

**IN THE FIRST-TIER TRIBUNAL PROPERTY CHAMBER**

**B E T W E E N:-**

**MILTON KEYNES CITY COUNCIL**

**Applicant**

**and**

**THE LEASEHOLDERS OWNERS OF 1,141 PROPERTIES**

**Respondents**

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**EXHIBIT NA1 REFERRED TO IN THE  
WITNESS STATEMENT OF NEIL ALLEN**

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# Gas and Electricity

## Flexible Procurement Framework

### 2024 – 2028

## Customer Information Pack

### Post Tender Award



**Customer Name: Milton Keynes Council**

**Date: 30/09/2022**

**V1**

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## LASER Flexible Procurement Framework Information Pack

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LASER has now awarded the new flexible energy procurement frameworks, covering the period October 2024 to September 2028. The current frameworks have delivered cost avoidance of £3,563.7k pa to Milton Keynes Council since they commenced. Energy market prices have increased by 1,200% over the past two-years to unprecedented levels. Although this presents significant budget shock, LASER's flexible procurement strategies have proven highly effective, with achieved basket prices for the current contract year being 50-85% lower than peak market prices.

The new agreements incorporate a number of enhancements for LASER customers, based on your feedback, including:

- The ability to decarbonise your energy supply through a suite of net zero options;
- More stringent supplier Service Level Agreements, KPIs and Poor Performance Remedies;
- Additional Social Value provisions, including up to £130k per annum to spend on initiatives on behalf of LASER customers

The frameworks contain multiple suppliers (Npower, Total Energies, EDF and SSE for the supply of electricity & Corona and Total Energies for the supply of gas). There is the option to Direct Award to any supplier(s) on the framework, including your incumbent, as well as an option to run a mini-competition if you have specific requirements outside of the framework specification.

This information pack is intended to assist with your decision to join the new frameworks from 1st October 2024 onwards. The pack outlines the benefits and enhancement of the new frameworks. We welcome any feedback from customers and would be pleased to provide any further assistance you may need to support your decision or internal processes to join the new frameworks. Should you have any queries, please do not hesitate to contact your Account Manager or myself.

Yours sincerely



Nigel Hartnup  
Director of Energy and Carbon



Caitlin Jenkins  
Account Manager

## 1. Executive Summary

LASER has now awarded the new flexible energy procurement frameworks, covering the period October 2024 to September 2028. These new and enhanced agreements will replace the current frameworks for the supply of gas and electricity when they expire.

A summary of the framework suppliers, with evaluation highlight comments in brackets, is shown below:

Electricity	Gas
<ul style="list-style-type: none"> <li>• <b>Npower</b> (first place overall and on cost)</li> <li>• <b>Total Energies</b> (first place on Billing, Account management / Quality of service and Contract Management)</li> <li>• <b>EDF</b> (first place on Net Zero)</li> <li>• <b>SSE</b> (no first place sections)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Total Energies</b> (first place overall and on cost)</li> <li>• <b>Corona</b> (first place on Account Management / Quality of Service)</li> </ul> <p>A tender submission from Gazprom was rejected for failing to fulfil the initial pass / fail criteria</p>

An overview of the supplier evaluation can be seen in section 6. The framework permits **Direct Award to any supplier based on either coming first overall, being your incumbent provider or by winning a particular evaluation section which is of most importance to your organisation.** There is also an option to run a mini-tender under the framework should you have specific requirements outside of the specification of the framework and we can help you with this.

There is the option to include specific customer requirements within the Call Off Contracts for any of the suppliers. An example of this could be used where if an incumbent supplier is not currently meeting the tender commitments, this framework gives you the ability to specify which of these must be rectified prior to the contract commencing. If the supplier is then unable to demonstrate this within good time, prior to contract start, the customer is permitted to exit the Call Off Contract and transfer any energy purchases already made by LASER to another provider on the framework.

LASER will of course continue to work with suppliers to drive performance improvements and in the event that Customers should need to move to another provider as per the above, LASER will help with a smooth transition of this.

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LASER's current flexible frameworks have achieved significant cost avoidance for Milton Keynes Council:

Description	Avoided Cost £/pa
<b>LASER's purchasing performance</b> - the prices achieved by LASER since the commencement of the framework are lower than the average market prices over this period.	£3,205.3k
<b>Lower Supplier Management Fees</b> - reduced fees from your gas and electricity suppliers compared to buying as a stand-alone customer.	£263.5k
<b>Shaping Benefits</b> - aggregating the volumes of multiple customers flattens the overall usage profile, allowing our traders to purchase at a lower price.	£26.0k
<b>Entire Market Pricing</b> - when LASER submits a bid to buy a block of energy, our suppliers are compelled to put this bid into the open market. This means we receive the lowest price anyone in the entire market is prepared to offer.	£12.7k
<b>Flexibility of Trading</b> - our large energy purchase volumes mean we can buy larger blocks of energy over the market, which come at a discount to buying smaller blocks of energy.	£4.6k
<b>Volume Tolerance</b> - LASER's volume tolerances apply at the aggregated customer level (rather than individual customer level) minimising the risk of load variance penalties. As an example, no penalties were incurred for reduced usage during Covid.	£2.2k
<b>Transparency of pricing</b> - LASER validates supplier's flexible prices and corrects any errors prior to opening bills being issued for each pricing period.	£49.4k

