

## **7 PREFERRED ENERGY SUPPLIER (AN24-2009)**

Committee is asked to agree that the Preferred Energy Supplier (PES) arrangement with Scottish and Southern Energy Plc (trading locally as Scottish Hydro Electric) for Dundee City Council tenants is extended for a further three years until 31st December, 2011.

The PES is an arrangement whereby all new tenants moving into their properties are registered as customers of Hydro Electric. This has two main benefits to the Council and its tenants, namely:

- It streamlines the process of having electric and gas supplies provided in the re-let property and saves the new tenant having to establish the previous tenants' supplies and make several phone calls to utilities to try and negotiate supply.
- The Council receives payment from Hydro and this is ploughed back to energy advice services and energy efficiency measures in the Housing stock. For the first time this will be a set amount as opposed to the previous arrangement under which the amount paid depended on the number of supplies switched over during the year.

On two previous occasions in 2001 and 2004 the Council went out to tender for a Preferred Energy Supplier and, on both occasions, Hydro Electric was appointed for a three year period (the latter extended by negotiation for an additional year) on the basis of the superior package of customer service care and price they could offer. The Director of Housing wishes to extend their existing contract for a further period of three years to ensure continuity and maximise the benefits to tenants – projected income is in the region of £50,000 per annum, which is paid to the Community Energy Efficiency fund and used to fund energy efficient goods and services. Notwithstanding our appointment of Hydro Electric as the initial supplier to newly tenanted properties, new tenants can then exercise the option of switching to their own choice of energy supplier as long as they provide 28 days notice of doing so.