



ENERGY Matters

The newsletter for ESPO's energy customers

Number 3

June 2000

ESPO HELPS TO OIL THE WHEELS

Who's who in oil

Main producers

OPEC member countries

| | |
|--------------|----------------------|
| Algeria | Indonesia |
| Iran | Iraq |
| Kuwait | Libya |
| Nigeria | Qatar |
| Saudi Arabia | United Arab Emirates |
| Venezuela | |

Non-OPEC countries

| | |
|-------------|--------|
| Brazil | Canada |
| China | Mexico |
| Norway | Oman |
| UK | USA |
| Former USSR | |

Oil companies

'The Majors' - explorers, producers/refiners, shippers and suppliers - operate throughout the world, with oil wells and offshore fields in many countries.

Suppliers

Suppliers include all 'the Majors' listed above, along with independents. These are the smaller companies who do not produce or refine but act as retailers. One example is the Fuel Oil Supply Company, who successfully tendered for the Leicestershire County Council contract against competition from some of the Majors. FOS is profiled on page 3.

ESPO currently has contracts with Texaco, Shell, BP Air (aviation fuel for police helicopters), TotalFinaElf, Phillips Petroleum, CPL Petroleum (previously BFL/BP), Greenergy and FOS.

MUCH has happened in the world of oil over the last couple of years. Here, TREVOR LAXTON explains what's what and who's who.

The price of crude oil has more than doubled over the last twelve months, rising from \$10.55 a barrel in February 1999 to \$27.17 a barrel in February 2000. Why? Because, for only the third time in its existence, OPEC has enjoyed full and unswerving backing from all member states to stick to output quotas.

OPEC countries produce nearly a third of the world's oil demand (currently 75.3 million barrels or 12,290 million litres per day) - the rest comes from other countries including the US, Norway and Britain. Because of the OPEC restrictions of the last year, the world has been producing 3 million barrels a day less than it needs. North American stocks of oil tend to act as the barometer of the world situation and they have recently been at their lowest level for over three years, which has also helped to push prices up.

In early March, Brent crude prices

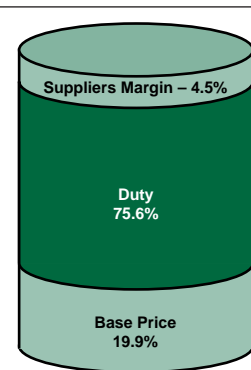
set a post-Gulf War record, with prices rising to over \$31.5 per barrel, because traders were unsure of the difference of opinion within OPEC on the wisdom of raising or retaining quotas at its Vienna Summit at the end of March.

In the event, OPEC members agreed to an increase in production of nearly 1.5 million barrels a day. This had an immediate effect on the market, with crude prices falling by over \$2 per barrel in the first week of increased production. It is expected that crude prices will remain in the more politically acceptable range of \$20-25 per barrel during the rest of this year.

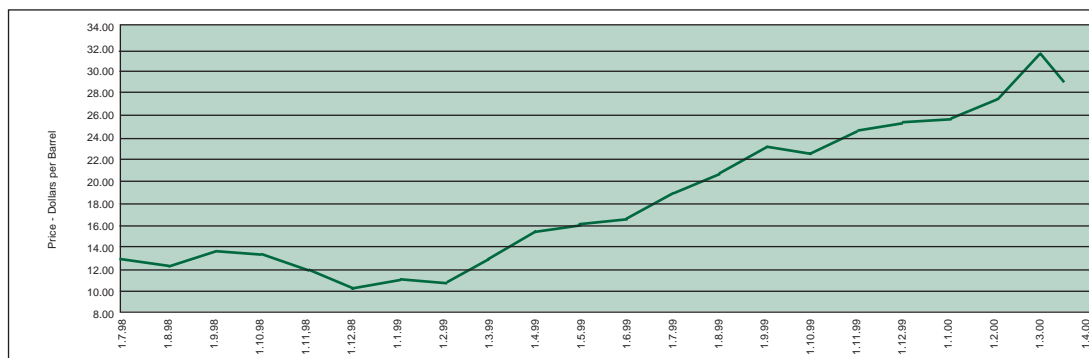
The drop in crude prices was offset by an increase in duty levels announced in the March budget. See 'Called to a higher duty', right.

Market analysts forecast that prices for the remainder of this year will be more stable, falling slightly in the third quarter and then returning to current levels in the fourth.

ESPO has 1500 road fuels and heating oils customers using about 30 million litres a year. This equates to 3.6 minutes' worth of world oil supply. Put another way, one day of world oil supply would last ESPO customers over 400 years.