In total, LASER's flexible frameworks **have reduced the Milton Keynes Council energy spend by £3,563.7k** per annum. The new frameworks retain all the features and benefits of the existing frameworks in addition to a number of key enhancements with the new framework:

- **Enhanced social value requirements** with a pot of up to £130k per annum to spend across initiatives nominated by LASER customers.
- **A suite of options to help your organisation achieve your net zero ambitions** including:
  - Purchasing energy from Power Purchase Agreements
  - Slewing in electricity from a customer's own Power Purchase Agreement
  - Selling electricity and gas from customer owned generation
  - Implementation of Demand Side Response and Energy Efficiency projects

## LASER Flexible Procurement Framework Information Pack

- Supply and install of on-site renewables or heat decarbonisation projects
- There is further support LASER can offer to assist your organisation to reach net zero, which can be found out [Zero Carbon \(laserenergy.org.uk\)](https://laserenergy.org.uk)
- **Additional protections against supplier failure** – the option to switch between suppliers on the framework in the event of a supplier failing to deliver their contract commitments or going out of business.
- **Enhanced trading strategies** – the ability for LASER to amend and introduce new trading strategies to meet bespoke customer requirements and changing market conditions.
- **Additional management information requirements** – increased requirements on suppliers to provide meaningful management information to customers.
- **Additional supplier Service Level Agreement requirements** including enhanced KPIs and Poor Performance Remedies

### Next Steps

In order to maximise the window for making future energy purchases, and best manage market price volatility, we recommend that we receive your commitment to join the new frameworks by **31<sup>st</sup> March 2023**. Should you be unable to commit to the framework by this date, commitment can be provided subsequently. However, please note that LASER cannot commence forward purchases on behalf of your portfolio of sites until commitment is received. We would like to arrange a discussion with you regarding the process for 'signing up' to the new frameworks in order to understand your requirements and process. Your Account Manager will contact you to agree a convenient time to talk through this Information Pack and agree next steps.

## 2. Cost Avoidance & Existing Framework Benefits

Wholesale gas and electricity markets are going through an unprecedented period of extreme and volatile prices, as shown in the following graph:



High energy prices are impacting all energy users, domestic and commercial, across the UK and Europe, resulting in budget shock. To put this into context, fixed price energy contracts have hit delivered price highs of 100p/kWh for electricity and 30p/kWh for gas. Although no end user is safeguarded from rising energy prices, even with the Government's energy price cap for business, having a flexible forward strategy for managing market price risk is more important than ever. LASER's flexible procurement strategies have offered material protection against the rising market prices. Milton Keynes Council's energy requirements for the current year have been purchased at a rate that's 50-85% lower than peak market prices. It's crucial to maintain a forward purchasing window to manage energy market price risk, which is covered in more detail in Section 8.

Outside of market price management, LASER's current flexible frameworks have achieved further significant cost avoidance for Milton Keynes Council:



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Description	Avoided Cost £/pa for Milton Keynes Council
<b>LASER's track record in monitoring the market and buying at lower than average market prices.</b> This calculation compares the prices achieved by LASER from the start of the framework with the average market price. Savings are annualised.	£3,205.3k
<b>Lower Supplier Management Fees</b> - reduced fees from your gas and electricity suppliers compared to buying as a stand-alone customer. This has been shown to reduce delivered energy costs by ~4% pa.	£263.5k
<b>Shaping Benefits</b> - Aggregating the volumes of multiple customers flattens the overall usage profile, allowing our traders to purchase more as baseload (24/7 energy) and less as peak-load (7am - 7pm energy, which is more expensive).	£26.0k
<b>Entire Market Pricing</b> - When LASER submits a bid to buy a block of energy, our suppliers are compelled to put this bid into the open market. This means we receive the lowest price anyone in the entire market is prepared to offer, not just the price our own supplier will sell at.	£12.7k
<b>Flexibility of Trading</b> - our large energy purchase volumes mean we can buy larger blocks of energy over the market, which come at a discount to buying smaller blocks of energy.	£4.6k
<b>Volume Tolerance</b> - penalty clauses appear in most energy supply contracts when usage falls outside $\pm 10\%$ of a customer's contracted usage. LASER's volume tolerances apply at the aggregated customer level (rather than individual customer level). This minimises the risk of volume tolerance penalty charges being incurred. To date, no LASER customer has incurred a penalty charge for using more or less energy than predicted.	£2.2k
<b>Transparency of pricing</b> - LASER's flexible frameworks require the suppliers to give a full and transparent breakdown of all energy and non-energy cost components included in contract pricing prior to opening bills being issued. LASER then validates this breakdown, at customer account level, to ensure all cost components are correctly calculated. This typically reduces delivered energy prices by 0.75% per annum	£49.4k

