



The newsletter for ESPO's energy customers

BIG FREEZE AHEAD?

Britain on amber alert

WITH the Met Office predicting a colder than average winter and National Grid warning large industrial consumers of possible interruptions to gas supplies, should we be preparing for the worst?

Britain has had relatively mild winters for the past ten years, so even a 'normal' cold winter would come as a shock. However, according to the long-term weather forecasters, a phenomenon called negative NAO (North Atlantic Oscillation) is due to hit our islands between December and February, bringing heavy snowfalls and creating immense pressure on our energy supplies.

"If we have a cold winter, we are going to throw the switch; businesses will shut down." - Sir Digby Jones, Director-General of the CBI.

Under National Grid's emergency measures,

manufacturers who use large amounts of gas for industrial processes could be required to shut down factories on very cold days, in order to preserve supplies for essential users such as hospitals. Compulsory power interruptions were last used during the miners' strikes in the 1970s.

Some industry chiefs fear that Britain's lack of gas storage capacity, along with uncertain supplies from overseas, will cause serious problems this winter. However, National Grid believes that only a small amount of demand-reduction will be required of the largest users, such as gas-fired power stations.

In October, Energy Minister Malcolm Wicks sought to reassure the general public: "It's not about switching off domestic customers but there

could be problems for industry."

The energy regulator, Ofgem, also maintains that energy supplies to domestic customers are not in jeopardy, even if we have a severe 'one-in-fifty' winter (the last one was 1962-63), despite UK gas reserves being marginally down on 2004 and at their lowest for ten years.

"We have been incredibly lucky in recent years with a succession of mild winters. But the Met Office forecast means there is a very real threat that our luck has run out." - Paul Noon, General Secretary of Prospect, the energy professionals' union.

Ofgem's Chief Executive, Alistair Buchanan, said: "Clearly there is no room for complacency but electricity generators, gas producers, energy suppliers, gas shippers, major energy customers and National Grid have all the information they need to put in place commercial and operational arrangements to ensure they are ready for severe winter conditions."



Colder than average winter ... energy prices certain to rise.

Meanwhile, in the light of all these concerns, the Trade and Industry Committee is conducting an inquiry into the security of the UK's gas supply. It will assess whether the situation for this winter is likely to be the same, better or worse than predicted in February this year. If worse, it will want to know how the Government and Ofgem will respond.

Against this background, and with the mild weather continuing into November, ESPO's energy team brought forward negotiations for contract renewals due in spring 2006, in order to secure prices before the predicted freeze pushes them up again.

Christmas time is on the way; fill your tanks without delay!

DAVID Kwiatek, ESPO's energy team leader, says: "Every establishment that needs to use heating fuel or diesel for vehicles over the Christmas and New Year period needs to plan ahead.

"It's not a question of supplies running out, simply that delivery schedules are greatly reduced over the festive season. Make sure you order early because lead times will be longer over the holiday period."

Details of fuel suppliers' delivery arrangements will be published on our web site, www.espo.org, as soon as they are confirmed.



Boost for biofuels



Farmers are growing more rape for biodiesel production.

OIL refiners are being encouraged to take part in a pilot scheme to investigate hydrogenation - a process that combines biomass with conventional diesel to create an environmentally friendly fuel.

The consumption of biofuels in the UK has grown to nearly 9 million litres a month, mainly thanks to low duty incentives. Now the Government wants to encourage further development of green fuels by offering refiners a duty concession on all fuel produced within the pilot scheme.

John Healey, Financial Secretary to the Treasury, said: "Hydrogenation could provide greener road fuel on a larger scale for motorists in the UK. This invitation to bid for Government support will help us test the

potential of a biomass based fuel."

Meanwhile, the number of garage forecourts selling biofuels is rising. Half of Tesco's 381 filling stations have replaced conventional unleaded with petrol that contains 5% bioethanol and a few independent retailers are selling biodiesel, which contains 5% plant oils such as rapeseed.

RAPESEED

More and more rapeseed oil is being produced for this very reason: the number of hectares planted grew from 100,000 to 1.5 million between 2004 and 2005, according to the British Association for Biofuels and Oils. BAFBO predicts a similar increase next year as farmers switch from putting food in our stomachs to juice in our tanks.