Following the March 2000 budget, this is how the contracted price of ULSD is broken down. The 'supplier's margin' isn't all profit! It includes the cost of secondary distribution, that is from refinery to terminal (via pipeline or tanker) and from terminal to customer, plus the cost of running the terminal and all the overheads that go with it.



Crude oil prices rose steeply from February 1999 to an all-time high in March 2000, followed by a sharp drop when OPEC agreed to increase production.

Called to a higher duty

IN his March budget the Chancellor announced across-the-board increases in the duty on fuels. The old rate of duty (A), the increase (B) and the new rate in pence per litre (C) are as follows:

| | A | B | C |
|--------------------|-------|------|-------|
| Unleaded petrol | 47.21 | 1.61 | 48.82 |
| Super unleaded | 49.21 | 1.68 | 50.89 |
| LRP | nil | nil | 50.89 |
| ULSD | 47.21 | 1.61 | 48.82 |
| Kerosene | nil | nil | nil |
| Gas oil | 3.03 | 0.10 | 3.13 |
| LPG (pence per kg) | 15.0 | nil | 15.0 |

First LPG contract under way

WE reported in the last edition of *Energy Matters* that Charnwood Borough Council was conducting a trial with four vehicles running on liquid petroleum gas. Following competitive tendering, a contract has been awarded to Calor Autogas for the supply of LPG to the Council's Limehurst Avenue Depot.

The four Astra vans taking part in the trial will be joined by up to twelve other vehicles over the next year.

ESPO's Trevor Laxton, who worked closely with Charnwood Borough Council to set up the contract, says: "It was a very useful exercise and we now have valuable information and experience to share with any other organisation interested in using LPG."

Because the vehicles are dual-fuel there is no danger of running out of gas and being stranded miles from the depot or the nearest LPG re-fuelling facility.

GEMS turns in a sparkling performance

THE number of billing disputes which the ESPO energy team has to deal with has been slashed by a dramatic 40% compared with this time last year - largely thanks to the GEMS management system which has been operating since July 1999.

There has also been a huge reduction in the length of time it takes to resolve any issues that arise, because information on individual sites is more accurate and more readily available than it used to be before GEMS.

David Kwiatek says: "The industry has improved too, but GEMS has helped us in two ways. Firstly, we can identify and correct errors much more quickly. Secondly, we can produce much more accurate data to enable suppliers to make amendments.

"From our point of view, GEMS has been brilliant but we still want feedback - good or bad - from customers, which will help us refine the system further. If anyone has an issue with their bill - a wrong meter number, wrong site, wrong tariff, etc - they should fax the details through to our administrative section on 0116 265 7601."

Around 90% of ESPO's customers are now being invoiced through GEMS - that's around 2,000 sites with around 3,000 gas meters. The last few months have seen a gradual introduction of sites to the system and the remaining 10% should be included later this year. By the time the project is complete, GEMS will be generating bills totalling up to £7 million a year.

The system is still being developed. For example, new modules are being added to improve the validation of charges and the management of invoice disputes and reporting functions.

Act now for summer siteworks

IF your organisation is considering making any changes to its gas supply during the summer holidays, read on!

Any change, however small, could affect your gas supply contract. In extreme cases, it could affect the pressure of the gas delivered to your site - or someone else's!

'Changes' can range from the addition of a single gas tap in a chemistry laboratory to the building of an extension requiring new pipework and maybe even a new meter. On the other hand you could be demolishing a building or upgrading a boiler from coal to gas. Whatever the circumstances, you will probably need 'siteworks'.

You need to tell ESPO at an early stage what you intend to do and fill in a simple proforma. We can then set you off on the correct path and tell you who you need to contact in order to save you time and frustration. Then, if necessary, your supplier or their engineering contractor will make a site visit and give you a quotation for any siteworks required.

At the same time, ESPO will look into the

possible impact on your contract and pass this information to your supplier and, in turn, to Transco. They need to be aware of any changes in order to anticipate future consumption in any given area.

If your gas consumption goes up, you may be able to move to a lower price or better tariff. If you don't tell us, you could end up paying more than you need for your gas! And if you undertake siteworks without telling your gas supplier you may be exceeding consumption tolerances, which could land you with excess charges and take up to six months to get a new meter installed!

So, if you're thinking of a change during the summer, when gas systems are least used or when you may be closed completely, start the ball rolling NOW. It will take at least eight weeks to go through the whole process - longer for large projects - and you will also need to consider other implications, including possible disruption to users of the building and health and safety issues.