In total, LASER's flexible frameworks **have reduced Milton Keynes Council energy spend by £3,563.7k** per annum. This excludes any cost avoidance achieved for any customer's utilising LASER's Fully Managed service, which typically equates to a further 5-10% of delivered energy spend.

### 3. New Framework Benefits

The tender requirement for flexible procurement was thoroughly reviewed, in conjunction with customer feedback, prior to release with the aim of providing a framework that maintained the positives from previous framework arrangements but expanded certain categories that were important to our customer base and essential to allow ongoing improvement.

The 2024 -2028 Framework has a notable shift in emphasis with regards to:

- Social value
- Net zero
- Contract/performance management

#### **Social Value (Tender Weighting: 10%)**

Our requirement encompasses economic, environmental and social side of social values and highlights the framework providing an opportunity for suppliers to contribute to the expansion of social value. The projects are not specified but instead emphasis is placed on the geographical spread and range of customers and the importance of delivering value beyond the normal scope of the framework is noted. An essential part of the requirement relates to the ongoing reporting and appointment of a supplier contact responsible for ensuring continuous delivery of value throughout the contract period. A Social Value Plan is to be delivered by each supplier in January 2024.

Supplier questions concentrated on what they can deliver to customers beyond the normal scope of the framework and also how they could demonstrate that their own organisations promoted and succeeded in their goals for social value delivery.

Supplier responses were encouraging with regards to the ongoing internal achievements relating to social value but their offering of volunteer days and funding towards projects linked to customers is also going to have a significant positive outcome. Depending on customer uptake, a pot of up to £130k per annum will be available to spend across initiatives nominated by LASER customers.

Supplier responses and level of commitments to Social Value were encouraging, and includes:

- **Offer of volunteering days and funding towards LASER customer projects**
- **A pot of up to £130k pa to spend across customer initiatives**

We are keen to engage with LASER customers about the opportunities and projects available for us to maximise the supplier social value commitments to our framework.

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### **Net Zero (Tender Weighting: 7%)**

Net Zero now has a dedicated section in the requirement rather than being part of additional services. Please see Section 4 for a detailed overview of the net zero requirements and features included within the new framework.

### **Contract/Performance Management (Tender Weighting: 8%)**

The Contract Management element of the framework has been strengthened, with a view to reinforcing to suppliers the importance of delivering the service requested and being able to monitor and correct any negative deviation from the required service. As data access becomes more commonplace, we have emphasised the development of management information reporting and ongoing service level agreement improvements.

Supplier questions focused on the ability to provide accurate, up to date and relevant reporting information to allow performance management to be carried out. In addition to covering the reporting element, suppliers also provided a clear escalation path, with Poor Performance Remedies included if suppliers fail to deliver on their framework commitments. In addition, *customers have the option to include in Call Off Contracts a requirement that suppliers demonstrate their tender commitments can be delivered in advance of the contracts starting*. If the supplier is unable to do this, the customer has the option to switch to another LASER framework supplier (with any pre-purchased energy volumes transferring with them).

### **Further framework benefits**

In addition to the key categories above, there is a host of benefits with the new framework:

Framework Feature	Benefit to LASER customers
<b>Protection Against Supplier Failure</b>	Since 2020, over twenty energy suppliers have ceased trading. LASER's frameworks include a financial stability test to minimise the risk of a framework provider failing during the term of the agreement. The frameworks contain a panel of suppliers which provides a ready compliant route to appoint a new supplier should an existing supplier fail (either because they cease trading or they materially breach the terms of the contract).
<b>Cost Avoidance through Additional Services</b>	With wholesale Energy Market prices at unprecedented high levels, our customers need more than robust procurement and contract management to materially reduce long-term costs. Figures from the Carbon Trust indicate that an ongoing effective energy management and efficiency programme can reduce energy usage by 10%. LASER's new frameworks contain a large range of energy efficiency hardware and support, renewable generation and Demand Side Response services to help achieve your goals.

