

REPORT TO: PLANNING AND TRANSPORTATION COMMITTEE - 12 JUNE 2006

REPORT ON: STREET LIGHTING AND OTHER UNMETERED ELECTRICAL SUPPLY CONTRACT

REPORT BY: DIRECTOR OF PLANNING & TRANSPORTATION

REPORT NO: 347-2006

1 PURPOSE OF REPORT

- 1.1 This report advises Committee on recent tenders for the procurement of unmetered electricity for Street Lighting and seeks agreement for Dundee City Council to remain a member of the purchasing consortium.

2 RECOMMENDATION

- 2.1 It is recommended that the Committee note the tenders received by Highland Council and agree to this Council remaining a member of the purchasing consortium.

3 FINANCIAL IMPLICATIONS

- 3.1 The resultant electricity supply costs will lead to an increase in energy costs for street lighting and other unmetered electrical equipment of £116k above budget in 2006/2007 and £160k in 2007/2008. Every attempt will be made to contain the increased costs within the existing Revenue Budget 2006/2007.

4 LOCAL AGENDA 21 IMPLICATIONS

- 4.1 Street Lighting makes an important contribution to road safety, crime prevention and the creation of an acceptable safe night time environment.
- 4.2 The use of more energy efficient equipment and light sources reduces the production of harmful environmental "greenhouse" gases
- 4.3 The Climate Change Levy was introduced to reduce the production of "greenhouse gases", including CO₂ and comply with the "Kyoto Protocol", the overall aim of which is to improve the Environment

5 EQUAL OPPORTUNITIES IMPLICATIONS

- 5.1 Good quality street lighting benefits all groups who feel vulnerable during the hours of darkness.

6 BACKGROUND

- 6.1 Reference is made to Article XIII of the minute of the Planning and Transportation Committee of 27 August 2001 when it was agreed that Dundee City Council would become a member of a purchasing consortium made up of seven other north of Scotland Councils.

6.2 The current members of the Street Lighting Purchasing Consortium are:

- Aberdeen City Council;
- Aberdeenshire Council;
- Angus Council;
- Highland Council;
- Dundee City Council;
- Moray Council;
- Perth & Kinross Council; and
- Stirling Council.

6.3 The Consortiums existing contract with Scottish Power terminates on the 30 June 2006 and alternative arrangements require to be put in place by 1 July 2006.

6.4 As with the previous contract, Highland Council are acting as lead authority and have issued tenders for a new 3 year contract in accordance with European Union Public Procurement regulations, for the unmetered supply of electricity.

6.5 The following three offers were received by Highland Council on the 5 May 2006:

<u>Organisation</u>	<u>Rate/KWH</u>	<u>Estimated Cost 2006/2007</u>
Scottish Power	8.38p (100% green)	£746,000
Scottish & Southern	8.89p (50% green)	£791,000
EDF Energy	Non-conformant bid	

6.6 The EDF tender was disqualified due to amendments made by them to contract terms and conditions. The offer from Scottish Power is considered to offer best value and has been accepted by Highland Council. It is recommended that Committee note the tender and agree to Dundee City Council remaining a member of the purchasing consortium.

6.7 As an alternative benchmarking exercise, a comparison has been made with alternative prices through the Councils existing metered supply contract, administered through the Energy Efficiency Officer and Tayside Energy Consortium. The benchmarking rates obtained were found to be 4% higher than those tendered by Scottish Power.

6.8 The resultant electricity supply costs will lead to an increase in energy costs for street lighting and other unmetered electrical equipment of £116k above budget in 2006/2007 and £160k in 2007/2008. Every attempt will be made to contain the increased costs within the existing Revenue Budget 2006/2008.

6.9 It is also worthy of note that as part of their tender return, Scottish Power are offering to supply 100% "green" electricity at no extra cost. Scottish Power's Green Energy Scheme provides energy from a variety of renewable resources including wind, small-scale hydro, landfill gas and combined Heat and Power Plants (CHP). Every unit of electricity supply for this contract will be exempt from Climate Change Levy. By using green energy, Dundee City Council will release 3,814 fewer tonnes of harmful CO2 emissions into the atmosphere annually.

7 CONSULTATIONS

- 7.1 The Chief Executive, Depute Chief Executive (Support Services), Depute Chief Executive (Finance) and Assistant Chief Executive (Community Planning) have been consulted and are in agreement with the contents of this report.

8 BACKGROUND PAPERS

- 8.1 Article XIII of the minute of the Planning and Transportation Committee of 27 August 2001.

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26 May 2006

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