottish Power	17.4%	13.4%

(source: *Utility Week* – since these figures were published there have been even more increases)



GlobalDiesel is now available from Tesco forecourts

Boom time for biodiesel

Biofuels can help reduce emissions of greenhouse gases from the transport sector and good quality biofuel blends can be used in many of today's vehicles. They are relatively expensive but the Government is committed to meeting the EU's biofuels directive. Transport Minister David Jamieson has launched a consultation on the UK's plans and we hope to report his findings in the next issue of Energy Matters.

In the meantime, biofuels producer Greenenergy has announced plans to build the UK's first multi-feed biodiesel plant on Humberside.

Multi virgin and used cooking oil will be processed to make 100,000 tonnes of biodiesel a

year. The virgin oil comes from rapeseed and the used oil from catering companies such as Compass.

At the other end of the chain, Tesco became the first major retailer to sell GlobalDiesel from its forecourts, as well as using the environmentally-friendly fuel in home delivery vans and at staff fuel pumps at office sites.

Customers in ESPO's area can fill up at Tesco stores in Lincoln, Sleaford, Newark, Peterborough, St Neots, Cambridge (Bar Hill), Great Yarmouth, Ipswich, Kettering and Northampton South. A location map can be downloaded from www.greenenergy.com

Transco sheds networks

IN AUGUST, National Grid Transco announced plans to sell four of its regional gas distribution networks for a total of £5.8 billion in order to finance the expansion of its US operations.

Two will go to Scottish and Southern Energy, one to a consortium including United Utilities and a fourth to a consortium headed by an Australian bank. All the purchasers assumed environmental and other liabilities.

Ofgem, the DTI and the Health & Safety Executive all have to approve the sales, which NGT hopes will be complete by April 2005.

What will BE will BE

BRITISH Energy moved one step nearer survival as the Government's plans to prop up the ailing nuclear generator were approved by the European Commission.

The plans include splitting BE into three separate units, each with its own accounts. Nuclear generation – the only operation entitled to state aid – will run independently of other generation and direct business sales.

The EC is satisfied with measures announced by BE to safeguard competition in the UK. These include a cap on generation capacity for six years, restrictions on the acquisition of non-renewable generation, overseas activities and market pricing.

The next stage is the formal legal process associated with restructuring. The aim is for this to be completed in January 2005, enabling BE to meet financial obligations which fall due at the end of that month. If these commitments are not met, for any reason, insolvency remains a possibility.

In the meantime, the company is asking the nuclear regulator for permission to extend the life of its reactors by five years, in a bid to ease concerns over short-term energy supply shortages. A decision to extend Dungeness B's life from 2008 to 2013 needs to be made by summer 2005.

'Not guilty' verdict on blackouts

ENERGY regulator Ofgem says the National Grid Company (NGC) was not in breach of legal obligations over last year's major power cuts in London and Birmingham.

The exhaustive ten-month investigation revealed that the two blackouts, of 37 and 42 minutes respectively, were caused by a series of unrelated events.

However, since some of these were the result of mistakes, the company was not completely exonerated. Sir John Mogg, Ofgem's chairman, said: "There are, as NGC itself recognises, important lessons to learn. NGC has assured us that, since the blackouts, it has undertaken a whole series of checks and is continuing to improve its procedures."

A new scheme is being introduced to complement the existing legal obligations on NGC and strengthen the incentives on the company to improve system performance. Further blackouts could see NGC being automatically penalised to the tune of millions of pounds.

Sir John added: "By international standards, Britain has a very reliable national grid. We are determined that NGC maintains and improves upon these high standards and keeps that objective at the top of its agenda."

Bits about billing

Power mix

ELECTRICITY consumers will soon be able to know where their power is coming from.

A new EU directive requires suppliers to include on customers' bills details of the mix of fuels used to generate the electricity they supply.

Better feedback means bigger energy savings

ENERGY consumers want straightforward, graphic feedback on their energy bills, according to a study by the Centre for Sustainable Energy for Ofgem. Their report also suggests that even a small number of feedback improvements could help consumers save 5-10% of the energy they use.