Diesel engines can be converted to run on pure vegetable oil. Clive Leadbetter, co-owner of Wolverhampton-based Dieselveg, says: "It's cleaner than traditional diesel and is sulphur-free. There's no waste and it doesn't diminish vehicle performance." However, hauliers and coach companies are often put off switching to vegetable oil by confusion over duty and the lack of supply.

Need advice on energy efficiency?

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

Cambridgeshire
Leicester City
Leicestershire
Lincolnshire
Norfolk
Peterborough City
Warwickshire

Facilities Management Help Desk
ask for 'energy advice'
Melvin Harrison
Nathaniel Dyas
John Cobb
Property Services helpdesk
Jacky Lawrence

01223 718044
0116 254 9922
0116 265 6896
01522 836224
01603 222674
01733 742424
01926 736324

IN BRIEF

Helping us to save

POWERGEN has launched a unique nationwide trial to look at ways of helping domestic consumers reduce their energy bills. The company will send an energy statement to 3,000 of its customers each quarter, comparing current usage to 12 months ago.

The trial will test research carried out by the Centre for Sustainable Energy, which showed that customers are more likely to cut the amount of energy they use by up to 10% when they see in detail how much they consume every day.

Crude offer

IN THE wake of hurricanes Katrina and Rita and the subsequent closure of oilfields in the Mexican Gulf, OPEC lifted its restrictions and offered an extra 2 million barrels of oil to the world market. However, this was mostly heavy crude oil, which few refineries are equipped to process - so up to the end of November there were no takers.

ESPO on the move

HAVING outgrown its current site, ESPO is relocating to brand new premises which are nearing completion as we go to press. The move is scheduled for the February half term.

The 120,000 sq ft warehouse and three-storey office building, on Grove Business Park at the M1/M69 junction, will provide the various buying teams with more office space, all warehousing on site instead of at three different locations, better staff facilities and parking for 300 cars and 30 box vans.

MORE SPACE MEANS BETTER SERVICE

The biggest benefit to the energy team is no more hot-desking! As ESPO's energy customer base has grown over the years, so has the pressure on space and, as a result, several initiatives have had to be put on the back burner.

David Kwiatek says: "The move will help us make better use of existing resources. One of our first priorities is to create a dedicated customer contact team which will be the first point of contact for all enquiries except gas billing.

"This will enable the specialist buyers to concentrate on negotiating with suppliers and should ensure a quick response to calls for help. There's still a lot of work to do on systems but the future is looking bright."

EXPERIENCE SAVES £THOUSANDS

Practising what it preaches, the energy team has signed an energy contract for the first year which should save ESPO at least £5,000. David Kwiatek explains: "What we've negotiated is a deal based on seasonal rates. The building won't be fully operational until February, so we'll be using a relatively small amount at the higher winter rate. Depending on how long winter lasts, I estimate we could save up to £8,000 compared with a more conventional contract."

"Next year we will probably return to a more normal deal but, in the meantime, our ability to evaluate our anticipated usage and experience of the supplier market will certainly pay dividends."

Any ESPO customers who are in a similar situation or planning site closures for any reason should get in touch with the energy team to discuss appropriate supply arrangements.



Artist's impression of ESPO's new HQ

ESPO's 24 year success story

1981	Organisation formed with just under 100 full-time staff
1984/5	Turnover £53.3m
1994/5	Turnover £197.8m
1996	Specialist section formed for energy procurement
2002	Total value of energy contracts £34m
2004	Total value of energy contracts £58m (although 'fuelled' by increased energy costs) – a total growth of 265% since 1996
2004/5	Turnover £332.5m, including £81m on one-off strategic or consultancy contracts
2005	350 staff, equivalent to 300 full-timers



Customer contact team: Joynal Khan, Wendy Dilley and Lindsay Campbell

Turbulent times on energy markets

UNSEASONABLY mild weather right into November brought a decline in gas and electricity prices, thanks to lower demand and a healthy supply situation.