Energy management

Cambridgeshire County Council's approach

By ROGER LING
Cambridgeshire's energy manager

ENERGY forms an essential part of everyday life but, because we use so much of it, there are well-publicised concerns about global warming and the depletion of the ozone layer.

These concerns were recognised internationally by the Rio Earth Summit in 1992. The outcome was Local Agenda 21, conceived to help local authorities worldwide to plan for sustainability in their areas. Then, at the Kyoto summit in 1997, the UK Government made a legally binding commitment to reduce carbon emissions.

Also in 1997, as a result of these obligations, Cambridgeshire County Council developed Environment 2000, a strategy to ensure environmental sustainability for the area. One of its targets was a 30% reduction in carbon emissions from energy and transport use in the county by 2005 compared with 1990 levels.

To help meet this target, the energy consumption of establishments in the county is monitored constantly. Each organisation receives an annual energy report, together

with information on benchmarking, which allows comparisons to be made with similar establishments. Recent initiatives undertaken to support these annual reports and to promote energy awareness include:

- advice on energy-related issues
- energy surveys
- free low-energy lamps for schools
- grants and interest free loans for energy efficiency projects
- training sessions.

Energy conservation is an ongoing issue, especially in view of the Climate Change Levy (Carbon Tax) which the UK Government proposes to introduce in 2001. The levy will help meet the Government's Kyoto commitment to reduce carbon emissions, as it will increase the cost of electricity and gas and thus provide an incentive to conserve energy. The indications are that the cost of electricity will rise by around 8% and gas by 15%, whilst heating oil will be exempt from the Levy. Energy budget holders will need to take account of these changes.

Buildings apart, transportation is a major source of carbon emissions. This has been recognised in recent Budgets with reductions in excise and fuel duties for environmentally-friendly vehicles. Cambridgeshire CC now has a fleet of dual-fuel (LPG and Petrol) pool cars for use by employees on official



Roger Ling with one of Cambridgeshire's dual fuel cars.

business, helping to promote the viability of these vehicles.

For advice on energy conservation, you can contact your local authority's energy

manager or visit the Energy Efficiency Best Practice website at

www.energy-efficiency.gov.uk

Four cards – but no trick!

LAST year, ESPO conducted a road fuel management survey, asking all automotive fuel users within its area to provide information about their requirements. The results have helped ESPO secure up to 4.5 pence per litre discount off pump prices.

Following a successful competitive tendering exercise, contracts have been awarded to three companies, covering both bunkered and conventional forecourt re-fuelling.

C H Jones (Keyfuels) has been re-awarded the contract for bunkered fuel – at considerably lower prices for ESPO customers. Bunkered re-fuelling offers:

- forecourt diesel at commercial prices
- significant operational cost savings
- leading nation-wide diesel service
- independence of supply
- integrated fuel management
- tailored management reports.

Contracts for conventional forecourt re-fuelling have been awarded to both Shell and TotalFinaElf, offering:

- secure and convenient methods of payment
- choice of purchase options encoded on cards
- competitive pricing with discounts off pump prices or national average prices
- access to a comprehensive network of stations
- flexible pricing options and payment terms
- interest-free credit
- invoices that comply with all VAT requirements
- comprehensive management information.

The Shell Agency card has been retained – this gives a discount off Shell's national average fuel prices and can also be used at BP stations (albeit without a discount).

New to ESPO customers is the Shell Gold card, which offers a discount off local pump prices and can also be used at Esso stations (again, without the discount).

Also new is the TotalFinaElf card, which is encoded to give customers the choice of discount off the national average or off local pump prices.

This card can also be used at Total, Fina, Elf, Power, Butler and Phoenix stations. It is advisable to check with ESPO before using the last three as arrangements have to be made for the



One of ESPO's new fuel cards.

necessary electronic swipe machines to be installed in stations not yet connected to the network.

Why one bunkered re-fuelling card and three different forecourt cards? Trevor explains: "Having contracts with C H Jones, Shell and TotalFinaElf gives us network strength across all the five eastern counties and the rest of the country as a whole. Some customers may have just the one card, which gives them the best discount from fuel stations in their particular area. Others may have a combination of two or more, particularly if their vehicles cover a large territory and have a wide variety of uses."

For example, a local authority might have:

- its education or social services transport stationed close to Keyfuels' bunkering sites
- its meals-on-wheels vans operating in a predominantly Shell area, where the Shell Gold card would be most beneficial in low price areas and the Agency card more economical where prices are high
- its DLO operating in a location where Total, Fina, Elf, Power, Butler or Phoenix stations are in abundance, warranting the TotalFinaElf card.

