

Nottingham City Council Delegated Decision



Nottingham
City Council

Reference Number:	5216
Author:	Antony Greener
Department:	Communities, Environment and Resident Services
Contact:	Antony Greener (Job Title: Head of District Heating & Waste Strategy, Email: antony.greener@nottinghamcity.gov.uk, Phone: 07712 581286)
Subject:	Enviroenergy Tariffs and Operating Costs 2025
Total Value:	£250,160 (Type: Revenue)
Decision Being Taken:	To set tariffs from 1st January 2025 as: 1. Domestic heat tariff standing charge of £0.57225 per day; Unit Charge of £0.076349 per kWh. 2. Domestic electricity tariff standing charge of £0.6289 per day; Unit Charge of £0.2498 per kWh. 3. Commercial heat and power tariffs to rates detailed in the Exempt Appendix. 4. Delegate authority to the Corporate Director CERS to vary heat and power supply contracts and tariffs as required.
Reasons for the Decision(s)	<p>Energy Prices for both commercial and domestic customers of the Council's District Heating and Private Wire Networks are determined and applied annually from 1st January each year. Prices have been historically determined through a combination of contractual indexation mechanisms, benchmarking the cost of energy against counterfactual wholesale energy markets and the expenditure required to operate and maintain the Combined Heat and Power plant and District Heating network providing energy to customers to ensure that provision of these non-statutory services is supported by sufficient income to cover its cost to serve.</p>
Other Options Considered:	Presented in the back ground paper "Enviroenergy Tariff Setting 2025 - FINAL"

Background Papers: Enviroenergy Tariff Setting 2025 - FINAL

Unpublished background papers: Enviroenergy Tariff Setting 2025 - FINAL.docx

Published Works:

Affected Wards: Dales, Mapperley, St Ann's

Colleague / Councillor Interests:

Any Information Exempt from publication: Yes

Exempt Information:

Description of what is exempt: Tariffs for commercial customers of district heating or private wire electricity supply

An appendix (or appendices) to this decision is exempt from publication under the following paragraph(s) of Schedule 12A of the Local Government Act 1972

1 - Information relating to any individual

The public interest in maintaining the exemption outweighs the public interest in disclosing the information because it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) regarding pricing of energy to commercial customers of the district heating and private wire networks.

Documents exempt from publication:

Enviroenergy Tariffs 2025 - Exempt Appendix FINAL.docx

Consultations:	Date: 08/10/2024
	Other City Council Bodies: Waste Transformation Board
	Recommendations supported
	Those not consulted are not directly affected by the decision.
Crime and Disorder Implications:	None
Equality:	Please login to the system to view the EIA document: EIA - Enviroenergy Tariff Changes and Operating Costs 2025 - FINAL.pdf
Decision Type:	Officer
Executive Decision?	Yes
Scheme of Delegation Reference Number or Other Source of Delegation:	15
Subject to Call In:	No
	The call-in procedure does not apply to the decision because the value of the decision is below the call in threshold.
Advice Sought:	Legal, Finance, Equality and Diversity
Commissioner Comments:	Not required for an operational officer decision
Legal Advice:	<p>It is recommended that any proposed variation to the heat and power supply contracts and tariffs that are significant and/or material, either in substance or consequences, is agreed with the Director of Lega and Governance.</p> <p>The paper sets out the proposed tariffs and the basis for the proposed tariffs; the basis appears to be the same as used in previous years (other than where there are relevant contractual mechanisms).</p> <p>For domestic customers, the standard clause in the supply agreement provides a wide discretion to vary the charges "upon reasonable notice". In exercising this discretion, the Council needs to take into account all relevant information and disregard irrelevant information. Relevant information will include the prevailing cost of living issues, all linked Council initiatives, projects, etc and Government initiatives, or the principles thereof even if they are not directly applicable to a District Heating Network. What is "reasonable notice" should also be considered in the same way and, as a starting point, might be to give as much notice as possible.</p> <p>Anthony Heath, Head of Legal Services, 31st October 2024</p>

Finance Advice:

This report seeks approval of an annual heat and power tariff increase from 1st January 2025. This Tariff increase is required due to both the volatility of global wholesale energy prices, and the RPI inflationary figure applied to steam delivered from the Eastcroft Incinerator. Overall, the recommended commercial and domestic tariff changes show a forecast increase in revenue of £0.129m, with an additional £0.371m attributable to electricity export, assuming current income from the sale of exported electricity can be retained into 2025-26 (subject to contract). This bringing a total increase in revenue of £0.500m. However, this income is offset by increases in operational and maintenance costs of the District Heating Scheme and Private Wire Network, contractual changes applicable to steam prices and profiled gas and electricity import costs, totalling £0.250m. Several Enviroenergy customers, for both heat and power supply, are internal Council properties including the Council House, Loxley House and the Victoria Leisure Centre. For heat, there is a reduction in income generated from Council properties, forecasted to equate to £0.159m, and an increase in income generated for power supply of £0.045m, leading to a total reduction of £0.114m. This shows an overall improved MTFP position of £0.250m by comparison to the 2024-25 base budget. Advice provided by Sohaib Chaudhry (Senior Commercial Business Partner) on 13/11/2024.

Equality and Diversity Advice:

Comments were initially provided on the EIA by the Equality & Employability team and these comments have been addressed. This EIA has been signed off and approved by the Equality & Employability Team. Advice provided by Nasreen Miah (Equality & employability consultant) on 14/11/2024.

Signatures:

Colin Parr (Corporate Director CERS)
SIGNED and Dated: 21/11/2024