The CSE also mentions a wide range of techniques and technologies which could improve consumer feedback on energy consumption – from shorter billing cycles and more informative on-bill presentation of consumption data to 'smart' meters displaying energy use and identifying energy-saving opportunities.

Simon Roberts, CSE's chief Executive, said: "This project provided a fascinating insight into consumer perspectives on energy bills, energy suppliers and energy saving. It identified clear and strong preferences for better feedback which gives consumers a real chance of understanding the influence their lifestyle has on their energy use."

The CSE is now working with Ofgem and energy suppliers to establish a consumer trial, in the belief that better feedback will stimulate consumers to take action to save energy.

Go to www.cse.org.uk/csepublications for more information.

Standard billing on the way?

ONE in five customers are dissatisfied with the explanation of how their energy bills are calculated, according to the industry regulator Ofgem. As a result, energy suppliers are being urged voluntarily to back efforts to standardise billing procedures in order to avoid tougher regulation.

Ofgem's Steve Smith says: "Our research shows that many customers are fed up with energy bills that are difficult to understand. The best way to address their concerns is to get companies to co-operate with Energywatch's initiative."

Energywatch, the consumer watchdog, has put forward proposals for a British Standards Institute (BSI) standard which would combat complaints about how bills are calculated, the difficulty of comparing pricing information and the lack of regular meter readings. Easier-to-understand bills could also help customers use energy more efficiently by making them more aware of their consumption.

IN BRIEF

One agrees

THE much publicised Energy Bill has been given Royal Assent, paving the way for the decommissioning of the UK's nuclear plants, pressing ahead with offshore wind and other maritime renewable energy supplies and creating a single wholesale energy market for Britain.

Less control

THE energy industry regulator is likely to ease price controls from April 2005, to allow electricity distributors to pass on rising costs incurred through higher taxation, making good pension deficits and other charges. If Ofgem's proposals are implemented, changes will vary from -13% to +11% but consumers will see little effect on their bills since distribution accounts for only a proportion of charges. See *Your Write*, page 4.

LPG probe

THE Office of Fair Trading has asked the Competition Commission to investigate the liquefied petroleum gas (LPG) market. The OFT says competition appears to be prevented, restricted or distorted and that domestic customers are paying too high a price for their household supplies. Customers wishing to switch supplier are also faced with too many obstacles and potentially punishing charges.

Return to power

AS high wholesale energy prices threaten to cripple British industry, E.ON UK (formerly Powergen) has announced plans to re-open the Killingholme power station in 2005, following a £20 million refit. The company says Britain will have to invest up to £70 billion over the next ten years to replace or refurbish maturing power stations.

Renewables NEWS

Record year for wind

THIS year will see a record amount of energy generated from the UK's wind turbines, according to the British Wind Energy Association.

Two years ago the average annual output was 50MW; that rose to 100MW in 2003 but the figure has more than tripled to an anticipated 350MW for 2004.

New planning rules

THE Government has introduced new planning rules requiring local and regional authorities to promote rather than restrict the development of renewable energy. The rules apply to all renewable power sources and give the Government the right to intervene if a local authority places unreasonable constraints through its planning processes.

Meanwhile, the Department of Trade and Industry has run a pilot training event for planners in Dorset. Part of a wider campaign called 'It's Only Natural', the scheme aims to provide information on national and regional policy and give an overview of renewable technologies in order to help planners assess large-scale wind applications and make a well-informed and balanced planning decision.

Renewables for sale

BY the end of the year, United Utilities hopes to have found a buyer for its renewables operation, thought to be worth £80 million, in order to refinance its assets.

Its Green Energy division, one of the UK's largest renewable generators, operates hydroelectric, landfill and mine gas fuelled electricity generation schemes. It also has a portfolio of projects in development, including some wind power schemes.

Government moves to build confidence in renewables

IN September, plans to encourage further investment in renewable energy were outlined. The main measures are to:

- n Extend the level of the Renewables Obligation to 2015/6
- n Allow tradeability between Northern Ireland Renewables Obligation Certificates (NIROCs) and GB ROCs
- n Further secure the buy-out fund in the event of a shortfall



Two parking spaces in exchange for power: wind turbine at Ford's Dagenham factory

- n Consider introducing a single recycling mechanism for separate buy-out funds
 - n Introduce more flexibility for small generators
- A wider review of the Renewables Obligation is taking place in 2005/6.