However, prices are expected to rise at the first cold snap and an overall increase in energy costs is causing huge damage throughout the UK's business sector.

Many large industries are suffering – for example, paper manufacturers are paying 35% more for their energy than its European competitors. The retail and leisure sectors are facing increases of up to 50%, leading to margins being squeezed. In the public sector, the NHS gas bill alone has risen by at least £41 million, or 57% - money that could have paid for more than 4,000 heart bypass operations. Local authorities across Britain are having to find an additional £120 million a year for their gas and electricity.

And, with domestic gas and electricity bills rising by 38% and 30% respectively since October 2003, there are concerns that progress on combating fuel poverty is under serious threat.

In August, Electricité de France – which owns London Energy, Seeboard and SWEB – announced further price hikes for domestic customers, similar to those announced by Powergen earlier. In October, British Gas and ScottishPower followed suit.

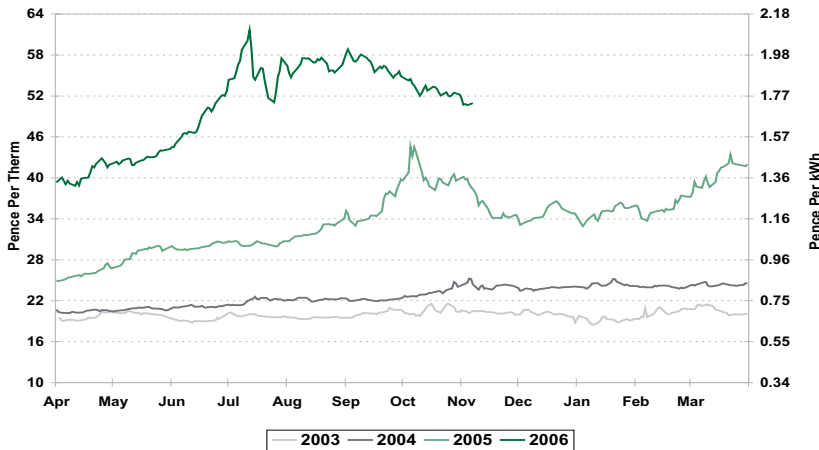
Supplier	Gas increase	Electricity increase
EDF	15%	10.7%
Powergen	15%	10.7%
British Gas	14.2%	14.2%
ScottishPower	12%	5-8%

Ofgem pledged in its annual report, published in August, that soaring energy prices, the drive towards a low carbon economy and liberalising European markets would remain high on its agenda over the coming year.

GAS

The reasons for the steep rise in wholesale gas prices are:

- gas supplies from the North Sea have declined faster than expected
- the price of oil has soared in recent years and, with the price of gas in continental Europe still linked to oil, there has been a knock-on effect on the UK price of gas
- import and storage capacity in the UK is inadequate



This graph shows how gas prices, which normally start to rise around October, continued to fall this year because of the mild autumn weather. Electricity prices followed a similar pattern. Graph courtesy of John Hall Associates.

And, as gas is used to produce 40% of our electricity, the price of this has rocketed too.

Gas distribution charges increased on 1 October 2005, leading to inevitable rises for consumers. However, the actual amount varies between regions as a result of new charging regimes introduced following the sale of four Transco distribution networks earlier this year.

Russia is expected to be supplying 10% of the UK's gas by 2010, following talks with President Vladimir Putin in an effort to cement energy ties.

OIL

As petrol prices climbed above the £1 per litre mark this autumn, protesters unsuccessfully attempted to mobilise thousands to demand that the Chancellor reduce fuel duty, which currently accounts for two-thirds of the price of petrol. Although the demonstrations turned into something of a damp squib, Gordon Brown did call on OPEC to produce more oil to help bring prices under control.

In the wake of hurricanes Katrina and Rita, oil prices rose to an all-time high and, with US refining capacity likely to remain at only 95% for several months more, there is little light on the horizon.

Continuing civil unrest and further threats of violence against the US, German and British consulates in Nigeria pushed crude oil prices close

to \$60 a barrel in October. Nigeria is the world's eighth largest oil producer and a key source of supply for the US, whose demand for petrol is 3% up on last year.

