

Joint Decision Session of Executive Member for Finance & Performance and Environment and Climate Change Decision Session

Report of the Acting Chief Executive / Director of Corporate and Customer Services

Green Energy Tariff

Summary

1. City of York Council is committed to reducing carbon emissions within its own building stock.
2. The corporate electricity contract with Npower commenced on 1st April 2019 for 4 years. Within the contract there is an option to adjust to a green electricity tariff.
3. The current price for green electricity is 0.05 pence per kWh in addition to the normal rates.
4. Members are asked to support the proposal to adjust the electricity contract to the Npower green energy tariff commencing 1st April 2020.

Recommendations

5. The Executive Members are asked to :
 - i. Approve a change to the corporate electricity contract from April 1st 2020 to the green energy tariff.
 - ii. Instruct officers to consult with Schools and other partners who access this contract and seek their approval to switch to the green tariff.

Reason: To allow City of York Council to undertake steps to deliver actions as in relation to the Council Plan.

Background

- The council procures energy via the Yorkshire Purchasing Organisation. The current electricity contract was awarded to Npower based on cost, and quality of service provided.
- The existing tariff energy mix from Npower is as follows:

	Coal	Natural Gas	Nuclear	Renewable	Other
Npower	9.8%	52.3%	15.9%	18.7%	3.3%

- The Executive Member for Environment and Climate Change requested Officers to investigate the extra cost that would be incurred from changing to a full green electricity tariff.
- Green electricity is now more accessible with the wholesale cost dropping in recent years. Although YPO are reporting fluctuations in the wholesale market due to the dash for green power.

Cost of green electricity

- The current electricity cost is around 12.42 pence per kWh. The price for green electricity is an additional 0.05 pence per kWh. Therefore the current cost to go green being 12.47 pence per kWh.
- For 2018/19 the Electricity Contract consumption was 13,977,896 kWh, incurring a cost of £1,736,590.23.
- To give an indication of the extra annual expenditure to each service area this can be split down into CYC buildings, York Explore, Schools, and Street Lighting as shown in the table below:

	kWh	Cost	Green extra cost
CYC	4,451,787	£566,052.68	£2,225.89
Explore	214,694	£27,853.74	£107.35
Schools	3,660,300	£478,622.53	£1,830.15
Street Lighting	5,651,114	£664,061.28	£2,825.56
Total	13,977,896	£1,736,590.23	£6,988.95

13. The current contract is flexible. This means if an individual School for an example chooses to remain on the current tariff the School can remain within the overall contract arrangement; thereby not requiring them to re-procure this energy contract.

Consultation

14. Consultations with Yorkshire Purchasing Organisation, Npower have taken place that has established the council can switch easily mid contract from one tariff to another but also allow other users to remain on the existing tariff.
15. Officers have consulted with York Explore who have confirmed they switch to a green electricity tariff from April 1st 2020.
16. Schools who currently piggy back our contract will be consulted following this decision to determine if they wish to change to the green tariff. They will also be given the option to remain under the existing tariff agreements.

Options

17. There are two options connected with this report:
 - Option 1 Instruct officers to change to the available green tariff with Npower.
 - Option 2 Instruct officers to remain under the existing Npower provision

Analysis

18. The major benefit of changing to the green tariff would be linked to the Councils Plan 2019-2023.
19. Particular areas of the council plan that this work would align with include:

A Greener and Cleaner City:
A road map to zero carbon by 2030

Align strategies to protect the environment
Carbon emissions across the city
Level of CO2 emissions from council buildings and operations (Net emissions)

GOAL 7: Affordable and Clean Energy

Getting Around Sustainably:

Expand York's electric vehicle charging point network

Implications

20. Financial – Based on the 2018/9 electricity consumption the premium to switch to a green tariff would be approximately £2,300 for buildings on a metered supply, £2,900 for unmetered supplies such as street lighting, traffic lights. The additional cost will need to be absorbed within existing electricity budgets
21. If all the schools currently on the council's corporate contract switched the financial impact would be £1,900. Similarly if York Explore switch the impact on this provider would be £110 per year.
22. Property – None
23. Human Resources (HR – None
24. Legal – None
25. Crime and Disorder – None
26. Information Technology – None

Risk Management

27. There are no specific risks associated with this report however the nominal additional costs incurred by switching to a green tariff may increase budget pressures.

Contact Details

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Report **Date** 22.12.19
Approved

Wards Affected:

All

For further information please contact the author of the report

Background Papers: None