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<b>Additional Trading Strategies</b>	<p>It's critical that LASER can evolve out trading and risk management strategies in line with customer requirements in a rapidly changing market. The new frameworks permit LASER to vary or introduce new trading strategies, including customer specific strategies where required, during the term of the agreement without charge from the supplier.</p>
<b>Management Information</b>	<p>Additional supplier reporting requirements have been included within the framework as a direct result of customer feedback on the Management Information that would support your organisation.</p>
<b>Additional supplier Service Level Agreement requirements and enhanced KPIs</b>	<p>Based on customer feedback, amendments have been made to the framework SLAs, KPIs and poor performance remedies. This focuses on key areas such as billing accuracy and timeliness, resolution of queries, accuracy of portfolio maintenance and overall customer satisfaction.</p>
<b>Ability to Direct Award</b>	<p>Customers can choose to direct award to the Primary winning supplier; or can opt to direct award to another supplier based on their scoring against key requirements in the tender such as Account Management, Quality of Service or Billing.</p>
<b>Robust Framework terms and Conditions</b>	<p>Framework terms and conditions are written with public sector bodies in mind and contain all key terms that should be included as a standard, such as Freedom of Information and Modern Slavery. The Framework conditions are designed to maximise the level of protection provided to customers.</p>

### 4. Net Zero

This flexible framework will open up various routes to assist customers in achieving your Net Zero ambitions via energy supply agreements. Some of the key options are shown below.

#### Power Purchase Agreements (selling)

Suppliers on our framework can offer Power Purchase Agreements to any organisation with the ability to sell electricity on to the grid. This will benefit customers who own their own generation, or are looking to own generation (e.g. solar arrays that export to the grid) to maximise the value gained from their assets. We have ensured there are various selling methodologies available to help you choose the right risk exposure for your assets. These include fixed prices, flexible selling and utilising short-term/spot markets.

#### Sleeving Facilitation

The Suppliers in the framework are able to facilitate the 'sleeving' of Power Purchase Agreements (PPAs) into your organisations' electricity supply contracts. This is a route that has been tried and tested under the current flexible framework and which we ensured was available again. This will enable the energy from any Power Purchase Agreements you enter into to be supplied through the framework to your portfolio of sites.

#### Green Basket

LASER has developed an innovative approach to buying electricity directly from renewable generators from the suppliers' portfolio via the flexible framework agreement. If you opted in, this would allow your organisation to buy traceable electricity directly from those generators, without having to enter in to separate Power Purchase Agreements and without having to isolate your portfolio from the main flexible baskets. This increases the flexibility and has less strenuous commitments (compared to other longer term buying methods) as your portfolio changes over time; and decreases the administrative burden entering additional PPA style agreements.

LASER will administer and transact the electricity on your behalf, just as we would under a flexible basket.

#### REGO (Renewable Energy Guarantees of Origin) and RGGO (Renewable Gas Guarantees of Origin) certificates

The suppliers have the ability to allocate REGOs and RGGOs to your organisation's portfolio of sites. These attributable certificate provide the audit trail of when energy has renewable credentials.

#### Virtual/Synthetic PPA facilitation

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Not only do we have Sleeving facilitation, should you enter other types of PPAs we can help facilitate the management of those PPAs through the framework to ensure you receive the full benefit of any PPA.

### Demand Side Response services

Our suppliers are able to offer demand side response services to help reduce customer demand, and potentially generate income, during times of peak pricing. This will link to any time of use pricing signals and/or grid services that may be offered by the network operators to help manage the system by manipulating demand or 'behind-the-meter' assets (e.g. batteries).

### Additional Services

Suppliers on the framework are required to accommodate additional net zero services. Any associated services taken on will be laid out in the form of an additional Call-Off Contract between the Supplier and the Participating Authority with a unique number allocated by the Contracting Authority. Energy Services that may be provided can include:

- Portfolio assessment for potential projects
- Project scoping
- Site surveys
- Education and training
- Sourcing of energy hardware
- Asset sourcing and maintenance can include:
  - Solar panels
  - Wind turbines
  - Fly-wheels
  - UPS systems
  - Batteries
  - Pumps
  - Generation units (e.g. CHP)
  - Ground source heat pumps
  - Air source heat pumps

In addition to the net zero services provided under this framework, LASER has established a range of procurement and implementation offerings to assist with our customers' decarbonisation journeys. These can be found at [Zero Carbon \(laserenergy.org.uk\)](https://www.laserenergy.org.uk).