In principle, ESPO will strive to give its customers the best option, or range of options, for their particular circumstances – the availability of fuel outlets being the major deciding factor.

Currently, Trevor and his colleagues use a comprehensive directory of filling stations to help customers make that decision. They hope soon to have an interactive mapping facility, which will analyse fuel availability and help ESPO to advise which card, or cards, would be most beneficial.

Legislation needed to clean up gas oil

GAS oil, sometimes known as 35-second burning oil or red diesel, is a distillate fuel manufactured to give maximum heat output and efficient combustion. It is a rebated fuel, bearing a reduced rate of duty, and is dyed red – in accordance with HM Customs and Excise requirements – to deter people from using it in road vehicles.

It is a dual-purpose fuel, recommended for boilers with pressure jet burners in domestic or light industrial installations and as a fuel for off-road equipment such as stationary diesel engines, farm tractors, construction equipment, railway and marine engines.

However, with a sulphur content of up to 2,000 ppm, it is a major contributor to atmospheric pollution.

Thanks to European legislation and the UK Government's fiscal incentives (3 pence per litre off duty), ultra-low sulphur diesel is now widely available and is provided as standard on all ESPO contracts. ULSD contains less than 50 ppm of harmful sulphur.

In the case of gas oil, however, which produces sulphur emissions running 16 times higher than ULSD, there is no legislation or fiscal incentive to reduce its sulphur content from the current maximum allowed of 2,000 ppm.

None of the major oil companies is marketing ULS gas oil in any quantity yet, citing production problems, storage difficulties and low demand as barriers. They say they will keep an eye on the

situation and respond to market demand.

ESPO's fuels buyer Trevor Laxton believes that only Government legislation and fiscal incentives will accelerate the introduction of ULS gas oil. In the meantime, however, he reports that some environmentally-conscious organisations are already making the switch, irrespective of the increased cost, and he expects that others will follow suit.

Ultra low sulphur gas oil is available today, albeit at a price – it is approximately 12.5% more expensive than standard gas oil. Any customers who are considering moving to ULS gas oil, in the interests of ecology, should contact Trevor to discuss the options available.

Greenergy explains the benefits of ULS products

ULS fuel has undeniable performance benefits, including improved efficiency and economy, but it was initially developed to reduce the emission of potentially harmful pollutants:

- The black smoke and smell usually associated with diesel and gas oil are virtually eliminated and white smoke is significantly reduced.
- Particulates, which can worsen the symptoms of asthma, are reduced by up to 45%.
- Sulphur dioxide emissions are drastically reduced, by up to 98%. These emissions are a major factor in the production of acid rain and can cause breathing difficulties.
- Oxides of nitrogen, which react with sunlight and hydrocarbons to form summer smog, are reduced by up to 13%. This smog can cause breathing difficulties and a higher sensitivity to allergens (eg pollen).
- Carbon monoxide emissions are reduced by up to 35%. This is a known poison that can adversely affect the blood's capacity to carry oxygen, leading to increased risk for those with heart problems.
- ULSD is a high-cetane fuel (cetane is the measure of combustion efficiency), which means that it burns as cleanly and completely as possible, improving fuel economy and reducing engine noise.



Greenergy is one of the few companies offering an ultra-low sulphur gas oil.

THE ESPO "THINK TANK" CAMPAIGN

Telephones, telesales, telebanking, even Teletubbies... now it's TELETANKS

NEW technology now available could mean goodbye to ever running out of oil again, says ESPO's fuels buyer Trevor Laxton.

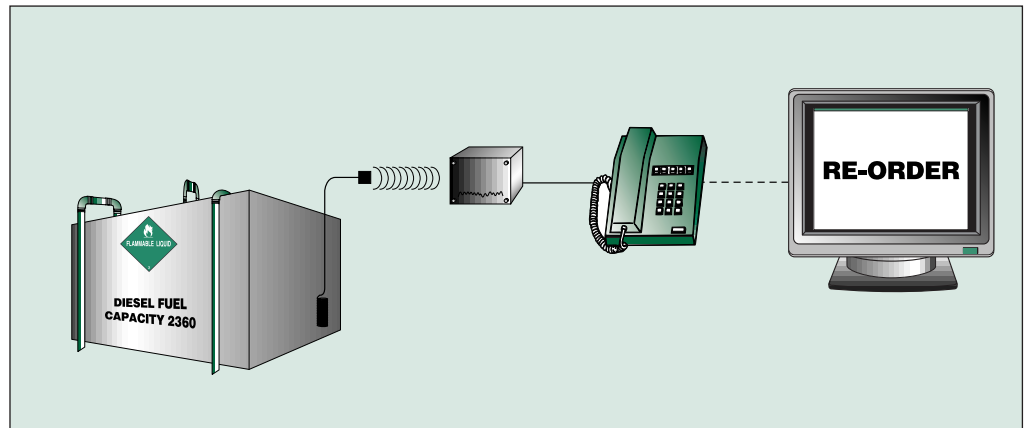
"Many of our customers are on contracts which would allow them to use remote tank management," says Trevor. "There is a one-off investment cost of around £50 but I think the potential savings and peace of mind certainly justify that. After that, all that's required is an existing telephone line and a power point within 100m of the tank."