At the end of September, Andris Piebalgs, the EU's Energy Commissioner, presented the following five-point plan to combat high and volatile oil prices:

- save energy by reducing demand
- increase the use of alternative forms of energy
- increase the transparency and predictability of oil markets
- increase the supply of oil and gas
- react effectively to emergency situations with respect to oil stocks.

A few weeks later, the Major Energy Users Council led a UK delegation to Brussels to voice concerns about the state of the European electricity and gas markets.

However, all is not doom and gloom, according to David Porter, chief executive of the Association of Electricity Producers. In September, he said: "Buying of energy will become more sophisticated but so will the use of it. This may mean sharper negotiation and smarter control systems but it should also trigger new thinking about energy.

"Turning business on to the new energy mindset will not create new fuels nor build new power stations but it can reduce the impact of higher bills."

A smarter way of reading meters

ENERGYWATCH has launched a campaign to get automatic meter reading (AMR), or smart metering, off the ground in the UK. The consumer watchdog claims that it could save an average consumer around £35 per annum and that a reduction in demand would also help ensure security of supply.

Its chief executive, Allan Asher, wants the Government and the energy industry to invest in new technology that is already widely used in Northern Ireland, Sweden, Finland, Italy and North America. He says: "Innovation in metering is essential if consumers are to play their part in cutting consumption and carbon emissions. At the same time they will directly benefit by using smart meters to cut their energy bills.

"With energy prices rocketing, it is a wasted opportunity for the most competitive energy market in Europe to stick with technology that is 100 years old."

WHY IS SMART BETTER?

The essential thing is that consumption will be registered in £ and p, so smart meters will eventually allow householders and businesses easily to monitor – and potentially reduce – their energy usage, thus saving money and cutting emissions. Most importantly, smart meters can be read remotely, providing instant, quality data, and hence should make estimated bills – and the inevitability of inaccuracies – a thing of the past.

Non-half-hourly metered sites are often lucky to get one actual reading a year. Billing on estimated information based on historical consumption is unsatisfactory, both for the supplier and for customers, who have nothing on which to base accurate analysis for energy management, cost reduction targets or budgets. The advent of smart metering could change all that.

However, smart meters will probably not be suitable or cost effective for the smallest sites. Whilst some suppliers may



Man reads meter: could become a rare sight

offset the cost of installing them against operational savings, some organisations may choose to install their own meters.

TRIALS UNDERWAY

Several suppliers are currently trialling automated meter reading.

E.ON Energy, for example, is working closely both with customers, to understand what value this technology could bring to their businesses, and with equipment suppliers to develop a solution and robust processes that will ensure customers see the value.

Robin Jolly of E.ON says: "The value comes from two key areas: improved billing, through better access to readings, and improved consumption information, allowing better decision making around cost management and environmental impact."

ESPO is involved in a pilot project with E.ON and five sites in the eastern region have been selected, each in a different local authority, to provide a mix of meter types and profiles.

Installation work commenced in November and the trial is expected to last until late April 2006 so we hope to report on the results in the next issue of *Energy Matters*. For more information in the meantime, contact David Kwiatek on 0116 265 7845 or email d.kwiatek@espo.org

Renewables NEWS

Renewables energy use on the rise . . .

BRITAIN obtained 3.6% of its electricity from renewable sources last year, nearly 1% up on 2003. Biofuels contributed the major part, at 84%, with large hydro at 11%, wind at 4.4% and active solar heating at 0.7%.

. . . but at a price to us all

BY 2010, the target date by which the Government wants 10% of our electricity to come from renewable sources, consumers will have footed a bill for £5 million in increased prices and a further £1.5 billion to pay for expanded distribution and transmission capacity.

So says Edward Leigh, MP, chairman of the DTT's Committee of Public Accounts: "Renewable energy comes at a price and its future is uncertain. The Government needs to act in two crucial areas. It must start to target subsidy at the technologies which need it in order to have a genuine prospect of becoming commercially viable.

"It also must give serious thought to how it is going to find enough green energy to fill the gap left when the low-carbon energy generated by current nuclear power stations is no longer available."