## 5. Procurement Process

The frameworks have been procured in accordance with the Public Contracts Regulations of 2015, as amended (PCR2015). Kent County Council remains the Contracting Authority for all LASER contracts. This permits a public body to access LASER's frameworks and services without the need to run a separate procurement process to do so. The contract and award notices can be viewed as follows:

- Y22008 Flexible Procurement and Supply of Natural Gas, Daily Metered and Non-Daily Metered with Additional Services:
  - [Y22008 Gas Contract Notice](#)
  - [Y22008 Gas Award Notice](#)
- Y22009 Flexible Procurement and Supply of Half Hourly (HH), Non-Half Hourly (NHH), Metered and Unmetered (UMS) Electricity with Additional Service
  - [Y22009 Electricity Contract Notice](#)
  - [Y22009 Electricity Award Notice](#)

The timeline for the procurement process is set out below:

Tender issued	11 <sup>th</sup> February 2022
Tender closing date	22 <sup>nd</sup> April 2022
Extended closing date	26 <sup>th</sup> April 2022
Gas award letter sent	3 <sup>rd</sup> August 2022
End of Gas standstill	15 <sup>th</sup> August 2022
Electricity award letter sent	14 <sup>th</sup> September 2022
End of Electricity standstill	26 <sup>th</sup> September 2022
Anticipated Contract Start date Gas	1 <sup>st</sup> October 2022
Anticipated Contract Start date Electricity	1 <sup>st</sup> November 2022
Physical supply of Electricity and Gas commencing	1 <sup>st</sup> October 2024

The framework has been structured in such a way that the highest-scoring Supplier is noted as the Primary Supplier, and will be given first consideration for the direct award of supply business. All other suppliers are listed as Secondary Suppliers. Where a customer wishes to make arrangement for their own specific requirements that may not be satisfactorily met by the Primary Supplier, **they may do so using either mini competition or direct award process to an alternative supplier**. Individual customers or groups of customers may direct award on the basis of continuity of supply of existing services, or to a top-ranking supplier in any specific scored areas of the invitation to tender. This can include criteria such as **Account Management, Quality of Service and Billing**.

## 6. Awarded Suppliers

The framework provides access to suppliers who are able to service flexible procurement options. Each supplier offering is unique and some of the key points have been provided below.

### Gas Y22008

#### **Total Energies**

- Total Energies provided a thorough response and supported many of their responses with samples and evidence. They were the overall first place supplier and scored particularly well in the following 3 areas:
  - Supplier Management Fees – quantitatively scored and Total Energies were in first place
  - Social Value - A very good response which gave full recognition of the importance of social value with time and money committed going forward as well as a list of previous activities. It is evident that Social value has played a big part of Total's setup for some time and examples are provided across the board.
  - Procurement and Trading – This was a good response that addressed the demands of the practicalities behind flexible procurement.

#### **Corona Energy**

Corona submitted a well-structured response and used previous experience to back up their answers. They were second place over all but came in first position for a number of areas including:

- Billing – A high scoring section for Corona with a willingness to meet customer requirements.
- Account Management – A clear response around Customer Service and Site Registration with reassurance around ongoing contact through various processes.
- Contract Management – Responses in this section provided certainty that there is a desire to operate a successful approach to monitoring and reporting.

### Electricity Y22009

#### **Npower**

This was a well-presented tender submission by npower, with relevant additional attachments and some high-scoring categories in:

- Supplier Management Fees - quantitatively scored and npower were in first place.



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- Social Value - A full and encouraging response which gave full recognition to the importance of social value with time and money committed going forward. A well laid out plan is provided with 4 key focus areas supported by KPIs to ensure progress.
- Procurement and Trading - This was a very good section for npower with the trading process in particular being covered thoroughly.

### Total Energies

Total Energies were in second place and will be recorded as a secondary supplier for this Framework. They scored particularly well in:

- Billing - Total scored well in this section with an emphasis on getting things right first time and proactive customer engagement
- Account Management - This section had a good overall response with some questions going beyond what was required. Site registration in particular is covered concisely and gives assurance of the benefits of the process.
- Contract Management – Response gave a clear understanding of the necessity to contract manage with Total using “capture, analyse, assess and action”.

### EDF

EDF were in third place and will be recorded as a secondary supplier for this Framework. They scored well in a number of areas but particularly in:

- Net Zero – EDF gave assurance of the ability to provide a range of options for customers wanting to meet their net zero targets.

### SSE

SSE were in fourth place and will be recorded as a secondary supplier for this Framework. They were not in first place in any of the sections.

## 7. Overview of Flexible Procurement

Flexible energy procurement provides a means of procuring energy across many transactions and over a long period of time. By purchasing volume over multiple transactions the out turn price can be hedged over time, rather than settled upon on one set date. **This is a vital tool to managing the price risk associated with volatile wholesale energy markets.**

To successfully operate flexible procurement it is necessary to:

- maintain a clear view of market prices
- be aware of market influences
- have a good working relationship with supplier trading teams
- keep an accurate view of customer consumption needs
- track all trades

To ensure the flexible procurement operates in line with agreed strategies **there is an appointed Governance Panel in place.** The Panel is made up of a representative sample of LASER customers, an independent consultant and LASER representatives and meet at least every 3 months to review decisions made, confirm purchases fulfilled and discuss the future approach to the market.