Remote tank management consists of a probe inserted into the fuel tank and a tiny transmitter that sends a radio signal to a control box which, in turn, is connected to the telephone line. When the fuel drops to 're-order' level, the system sends an overnight message directly to the oil supplier's computer so that a delivery can be arranged.

Apart from reducing stockholding costs, avoiding the risk of running out of fuel and the hassle and extra administrative time that goes with it, remote tank management has another potential benefit. Organisations with a number of tanks could synchronise their re-order points so that all tanks were topped up at the same time – potentially moving them into the next price band for the larger volume and making a considerable saving.

Trevor has calculated that if all ESPO customers DID move into a higher volume price band, there would be cumulative savings of £75,000 a year!

A few of ESPO's customers have already expressed an interest in making these economies of scale. If you would like more information on Teletanking – call Trevor on 0116 265 7859.



Sending out an F.O.S!



All smiles from F.O.S. delivery drivers Jeff Miles and Ken Bates.

MANY customers are already benefiting from one of ESPO's newest contracts, with FOS, the Fuel Oil Supply Company Limited.

From humble beginnings in 1956, delivering paraffin to houses and businesses in Nottingham, FOS has grown into a company with 21 employees and eight tankers of various sizes.

FOS became an Esso authorised distributor in 1960, when fuel was delivered to its Meadow Lane, Nottingham, premises by barge from the River Trent. Gradually the company expanded west to Derbyshire, north to Sheffield, east into Lincolnshire and south into north Leicestershire. By 1990 it also covered Birmingham, Warwickshire, the whole of Leicestershire and Northamptonshire.

After nearly 40 years of close links with Esso, FOS became an independent fuels distributor in 1999 following the closure of the oil giant's Nottingham plant. FOS still buys from Esso in Birmingham but has also added TotalFina and Texaco to its supplier list. Having made many third-party deliveries to Esso's customers in the past, FOS now has a number of direct contracts and agreements with large organisations

such as ESPO and British Steel. In recent years, the company has also grown in its established markets – houses, plant hire, haulage, farms and general industry.

FOS remains an authorised dealer for Esso Lubricants and has recently had its franchise area extended. Late in 1999, the company set up a new warehousing and delivery operation to handle this side of the business.

Managing director Gregg Collingham, who took over from his father in 1990, says: "Six of our eight tankers have very modern loading and delivery systems. The three latest additions have high-tech engine management systems, resulting in lower emissions."

"All our drivers have mobile phones so we can contact them and arrange diversions for urgent orders or give them additional instructions."

"We've been very fortunate with long service and continuity amongst both office staff and drivers, which means FOS has a vast amount of experience and knowledge of the oil industry at every point of contact."

Out of the office, Gregg plays some golf, loves music and is, he says, generally run ragged by my five-year-old daughter."

WAVES ON THE WATER FRONT

NOW that the telecommunications, gas and electricity supply markets have been fully deregulated, water is the only remaining public utility in which there is still no significant competition in supply.

Until now, competition has been limited to very large consumers but in practice, the process of changing to alternative suppliers (introduced in 1992 and known as "Inset Appointments") has been so complex that only six out of a possible 500 cases have been completed.

Large users are supplied on specific tariffs for premises using over 250,000 litres a year. OFWAT and the Government are considering reducing this threshold to 100,000 litres, which would increase the number of eligible consumers to around 2,000.

Small users are supplied with water and sewage services on a variety of tariffs. OFWAT approves these as a "basket" and agrees how much revenue the water companies can generate overall. Each supplier then decides how to apply any cuts, so some prices may go up whilst others come down.

In reality, the charges vary considerably from one water company to another, so the location of your premises determines what you pay.

Recent press reports suggest that significant competition in the water industry is imminent, following the introduction in April of the Competition Act and the resulting development of proposals for common carriage.