It's Bio-massive!

THE UK's largest dedicated biomass power station is being built by E.ON in Lockerbie, Scotland, at a cost of 130 million euros.

The 44 megawatt plant will provide 70,000 homes with power when it starts operating at the end of 2007. It's estimated that, compared with producing this amount of electricity from fossil fuels, the biomass station will emit 140,000 tonnes less greenhouse gas every year.

"Renewable energies make an important contribution to secure and sustained energy supplies. They have therefore become increasingly important in the power station mix", said Dr Wulf Bernotat, chairman of the E.ON management board. The company already operates hydro, wind and biomass power stations throughout Europe with a total output of some 6 gigawatts, around 10% of its total power production capacity.

Where the grass IS greener

BRITAIN'S first large electricity plant to be powered by grass is being developed at Eccleshall, in Staffordshire.

Costing £6.5 million, the plant will process miscanthus (also known as elephant grass) grown by a co-operative of 170 farmers and will eventually supply electricity to 2,000 homes.

RO update

UK Energy Minister Malcolm Wicks has outlined changes to the Renewables Obligation (RO) – under which electricity suppliers are obliged to obtain from renewable sources a percentage of the energy they sell – in order to reach the Government's target. The current level is 4.9% and this is due to rise to 5.5% in 2005/6.

Hydro boost

SCOTLAND'S first conventional large-scale hydro-electric power station for 50 years is to be built by Scottish and Southern Electricity. The 100MW plant will be sited underground at Glendoe, not far from Loch Ness, and when operating at maximum capacity will generate enough electricity for 250,000 homes.

Water will be collected in a new reservoir more than 600 metres higher than Loch Ness and construction of the dam, shaped to blend with the topography and geology of the area, will take around three years. Glendoe should be generating electricity commercially from winter 2008/9.



Energy efficiency not on the boardroom agenda

A RECENT survey by npower, amongst intensive energy users in the UK, showed that one in five respondents had done nothing to improve energy efficiency.

Andrew Bainbridge, director-general of the Major Energy Users' Council, said that complacency was preventing British companies from taking action. He commented: "British boardrooms are traditionally not interested in energy efficiency. It very, very rarely gets onto the agenda unless there is a crisis."

Other industry players believe the Government needs to do much more to incentivise businesses to overcome their objections to cost and technical implications.

The survey also flagged up the anger felt by Britain's largest

energy users at the Government's lack of transparency in gas and electricity markets, ineffective regulation and high taxation which, they said, were seriously damaging their prospects.

Europe also came under attack for failing to open up its markets. On the continent, much of the energy industry is controlled by state-owned monopolies, leading to lower prices to consumers. Last year, said the report, British industry paid £1 billion more for gas than its European rivals because of the UK's competitive market place. To compound the problem, imports of gas carried a premium because European producers wanted to keep supplies for domestic use.

Framework agreements will solve energy conundrum

THE European Union has issued a new directive introducing a mandatory standstill period between acceptance of tender and commencement of contract.

This means that, once a purchaser has decided which tender to choose, he must notify the unsuccessful candidates, debrief them and allow them ten days to challenge the award. For the majority of commodities that is no problem but it presents a real dilemma with energy because prices are valid for only a few hours.

The solution is to create a framework agreement with suppliers which establishes the terms governing contracts to be awarded during a period of up to four years.

Where frameworks are awarded to several suppliers for the same goods, works or services, a mini-competition can be held between those capable of fulfilling particular requirements as they arise. In the case of energy, prices would be obtained at this point.

Because the mandatory standstill period applies at the framework set-up stage and not to subsequent mini-competitions, a swift decision can be made when prices are submitted.

New standards will encourage greener buildings

OWNERS, operators and developers of all buildings in Europe – with a few exceptions – will soon be required to comply with a new law aimed at increasing energy efficiency.

The Energy Performance of Buildings Directive comes into force in January 2006. Introduced following the Kyoto Protocol, the directive recognises the need to reduce harmful emissions, both during the construction stage of new developments and throughout the life of every building.