Engines built with wind power

TWO 85m high wind turbines have been installed at the Ford factory in Dagenham, Essex, providing enough electricity to power the car manufacturer's new diesel engine production unit and cutting harmful emissions.

The Mayor of London, Ken Livingstone, said: "This scheme will make an important contribution towards making London a more sustainable world city and will help us achieve some of the key targets in my energy strategy. I

hope it will encourage other large organisations to consider developing similar schemes on their premises."

This is Ecotricity's second Merchant Wind Power scheme – the first was for Sainsbury in East Kilbride, Scotland, which generates nearly half the power requirements of the retailer's distribution depot.

Merchant Wind Power is an innovative concept which provides a commercially viable and price-secure source of wind-generated electricity for organisations with an environmental agenda. Ecotricity builds, operates and maintains the wind turbine(s) and supplies the power generated at less than the price of conventional electricity.

The company can also provide off-site MWP for organisations without suitable land of their own – its latest project is at Bambers Farm in Lincolnshire, where turbines are being installed to supply power to Co-op Bank and CIS Ltd.

For more information, visit www.ecotricity.co.uk

Boost for wave and tidal power

FOUR organisations have joined forces to exploit wave and tidal energy resources, in response to the Government's announcement, in August, of a £50 million marine development fund.

The UK Centre for Marine Renewable Energy (formed by the University of Edinburgh, Robert Gordon University in Aberdeen, the European Marine Energy Centre in Orkney and the New and Renewable Energy Centre in Northumberland) aims to help the emerging marine energy industry to provide a significant amount of power from naturally occurring wave and tidal movements.

Andrew Mill of EMEC, which has an open sea test facility and launched the UK's first deep water full scale wave energy converter, says: "This partnership demonstrates that we are taking the development of marine renewable energy seriously. We can offer important support directly through our test facilities and our work on standards. We also hope to offer an overview of the expertise available in the UK and to commission work where there are gaps."

Training for savings

THE Centre for Sustainable Energy has launched training courses for local authorities to help staff implement their energy strategies.

The CSE also works closely with local authorities on a wide range of projects designed to save energy. Fenland District Council recently benefited from a review of its energy and water consumption, which generated an action plan to produce efficiency improvements and cost savings, followed by a staff-awareness programme to ensure the plan's success.

More information at www.cse.org.uk

Good housekeeping can prevent shock bills

GAS and electricity suppliers are responsible for providing timely and accurate bills. If they get it wrong, it's their fault. Or is it?

"Only up to a point," says ESPO's David Kwiatek. "The industry is taking steps to overcome its billing headaches, but there will always be some problem accounts. But it's vital that consumers accept some responsibility, too. Good housekeeping, in particular through sensible budgeting and by checking bills, can help avoid shocks later on.

"With an estimated bill, it's really important to ensure the charge is reasonable, otherwise you may pay too much or, even worse, too little – in which case you'll get a huge bill at some point which you haven't budgeted for.

"Checking readings, or occasionally taking your own and providing them to your supplier, will ensure your bills are accurate and also that your estimated annual consumption is gradually corrected, ensuring future estimated bills are more accurate.

"Using past expenditure to calculate future costs is dangerous. Bills may be wrongly estimated, incomplete (not covering the entire period) or include charges or credits for previous accounting periods. Moreover, they won't reflect the latest or anticipated variations in prices.



David Kwiatek

"And, above all, don't simply increase previous expenditure by general inflation. Energy is a traded commodity and prices are very volatile. Seek guidance on realistic market prices from your Council treasurers' department, energy manager or ESPO."

Some simple 'good housekeeping' points:

DO.....