The director general of water

services in England & Wales, Ian Byatt, believes the Competition Act and common carriage will speed up competition in the water industry. Having first developed "statements of principle", to ensure they are not in breach of the Competition Act, water companies are now producing detailed access codes. These lay down the rules that will apply to other companies wishing to use their network, for example:

- the new company must be licensed under the Water Industry Act
- how the network will be operated, including access charges
- measures to ensure no effect on, or risk to, the quality and safety of water.

However, critics believe that until the ownership of the infrastructure is separated from the supply activity, true competition will still only be available to a few large consumers. For the majority, who cannot choose their supplier of water or waste services, competition is still a long way off.

Nevertheless, there are relatively easy measures that can be taken to reduce water charges:

- monitor bills regularly for unexpected changes in consumption, which could indicate leaks
- check that the appropriate tariff is being applied
- check if you qualify for a sewage rebate for non-return of water to sewers
- check meter sizes are appropriate to your premises
- compare consumption and disposal volumes to identify possible wastage or leaks
- introduce water control mechanisms to reduce consumption
- check that the water company is

reading the meter at least once a year and is not basing its invoices on estimated figures

- check that the actual meter readings are consistent from invoice to invoice and are consecutive
- check whether surface water charges apply to the site or if rainwater discharges to streams, etc
- make sure that water supplies for fire-fighting do not pass through a meter, to avoid high 'head loss'. Such supplies should be taken from a tee-joint before the meter. For further advice or assistance contact your local energy manager (see page 4) or ESPO.

COMPETITION ACT 1998

- Strengthens legislation on anti-competitive Agreements, Behaviour and Cartels
- abuse of dominant supply position
- barriers to competition
- Imposes fines of up to 10% of turnover for breaches.

COMMON CARRIAGE

- allows one company to supply a customer in another area by, effectively, renting the host water company's network
- water companies are drawing up access codes which set out the terms on which others can use their network.

ELIGIBILITY FOR INSET APPOINTMENTS

- site must use more than 250,000 litres a year
- existing water company must agree
- particularly relevant to greenfield sites or those with no access to public water supply.

UPDATE ON ELECTRICITY DEREGULATION

Some hiccups – but some great savings, too

WHILST there have been a few teething problems, ESPO's customers are saving up to 22% over their pre-deregulation electricity costs, thanks to astute negotiating by David Kwiatek and his team.

One of the central planks of ESPO's deregulation strategy was continuity, both of service and of billing, during the period after deregulation. This, coupled with the prices offered, was the principal factor in supplier selection.

Tenders were invited from all the major electricity suppliers and contracts were awarded to PowerGen and Eastern Energy. This meant that the majority of ESPO's customers had no change of supplier but still benefited from a substantial reduction in cost as a

result of successful contract negotiations.

Whilst this reduced the risk of disruption, both suppliers – in common with the rest of the industry – experienced difficulties with billing.

Deregulation of supply required significant changes to systems and processes controlling the transfer of data (such as meter readings) between the various parties (such as meter operators, distribution companies, the National Grid, suppliers, etc). Suppliers have also had to adapt or replace old systems, which were never designed to bill at discounted rates, to cope with the new arrangements.

PowerGen tackled the billing changeover by routing all invoices through a central team for manual

adjustment, which meant that some customers have had to wait for their discounts to be backdated. Most have now caught up.

Eastern Energy, on the other hand, changed all accounts to their monthly billing system, previously used only for very large sites.

David Kwiatek explains: "Many of the old systems were designed to invoice only at published tariff rates. They cannot handle discounted tariffs and are not economical to reprogramme, so suppliers are having to find ways of accommodating the new pricing structures. Transfer of accounts to new systems has also caused some problems with estimated meter readings."

Bills have been delayed for a hundred sites in ESPO's area which are affected in this way. David points out that the problems will disappear as historical records are built up.