COST-EFFECTIVE

ESPO's energy team leader David Kwiatek explains: "Making more efficient use of energy in buildings is one of the most cost-effective ways of reducing greenhouse gasses, as well as reducing energy costs for householders and other occupiers.

"But this new directive could also have a serious impact on property and rental values in the future."

Most residential properties, along with public and commercial buildings such as offices, hotels, schools, hospitals and leisure facilities, will require an energy certificate. This will have to be produced whenever the building it relates to is sold or let to a new

tenant, and will need to be renewed every ten years.

Buildings will be graded A to E in terms of energy efficiency. Owners of those at the lower end of the scale will find this a serious drawback in the eyes of prospective purchasers or tenants because they can expect far higher heating and lighting bills than for similar A-grade properties.

MINIMUM REQUIREMENTS

It's estimated that 6,000 certifiers – independent experts such as members of the Royal Institute of Chartered Surveyors – will be needed in the UK alone to manage the process. For existing buildings, this will cover its current level of efficiency and recommend measures for cost-effective energy performance improvements. All new buildings and large existing buildings undergoing major refurbishment, both domestic and non-domestic, will have to meet minimum requirements for energy performance.

Exempt from the ruling are industrial sites and workshops, buildings with a floor area of less than 50m², temporary buildings, monuments and places of worship.

IN BRIEF

Where does your electricity come from?

AS WE reported in the last issue of *Energy Matters*, domestic customers should now be able to tell from their bills how green their supplier is. From 1 October, all suppliers have to declare how much of their electricity is generated from renewable fuels.

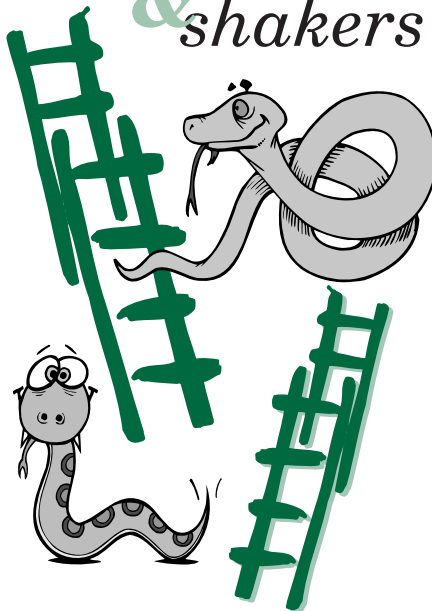
Grain and Killingholme back

CONCERNS over security of supply have persuaded E.ON, the company that runs Powergen, to re-start its oil-fired power station at Grain, in Kent. It ran last winter but was taken offline during the summer. Grain can supply enough electricity for more than a million homes and a second unit can be brought on line very quickly if required. Killingholme power station also re-opened in September.

Swapping oil and coal for gas

E.ON has plans to convert Grain from oil to gas and has applied for Government consent to build a new £350m gas-fired power station on the site of the former coal-fired plant at Drakelow in Derbyshire. If successful, work would start at Drakelow straight away with the first power being produced in 2009.

Movers & shakers



E.ON buys storage . . .

POWERGEN'S parent, the German utility giant E.ON, has paid ScottishPower £96 million for an existing storage facility and the rights to build another, underground, in Cheshire.

The company also says it will spend a further £100 million to develop one of the country's largest salt-cavern gas storage facilities.

. . . and bids for the whole company

MEANWHILE, E.ON is reported to be considering a bid for ScottishPower. If the deal went ahead, it would give the German group a 34% market share of the UK retail electricity market – way over the usual monopoly threshold of 25%.

BP in the money

EUROPE'S largest oil company posted yet another record profit in the second quarter of 2005, up 29%, as oil prices rose to unprecedented levels.



Transco to go

AS PART of a substantial re-branding exercise, the UK's major transmission and distribution business is now trading simply as National Grid, dropping 'Transco' from its name. Emergency response vans will carry the new identity, alongside a gas flame and the word 'gas', as the fleet is updated over the next twelve months.

National Grid will continue to operate its 0800 111 999 number for gas emergencies and the telephone service will be known as the National Gas Emergency Service.