- n monitor whether bills are based on estimates or actual meter readings, and check the readings used
- n contact ESPO or your supplier if the reading is incorrect (other than by a small amount)
- n take your own meter readings and provide them to ESPO or your supplier if you have not been billed on an actual reading for a while (some meters are read only once every two years)
- n record how much energy you consume (in kWh)
- n use the kWh, NOT the amount you have paid, to calculate future energy budgets
- n adjust your estimated consumption to allow for any changes, such as closing a building or opening a new one, installing new equipment or different hours of operation
- n calculate your estimated costs based on forecast consumption, adjusting the price to reflect market prices NOT general inflation
- n ask your local treasury or finance department, energy manager or ESPO for guidance on forecast energy prices

DON'T

- n assume your supplier is reading your meter, or that it is always read correctly
- n ignore readings that appear incorrect
- n only keep a record of how much you have spent
- n use the amount you have spent, plus general inflation, to calculate next year's budget

ESPO gas customers wishing to query a bill should contact the energy team member for their area:		
Norfolk and Wales	Amanda Bradshaw	0116 265 7911
Leicestershire and Warwickshire	Diane Webber	0116 265 7884
Lincolnshire and Cambridgeshire	Julie Joyce	0116 265 7884

Your budget calculation:

last year's consumption* (kWh) x forecast price including taxes and levies = forecast cost
**adjusted for changes in energy use or extraordinary charges/credits on the previous bill.*



Cheaper fuel on the cards

Out of the bunker with fuel management

ESPO customers with diesel fleets can now get rebated fuel at over 1,000 forecourts at the swipe of a card.

Keyfuels operates a 'bunkered' refuelling service at Morrisons, Safeway and many other locations across the UK, allowing customers to pay a pre-agreed price for diesel from any Keyfuels outlet.

How does it work?

ESPO invites tenders from up to ten commercial fuel suppliers, chooses the best price and organises a credit transfer on behalf of Keyfuels. The successful supplier allocates the specified amount of diesel to the Keyfuels system, which is then available to be drawn off at any Keyfuels outlet.

Each time a driver re-fuels using his Keyfuels card, his employer's account is debited with the amount of fuel dispensed from the bunker. The customer is notified when the account is running low so that a timely top-up payment can be made.

What are the benefits?

Using a swipe card saves time and means drivers don't have to carry large amounts of cash. Award-winning SMART technology and ControlMax business rules provide the highest level of security for Keyfuels cards.

Fleet planning becomes easier, thanks to secure online access to regular detailed reports provided by Keyfuels. These show where and when each vehicle has refuelled, the quantity of fuel drawn, the registration number and odometer reading of the vehicle at the time of refuelling.

ESPO's purchasing power means that customers obtain diesel at the most competitive rates – typically 4.5 pence per litre less than the average forecourt price.

How do I join?

Organisations with several vehicles running on diesel should contact James Trotter, ESPO's fuels buyer, for more details: 0116 265 7924.

Live wires join energy team

TWO new recruits with energetic pastimes have boosted ESPO's energy team.

Chris Carroll, who has a passion for Ceroc dancing (for the uninitiated, that's a sort of synchronised jiving), has had an incredibly varied career.

After school he joined a bank and then went into the airforce, working as an interpreter for ten years. Whilst stationed in Berlin he met his future wife and returned to the UK to help run her father's car dealership for three years. A series of other jobs eventually led him to his first post in the energy industry, in East Midlands Electricity's non-domestic sales division.

'DUAL FUEL'

Chris, 54, moved from his post as a senior account manager with Powergen 'to the other side of the fence' to take on the newly-created role of contract support officer with the ESPO energy team. He says: "Although I had no previous buying experience, I know all the energy technology and the short cuts so it hasn't been difficult to slip into my new job. I was selling gas in my last few years with Powergen so you could say I was 'dual fuel'."

When he's not working or jiving, Chris enjoys the more sedate pastime of collecting antiques, and lives near Peterborough with his insurance broker wife and two sons.

If 'ultimate frisbee' ever becomes an Olympic sport, look out for **Ben Higginson**.

The 20-year-old, in his third year at Loughborough University, took up the sport when he began his degree in mathematics and managerial sciences. He was in the British junior team at the first European championships and now plays for his University and an East Midlands team, training six or seven times a week.

He explains: "Getting into a



Ben Higginson and Chris Carroll

rugby or cricket team at Loughborough was virtually impossible so I looked for something different. That's when I discovered ultimate frisbee. It's a team game – five-a-side indoors and seven-a-side outdoors – something like a cross between netball and American football. I'm pretty tall so I'm the 'receiver', which means I score the goals and get the glory!"