### Why Flexible Procurement?

Flexible procurement has been in operation with LASER since 2008 and continues to deliver results that out do market average over each framework period. LASER has a selection of strategies, each of them with different levels of risk and opportunity and each of them will perform differently depending upon the market direction and volatility rate. An overview of the main LASER flexible procurement strategies can be seen in Appendix 3. In addition, LASER can provide and implement a bespoke procurement strategy for your portfolio if preferred, your account manager can tell you more about this if required.

Ongoing high and volatile market prices mean **there is a material risk of budget shock by relying on spot purchasing, fixed term fixed price contracts or reverse auction tender processes** to secure energy contracts. This has been highlighted by **recent fixed prices in the region of 100p/kWh and 30p/kWh for electricity and gas, respectively.** Flexible procurement mitigates the risk and remains the most appropriate means of managing the price risk inherent in volatile energy markets for the public sector.

## 8. Importance of Early Renewal

The capability to forward purchase energy ahead of the supply period is a key part of any risk managed energy strategy. Having the option to secure electricity and gas volume for the period October 2024 to September 2028 well in advance of delivery **is vital in protecting LASER customers against potential wholesale market price changes**. The following graph shows how volatile historic gas and electricity market prices have been, with prices rising by 1,200% between March 2021 and March 2022.

Figure 1 - Historic Energy Market Price Volatility



The above table demonstrates the importance of maintaining a forward purchasing window to spread market price risk and mitigate against buying all energy at times of market price peaks.

Markets will undoubtedly be subject to the continued price volatility as supply/demand fundamentals, geopolitical events and regulatory reform impact prices. Uncertainties surrounding the makeup of future UK electricity generation capacity, along with increasing intermittent renewable generation, will likely increase market price volatility. A flexible and strategic risk managed approach therefore becomes increasingly important to ensure future energy prices are delivered at or below market average prices. This emphasises the need to maintain a forward purchasing window to progressively forward buy energy requirements for the period October 2024 – September 2028. In order to maximise the window for making future energy purchases, and best manage market price volatility, **we recommend that we receive your commitment to join the framework by 31<sup>st</sup> March 2023**. LASER will commence making energy purchases on your behalf as soon as your commitment is received.

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LASER will continue to seek opportunities to maximise purchases during periods of low market prices. The greater aggregated volume commitment from public sector customers at an early stage will prove very beneficial in protecting customers from price spikes and help maintain an achieved price which is below market average.

## 9. Overview of LASER

LASER was established by Kent County Council in 1989 to collaboratively procure energy on behalf of the public sector as energy markets opened up to competition for the first time. LASER is a Public Sector Buying Organisation and Kent County Council remains the Contracting Authority for all procurement frameworks established by LASER. LASER's frameworks are established in accordance with the Public Contracts Regulations 2015, allowing other public sector bodies to utilise LASER's frameworks without having to run a separate tender process.

LASER works with over 200 public bodies in the UK, collectively purchasing over £1.5 billion of gas, electricity and water in 2022 on behalf of around 85,000 end users. As energy markets and customer requirements evolve, LASER continues to develop and introduce services that help the public sector to manage costs and reduce carbon.

In addition to Energy and Water procurement, LASER provides:

- **Ongoing contract management**, including invoice validation and query resolution.
- **Online energy, cost and carbon reporting** to provide visibility of your portfolio's performance and management information to assist in cost, consumption and carbon reduction.
- **Net Zero Carbon services** to help:
  - **Review** your current carbon footprint and establish a plan to achieve net zero emissions.
  - **Reduce** your carbon emissions through compliant procurement solutions and hands on project management of energy efficiency and renewable energy projects across your portfolio.
  - **Replace** remaining sources of carbon emissions through renewable electricity and green gas procurement, Power Purchase Agreements and renewable energy investments, such as customer owned solar farms.

### LASER Service Benefits

- Over 30 years of Public Sector expertise
- Fully compliant procurement with the Public Contracts Regulations 2015
- Our prices are all fully transparent
- All trades are independently audited
- All of our prices are reported to a Governance Panel, with customer representation, each quarter
- Hedging purchases to mitigate risks
- Full visibility of trades
- Contract Transfers
- Control of non-energy costs

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- Industry Regulation, Information and regular updates
- Dedicated Account Manager and Customer Service Team
- Dedicated Contracts Manger
- Portfolio Management
- A wide range of other procurement options for fuels, water and net-zero
- Bespoke suite of services to help you achieve your Net Zero goals via Review, Reduce and Replace

## LASER Framework Management

LASER's Flexible frameworks have been developed through our clear understanding of your needs and challenges when it comes to procuring energy. Our work ensures compliance with public sector procurement requirements, saving you time and money when arranging procurement and supply. Through working closely with a broad range of stakeholders during the framework development, we have also ensured that contracts work to maximise supplier service provision.