Web Watch

Our top 12 most useful energy web sites:

British Photovoltaic Association
greenenergy.org.uk/pvuk2
British Wind Energy Association
britishwindenergy.co.uk/index.html

Centre for Sustainable Energycse.org.uk
DTI Energydti.gov.uk/energy
Energy Matters!espoenergy.org
Energy Saving Trustest.org.uk
Energywatch - consumer watchdogenergywatch.org.uk
Ofgemofgem.gov.uk/ofgem/index.jsp
Ofwatofwat.gov.uk
Renewable Power Associationr-p-a.org.uk/home.fcm
The Carbon Trustthecarbontrust.co.uk/energy/pages/home.asp
Water Energy and Environment Newsenergy-online.net/

The Boot's on the other foot for Ruth

THE ESPO energy team has a new electricity buyer. Ruth Marshall stepped into Mike Roberts' shoes in July after 27 years working as a buyer for Boots Manufacturing in Beeston, Nottinghamshire.

Ruth, who was responsible for raw materials and packaging for Boots' own brands and products manufactured for other customers, took a voluntary redundancy package last year. She says: "I was ready for a change and the redundancy offer came just at the right time."

After leaving Boots, Ruth took five months off, during which she learned to play the piano and started tracing her family tree. She says: "I've always enjoyed history so it seemed a natural thing to do. I've gone back to the mid-1800s and haven't had any nasty surprises about my ancestors – yet! It's quite hard work and you have to be pretty

disciplined otherwise you tend to get interested in peripheral things and go off at a tangent."

Ruth, who is 45 and lives with her husband at Rempstone, near Loughborough, then took on contract work for E.ON for a few months before spotting an advertisement for the ESPO job. At her interview, she says, she was impressed by the friendly atmosphere and adds: "Joining ESPO has given me the chance to develop my skills in a totally different industry. There's a lot to learn, of course, and the challenges are different, but the procurement process is still the same!"

David Kwiatek says: "As with any new job there is loads to pick up at first but Ruth has a lot of procurement experience and many of the skills are transferable. It's always useful to have somebody who can look at things with a completely fresh view."



Ruth Marshall

Lindsay's rowing in the right direction

HOT on the heels of the energy team's last work placement, Ben Higginson, who told *Energy Matters* he wanted to be an Olympic ultimate Frisbee champion, comes another sportsman.

Lindsay Campbell is, by his own admission, addicted to rowing. He took up the sport two years ago after enrolling at DeMontfort University to do a BA in Business Studies and now spends a lot of his non-working time on the water.

He says: "I used to do rock climbing but had to drop that because rowing has taken over my life! We train eight or nine times a week and compete in head races – the waterborne equivalent of a time trial. The most famous of these, attracting 400 crews from all over the world, is the London Head of the River Race in March. This year my team took 251st place and we should have done better but our boat was damaged a week before the event and we had to borrow another."

"We compete all over the country and chalked up a lot of wins last season. Our next major goal is to qualify for the Henley Royal Regatta next summer."

However, Lindsay's rowing career almost came to a sticky end this summer when a car pulled out in front of him as he was cycling to work. He jammed on the front brake, was catapulted over the handlebars and suffered two broken wrists. Fortunately, the accident happened in the 'close' season and, as we go to press, Lindsay is looking forward to his first winter training session.

Lindsay, who comes from Haringey, London, was attracted to the ESPO placement because he has



Lindsay Campbell

enjoyed the procurement element of his degree course. He's working mainly with Graham Holley and Russell McCarten on gas contracts.

Energy team leader David Kwiatek says: "Lindsay faced a significant learning curve getting to grips with energy industry processes and jargon, as well as ESPO's systems, but he is approaching this with the same enthusiasm and application as he does his rowing."

"A large part of his work involves liaising with suppliers and other industry parties to try to resolve disputes and queries, so being a rower should help when he has to stick his oar in!"

Beware scams, Energywatch warns

ALMOST 60% of energy supplies in the UK's commercial and industrial market are now handled through intermediaries, most of whom – like ESPO – do an excellent job for their customers. However, businesses are being warned to be on their guard against a handful of disreputable energy brokers.