FRIENDLY AND FULFILLING

Ben, on a year's work placement at ESPO, is supporting the energy team, dealing with gas queries and resolving disputes. He says: "I was looking for work experience which would give me the opportunity to be part of a team and interact with customers. I felt at my interview that this would be a friendly and fulfilling place to work and it's certainly lived up to my expectations."

"My parents are both teachers and I'm tempted to follow in their footsteps but working here has made me start thinking about a management job instead."

Ben, who comes from Watford, may go on to do a Masters degree before starting work but one thing is certain: he'll still be catching that frisbee.

Energy team leader David Kwiatek says: "Despite a very steep learning curve, Ben is picking things up quickly and is already providing valuable support to our customers and other members of the team."

"Creating the new post of contract support officer underlines our commitment to continuous improvement. Chris has a wealth of energy industry experience which is already proving invaluable to ESPO and can only benefit our customers."

Top tips for energy efficiency

MOST businesses and public sector organisations could easily cut their heating, lighting and power bills by up to 20% without any capital investment. Some companies have saved as much as 50%, making them more profitable and competitive.

ESPO does its utmost to get the best deal for the supply of energy on your behalf but we can only do so much, particularly when prices are rocketing. The cheapest unit of energy is the one you don't use, so what are you waiting for? Start saving now!

Lighting tips

- n switch off lights in empty rooms and corridors, especially at the end of the day; this can knock up to 15% off your energy bill
- n use just the light you need. In bright corridors, remove or switch off alternate fittings
- n use daylight – it's free! Keep windows and skylights clean and clear
- n clean light fittings regularly; dirt reduces efficiency, encouraging people to switch more lights on

Heating tips

- n set the thermostat at 19°C – costs rise by 8% for every 1°C

- increase – and at a lower temperature in areas where there's heavy physical work
- n reduce heating during holidays and weekends
- n don't heat unused space such as storerooms and corridors
- n don't block radiators with furniture – it reduces efficiency and output
- n site thermostats out of draughts and away from either cold or hot spots
- n keep windows closed in cold weather; if staff are too warm, turn the heating down instead

Energy management tips

- n if you can't measure it, you can't manage it; check your consumption of electricity, gas and oil regularly, and that your bills relate to actual, not estimated, usage
- n ask your colleagues where they think energy is being wasted, and get their ideas about saving energy

n

For further guidance on energy efficiency contact your local energy manager (see *Need advice?* on this page).



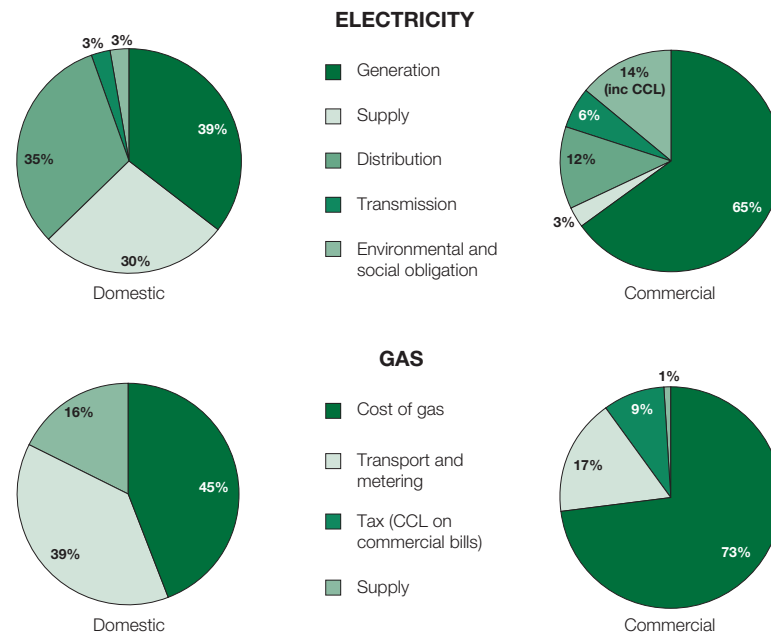
Your write...

Write, fax or e-mail us at the address below and, if we publish your letter, we will send you a quality fountain pen.