LASER monitors overall performance of Suppliers. Service Level Agreements (SLAs) have been drawn up, with Key Performance Indicators (KPIs) to monitor performance. Regular reviews of supplier operation will be carried out during the framework's lifespan through reporting and regular meetings, which form our supplier management program. If a Supplier fails in any respect to perform in accordance with this SLA, LASER can apply poor performance remedies.

The details of your nominated Account Manager for Contract and Relationship Queries, and Customer Service Lead for service delivery queries can be found below. In the unlikely event that a query is not progressed, or resolved to your satisfaction, LASER have the [linked escalation procedure](#) in place.

## Account Manager - [Caitlin Jenkins](#)

A key aspect of the Account Management role is to manage the end to end contract process which includes the renewals of customer contracts, the on boarding of additional sites, implementation of additional services & supporting customer services with ongoing service delivery. The Account Managers are also responsible for leading on customer engagement through arranging regular Account Review meetings and conference calls in order to develop deep insight our clients challenges around Energy Procurement & the implementation of projects to achieve Net Zero.

Living in the countryside I love to make the most of getting out and exploring the picturesque walks and bike rides on my doorstep. When I'm not getting out in nature, I enjoy spending time with my family inclusive of almost 30 pedigree cats... I've inherited the crazy cat lady label!

After 5 years in an ever-changing energy industry I am constantly learning, but well-placed to support my customers with their energy contracts and journey to Net-Zero.

## Customer Service Manager - [Patrick Armstrong](#)

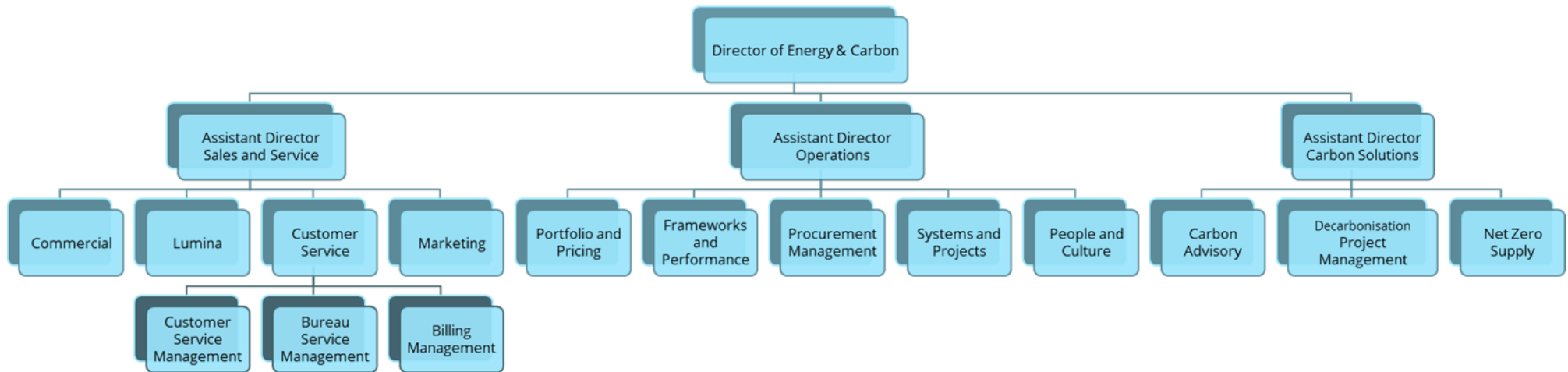
In his role as a Customer Service Manager, Patrick primarily oversees a team of Customer Service Advisors responsible for delivering day-to-day duties and overall customer excellence across LASERs services.

With over 8 years of industry experience, Patrick empowers his team to create innovative solutions and provides the necessary tools to ensure his Customer Service Team are in the best possible position to support our customers' needs.

In his spare time, Patrick enjoys spending time with his family, diving in to the literary universes of Westeros and the Cosmere, and watching American Football.