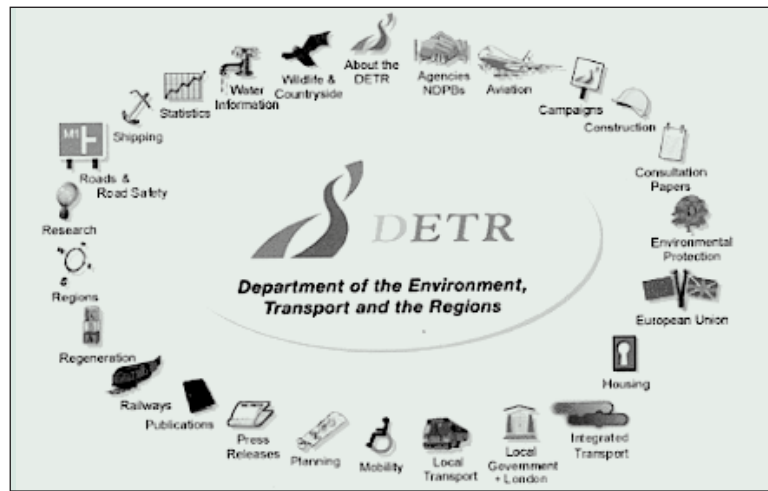
He says: "ESPO has sheltered its customers from the worst of the storm. They haven't been exposed to anything like the problems other large consumers have had. We know of organisations who had no bills for over a year and then received totally inaccurate ones. One supplier, Independent Energy, has had so many problems that Ofgen has banned it from taking on any new customers."

"We're continuing to work with suppliers on the remaining issues and we're confident that the hiccups will soon subside."



Energy team leader David Kwiatek.

Levy means higher energy costs



Find out more about Climate Change via the DETR web site, www.detr.gov.uk - click on Environmental Protection and then on Climate Change.

As we reported in the last edition of ESPO *Energy Matters*, all business use energy will soon be subject to a Climate Change Levy.

From next April, commercial users of coal, electricity, gas and LPG will have the new tax included in their energy bills in much the same way as VAT is added at present. However, the Levy will not apply to energy used for domestic or transport purposes.

In his pre-budget report last November, the Chancellor said the Levy would be lower than originally indicated to avoid damaging the competitiveness of industries which cannot avoid using large amounts of energy. The figures have still to be confirmed but it seems likely that electricity users will pay 0.43p and coal and gas users 0.15p per kWh - which will effectively increase energy costs by around 10% and 15% respectively.

Employers will benefit from a 0.3% reduction in the rate of National Insurance contributions, but the overall effect of the Climate Change Levy will still be to increase energy costs. Whilst ESPO negotiates hard to secure the lowest possible purchase prices for your energy, it has always been the case that the cheapest kilowatt-hour is the one you don't use!

The Climate Change Levy is intended to encourage all of us to become more efficient in our use of energy and, therefore, consume less. That can be achieved in many ways - for example by improving insulation, using heating controls, effective boiler maintenance and using energy-efficient equipment

and lighting. If you need any guidance on energy efficiency measures, contact your local energy manager (see numbers below) or call ESPO.

In the short term, ESPO is advising all its customers to:

- understand how the new levy will affect energy costs
- start budgeting for an increase, based on the figures given here, from April 2001
- work with energy managers to find ways of making the most effective use of energy - before the Climate Change Levy becomes operative.

Following the Kyoto protocol, the Government is committed to reducing greenhouse gas emissions to 12.5% below 1990 levels by the year 2010. Additionally, the Government made a manifesto commitment to reduce CO₂ emissions by 20% by the same time. The greatest potential for reducing emissions lies in renewable energy and CHP (combined heat and power) schemes and the Climate Change Levy will help to promote their development. The latest proposals call for 'good quality' (yet to be defined) CHP schemes and new renewable sources to be exempt from the Levy.

The good news is that revenue of £150m from the Levy is to be used to support renewables, energy efficiency measures and first year capital allowances in the form of tax breaks. These will be available to companies making energy saving investments, although details of eligible technologies and products are yet to be confirmed.

GREEN LIGHT FOR NEW ENERGY SOURCES

ENERGY in the form of electricity is used in almost everything we do, both at work and at home.

Currently most of the UK's electricity comes from the nuclear industry, or from power stations burning fossil fuels such as gas, coal and oil. This releases harmful gases - including carbon dioxide, the main cause of climate change - into the atmosphere.

Using so-called 'green energy' generated from renewable (non-fossil fuel) sources could be a major contributor towards helping the Government to meet its target on cutting emissions.

Green energy is produced from six main sources:

Wind - several 'farms' are now operating in the UK, using wind-driven turbines to generate electricity.

Water - hydro-electric plants use the power of falling water to drive turbines. Hydro-electric power is used extensively in mountainous countries such as Norway and Sweden but there is little scope for its large-scale development in the UK. Tidal and wave power also offer potential for electricity generation but neither of these are commercially available at present.

Waste - household, commercial, industrial and agricultural wastes can be used as a source of power generation. Most waste ends up in landfill sites where, as it decomposes, organic matter gives off a methane-rich "biogas" which can be burned to produce electricity.