A commercial customer asks: "I've read that domestic energy prices have increased by almost 20% in the last year. Why have our costs gone up by 60%?"

DAVID Kwiatek, ESPO's energy team leader, explains:

"The difference lies in the make-up of the billed cost of electricity and gas, as shown by the graphs below."



"As you can see, the wholesale price accounts for a much larger proportion of industrial and commercial bills than of domestic bills. Therefore the impact of a price rise will be greater for these users than for domestic customers."

"In addition, commercial costs tend to be reviewed more frequently so price rises are passed on more often. Conversely, because there is more competition in the domestic supply market, there is a greater incentive to keep these prices down."

"Industrial and commercial users have borne the brunt of recent increases in both gas and electricity prices and, sadly, the end is not yet in sight, as explained in *Prices soar* on page 1. And, if current wholesale price levels are maintained, further increases for domestic consumers can be expected."

SOME more useful web sites – all preceded by **www.**

British Hydropower Association – promotes the use of small-scale hydro power. . .

britishhydro.org

Trade association for biogen industry. . . **britishbiogen.co.uk**

Trade association for photovoltaics . . . **pv-uk.org.uk**

British Wind Energy Association . . . **bwea.com**

For organisations with business interests in solar power . . .

solartradeassociation.org.uk

Renewable Power Association . . . **r-p-a.org.uk**

Association of Electricity Producers . . . **aepuk.com**

Combined Heat and Power Association . . . **chpa.co.uk**

UK Business Council for Sustainable Energy . . . **bcse.org**

Keyfuels . . . **chjones.co.uk**

Merchant wind power . . . **ecotricity.co.uk**

Biodiesel . . . **greenergy.com**

Web Watch

Councils must do better

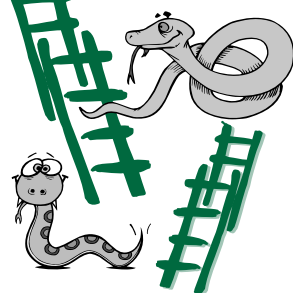
ONLY a quarter of local councils are meeting targets set by the Home Energy Conservation Act (HECA). The seventh progress report from the Department for Environment, Food and Rural Affairs (DEFRA) shows an average rate of improvement of 12.2% from the 1996 baseline, against a target of 14%.

Based on information provided by local authorities in England, an improvement of just under 30% in all residential accommodation is achievable by 2008 and would significantly reduce emissions of CO₂.

The HECA, which came into force in April 1996 (later in Scotland and Wales), focuses attention on an integrated approach to housing and energy strategies – which, in turn, should help the UK meet its climate change commitments. The Act requires local authorities to report regularly to the Secretary of State on the progress they are making towards improving the energy efficiency in all residential accommodation in their area.

Most authorities have become facilitators of change, rather than undertaking change themselves, and are encouraging residents to invest in energy efficiency and change their lifestyle and behaviour. Many partnerships with voluntary agencies, schools, businesses and neighbouring local authorities are being developed.

Movers & shakers



Just for once, there's very little to report! But we're sure it won't be long before the movers and shakers of the energy world get busy again.

Shelling out

Shell Direct has a new owner and a new name. The fuel supply company was officially acquired by DCC plc, a value added sales and marketing support services group, on November 1. The business is now trading as EMO Oil but in every other respect it's business as usual and customers wishing to place orders should continue to call the freephone number, 0800 085 2314.

NEED ADVICE ON ENERGY EFFICIENCY?

ESPO's member authorities have an energy manager or department to help with energy efficiency:

Cambridgeshire	Facilities Management Help Desk	01223 718044
Leicester City	ask for 'energy advice'	0116 254 9922
Leicestershire	Melvin Harrison	0116 265 6896
Lincolnshire	Nathaniel Dyas	01522 836224
Norfolk	John Cobb	01603 222674
Peterborough City	Property Services helpdesk	01733 742424
Warwickshire	Jacky Lawrence	01926 736324

For other areas please contact your local council direct or ask ESPO for guidance.

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Leicester Road, Glenfield, Leicester LE3 8RT

Telephone 0116 265 7845

Fax: 0116 265 7900 • E-mail: info@espo.org

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