

14th September 2022

New gas and electricity prices from 1st October 2022 for Sites using the LASER Energy purchasing contracts¹ - Npower for electricity and Total for gas.

Please find below the latest LASER Flexible pricing update. We recognise the concern that the ongoing national and international focus on the energy crisis is causing for the public sector, with recent examples of Fixed energy prices hitting highs of 90-100p/kWh and 30p/kWh for electricity and gas respectively.

As we approach our next pricing period (1st October 22 onwards) this document is intended to highlight how LASER's Flexible baskets have helped mitigate market risk, and to provide an estimate forecast of the year-on-year % basket change. It is worth noting overall pricing for sites within each basket will vary significantly by site, meter, and location.

All sites purchase using the Purchase in Advance (PIA) process, whereby all your energy is purchased prior to the start of the year starting October in batches over the preceding two years. This helps smooth out the normal fluctuations in the market and is a process known as 'Hedging'. The current market conditions are extraordinary, but even so, the purchases made prior to the start of the current energy crisis have mitigated the increases to some extent.

The following table summarises the price increases:

	Electricity	Cost avoidance vs Current Market	Gas	Cost avoidance vs Current Market
% increases	66%	-62.3%	224%	-51.9%

These increases refer to the energy unit prices only, not standing charges which vary substantially from site to site based on volumes used and size of the cables/pipes/meters. The percentages shown for cost avoidance are an indication of savings vs average contract prices over the last few months².

In simple terms,

- a unit of electricity which now costs 15p now will cost 24.9p = 66% increase
- A unit of gas which now costs 2.1p now will cost 6.8p = a 224% increase

Please note these are typical example prices, not actuals. It will depend on your current prices³.

¹ [Energy Procurement \(laserenergy.org.uk\)](http://laserenergy.org.uk)

² Information from Laser, issued 13/09/22

³ For electricity, the percentages apply to day/night pricing as appropriate

Current actions by the Government

- There is currently no cap on energy prices in the commercial sector, although there has been a pledge to introduce one.
- There is a price cap on domestic prices of 34p/kWh and 10.3p/kWh for electricity and gas respectively, announced 12/09/22. How this will affect the commercial sector is unclear. Note that these prices are well above the prices for the LASER contracts.
- The Prime Minister has pledged to remove 'Green Levies', but these make up a small proportion of the overall unit price. No details on how this will be applied are available yet.

What can you do to mitigate the effects of price increases?

- Check your bills are using correct meter readings, especially at the price changeover or you may be charged the higher prices for consumption prior to October.
- Monitor your consumption more closely. Many of the site now have 'Smart' meters which collect consumption data used for billing. If there is a suitable smart meter fitted (both gas and electric) and for a small annual fee (£50 per meter), the supplier can give access to consumption data down to hourly (even Half Hourly) blocks. Data access is via a web portal which also provides history and graphing functions, but only from the time of subscribing to the data access service. Please contact me if you are interested in this service and I should be able to determine if you have a smart meter fitted and provide a referral to the supplier.
- Check heating controls to ensure they are set correctly. Incorrect settings are common and running longer than required wastes resources. Use of the gas monitoring service above will clearly show this.
- Consider investing in renewables such as Solar or wind (if suitable).
- Consider improving the insulation of the site – worth checking.
- Ensure lights are turned off when not needed – consider appointing an energy monitor!
- If your meters are not Smart, consider weekly meter readings to monitor energy consumption and investigate anomalies.

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