Energywatch has received hundreds of calls from firms seeking advice following approaches by rogue brokers trying to push them into signing up to a new supplier, a ruse which earns the broker a nice commission but may do the business no favours at all.

The consumer watchdog's spokesperson, Karl Brookes, says: "One of the definitely dodgy things is disreputable brokers pretending to be independent. They ring up offering to help find the best deal possible but they really only represent one or two firms and try to pass them off as the cheapest."

Some typical chat lines used by the scammers are:

- "You don't have a supply – sign up now or you won't have any power to run your business"
- "Did you know you're likely to be disconnected if you don't find a supplier?"
- "I'm ringing on behalf of the Government to check you are getting the best energy rate"

Market analyst Matthew Cowie of Datamonitor predicts the number of intermediaries will continue to grow as long as energy prices remain volatile. He says: "If you have an intermediary grouping together customers that place a large volume offer on the market, suppliers cannot ignore that."

HELP IS AT HAND

In the light of these complaints, Energywatch is compiling a guide for consumers and developing a voluntary code of conduct for intermediaries, both of which should help to combat the scourge of the scammers. ESPO's David Kwiatek is one of several industry experts helping to produce these two publications.

In the meantime, he says: "If you get a call like this, be careful what you say over the phone when negotiating energy deals as it could represent a binding contract. It's far better to shop around and do your own research, or ask ESPO for guidance."

For further help and advice contact Energywatch on 0845 906 0708 or business.enquiries@energywatch.org.uk or call the ESPO energy team on 0116 265 7845.



Newly-weds Russell and Louise McCarten

The power of love!

TWO members of the energy team have made a love match in the last few months.

Russell McCarten married his fiancée Lisa in August at Rushpool Hall, Saltburn-by-the-Sea, Cleveland. Not to be outdone, Graham Holley got engaged to his partner Sally in October and they plan to tie the knot early in 2007.

Close-up on contracts

SPREADING its consultancy wings, the ESPO energy team has recently been dealing with local authorities as far afield as Scotland and Berkshire.

Falkirk, Stirling and Clackmannanshire Councils sought ESPO's expertise in developing an energy procurement strategy.

ESPO has also undertaken the procurement of electricity for the Royal Borough of Windsor and Maidenhead. Twelve out of thirteen large (half hourly metered) sites are now supplied from renewable sources, accounting for 96% of the total electricity for these sites and 44% of the Council's total metered electricity.

Better billing on the way

TWO important initiatives have been launched recently to help improve customer billing.

1. Domestic energy suppliers have another seven months to improve the way they bill domestic customers – otherwise they risk enforcement action or fines.

Following a 'super complaint', lodged by Energywatch and investigated by Ofgem last year (reported in *Energy Matters* 13), the industry regulator is insisting that all suppliers take three key steps towards better billing. They must:

- stop 'back-billing' beyond two years; that will reduce to one year from 2007
- set up an independent body to resolve disputes quickly and award compensation
- review contract terms to ensure compliance with consumer rights legislation.

Announcing the measures in July, Ofgem's chief executive, Alistair Buchanan, gave suppliers a year to put their house in order. He said: "For the vast majority of customers, the energy market works well. But suppliers can get things wrong and, when they do, this can cause customers real distress and hardship."

"These three steps will help protect customers, particularly the vulnerable who are often the worst affected when companies make mistakes."

2. On a wider front, the British Standards Institute has published a Standard for Customer Billing, which applies to the traditional utilities (such as water, gas and electricity) but also to more recently introduced services such as mobile phone and internet services. It aims to:

- set minimum criteria
- give consumers a clearer understanding of the billing process
- minimise complaints
- promote informed customer choice
- avoid an unduly prescriptive approach
- help suppliers meet corporate social responsibility obligations
- assist service providers with the presentation of essential information, via a common framework.

The BSI believes that, by eliminating errors and providing better information for businesses and domestic consumers, suppliers will avoid the expense of dealing with queries and complaints and hence achieve substantial cost savings.

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