Plants or energy crops - fast-growing trees such as poplar and willow can be harvested and burned to produce electricity, in the same way as fossil fuels. However, there are fewer harmful emissions and the carbon dioxide produced during burning is absorbed by the new crops as they grow.



Willow, one of the latest renewable energy sources

Combined heat and power (CHP) - waste heat, produced during electricity generation, can be used for heating or processing. This increases efficiency and reduces overall emissions. However the main fuel used is either gas or oil.

Sun - solar cells are used to convert the power of the sun into electricity.

Although the cost of producing green energy has halved since 1990, it is still higher than the cost of generating electricity from fossil fuels. Green energy currently accounts for around 2% of the UK's total electricity but, according to official figures, demand could push that figure up to around 30% by 2015.

Many energy suppliers are now

offering options for electricity from renewable sources, usually by either the amount you buy being matched by your energy supplier's purchases from renewable sources, or choosing to pay into a fund to support future investments in new sources of renewable energy.

To give consumers confidence that the electricity they are buying really is 'green', the Government has launched Future Energy. Under this scheme, the Government-backed Energy Saving Trust carries out independent accreditation of suppliers' 'green' tariffs.

The main obstacle to buying green energy is the current lack of available volume but, if consumer and Government demand continues to grow, this could soon change.

Greenenergy rises to the challenge

When a group of triathletes from Leicestershire Fire and Rescue Service had finished all the training and preparation for their Jersey Challenge, their only remaining obstacle was to find a sponsor to fuel their challenge.

ESPO's Trevor Laxton was called in to help. He contacted Greenergy, who were pleased to be associated with such a commendable effort and agreed to supply the team with all the fuel they required - about £2,000-worth in all.

Vince Cooper, Andy Davison, John Greasley, Steve Hare, Ken Hughes, Paul Morland and Andy Tate completed their Jersey Challenge last September. In just under 47 hours the team circumnavigated the island several times - one lap by swimming, fourteen laps by cycling and seven by running - and raised over £20,000 for charity in the process.

As a result, When You Wish Upon A Star was able to send thirty terminally ill children and a carer to Lapland at Christmas and the Fire Services National Benevolent Fund received funding to send five people to a rehabilitation centre in Penrith for two weeks.

The team's previous challenge, two years ago, saw them running and swimming the Channel between Leicester and its twin town in Germany, Krefeld. Whilst subsequently sharing their experiences with a Japanese swimming team, they were told that swimming around the island of Jersey was 'the thing to do'. Not content with such a simple feat, they decided to become the first team to turn the swim into a triathlon.

As for future plans - "None at the moment," says Jersey Challenge organiser Steve Hare, "but we'll probably come up with another crazy idea in a couple of years."



Leicestershire firefighters used one of the most environmentally-friendly fuels for their Jersey challenge.

Saving graciously

THANKS to skilful contract negotiations with suppliers, ESPO continues to help its customers achieve significant savings. Here are three recent examples:

Norfolk County Council - new contract for street lighting electricity will save the Council just over £400,000 a year.

Peterborough City Council - new contract negotiated by ESPO, resulting in savings this year of £74,000 on electricity.

Greenwood Dale School, Nottingham - savings of over £8,000 achieved for electricity supply. Moira Lees, the school's administration manager, said: "I would like to thank you for negotiating on our behalf. I am sure we could not have obtained such an excellent deal without your intervention."

Explosion in gas complaints

The Gas Consumers' Council, representing domestic consumers, recorded 57,703 complaints last year - an increase of 17%. The main causes were customers being transferred from an old supplier without permission and inaccurate opening and closing readings. The GCC blames deregulation.

Industrial and commercial users, including ESPO customers, will recognise the symptoms from their own experiences when competition was introduced to larger customers in 1994.

Need advice on energy efficiency?

MOST of the local authorities in the ESPO area have an energy management or energy efficiency manager:

| | | |
|-------------------|-----------------|---------------|
| Cambridgeshire | Roger Ling | 01223 717489 |
| Leicester City | Don Lack | 0116 299 5132 |
| Leicestershire | Melvin Harrison | 0116 265 6896 |
| Lincolnshire | Mike Pollard | 01522 552682 |
| Norfolk | John Cobb | 01603 222674 |
| Peterborough City | John Bates | 01733 742207 |

For other areas please contact your local council direct or ask ESPO for guidance.

Energy Matters is a customer newsletter published by Eastern Shires Purchasing Organisation, Leicester Road, Glenfield, Leicester LE3 8RT.

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This newsletter has been produced with the kind support of RJB Mining, Shell and Transco, and with contributions to articles from Eastern Energy, Greenergy and John Hall Associates.