## Key Contacts

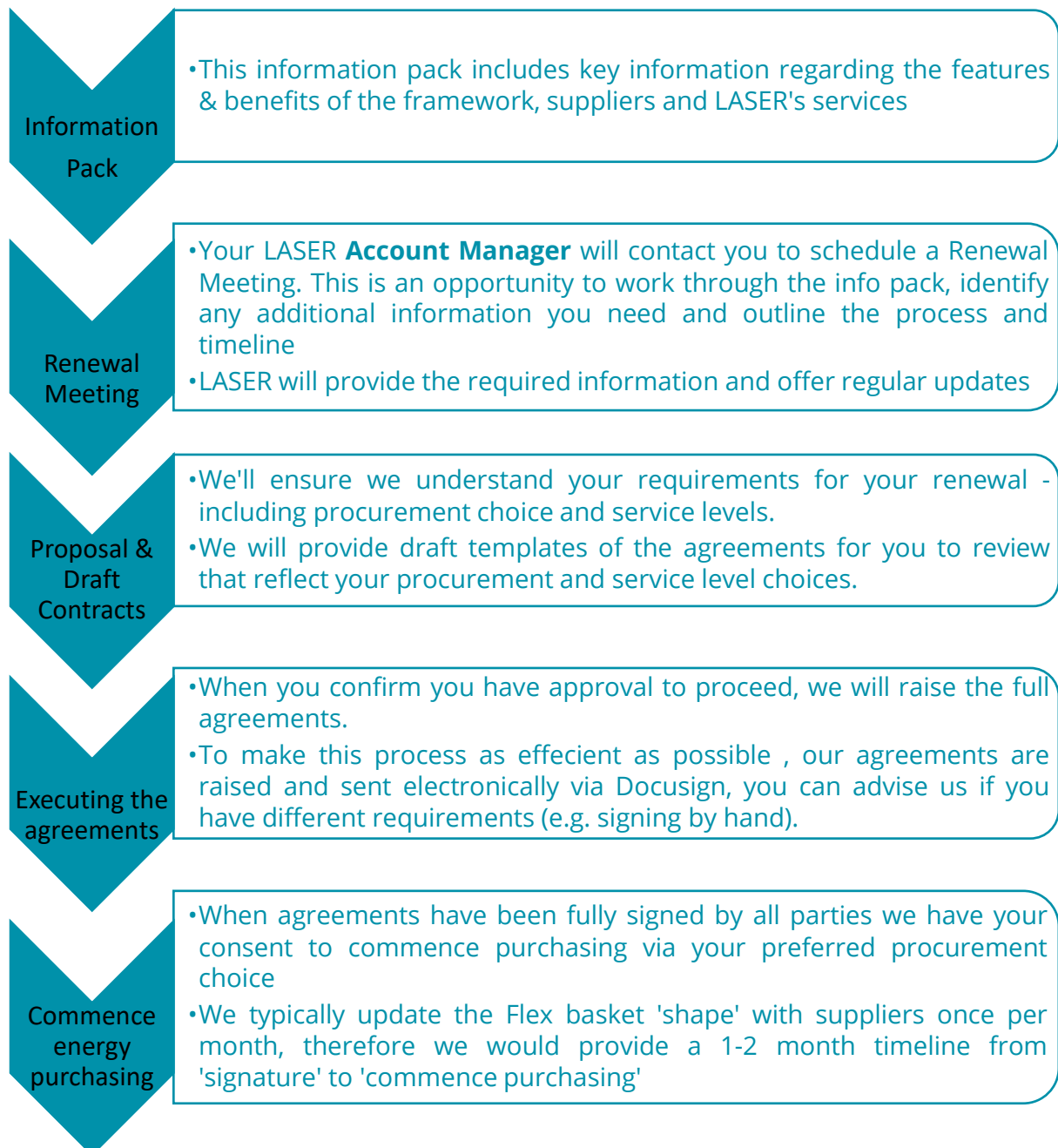
We have a wealth of industry experienced professionals on hand to support your needs. With unrivalled industry knowledge you can be assured your energy obligations are in safe hands. The structure organisation is shown in the following organogram. Profiles of some of your key LASER contacts are included in [Appendix 4](#).





## 10. How to sign up

LASER's frameworks meet all UK procurement regulations for the public sector, meaning any public body can join the framework without the requirement to run a separate tender process. Whilst we recognise each organisation has their internal approval process, in this section we have outlined the typical steps involved in joining our new 2024-2028 frameworks.



### What documents form part of the agreement?

If you are signing up to both gas and electricity procurement, there would be three documents to sign:

<b>Document</b>	<b>Purpose</b>
Access Agreement	This agreement is between Kent County Council (as the Contracting Authority) and yourselves (the 'Participating Authority'). It includes key information such as the services you are accessing the framework for, your requested service levels with LASER, a summary of your energy portfolio data and framework fees. You will only need to sign one Access Agreement for this Framework.
Call Off Contract (Electricity & Gas)	This agreement is between yourselves (Participating Authority) and the energy supplier(s). There will be one for each of gas and electricity. This includes the supply contract agreement you are entering into, including the associated framework terms the supplier has committed to, any special requirements you wish to incorporate in line with the scope of the Framework, and a full site list of your energy supplies. If you take on additional services through this Framework with your supplier you will be required to sign a separate Call off Contract with the specific requirements laid out.

It is important to note that LASER is able to commence energy purchasing once each agreement is fully signed by each party. For example, with a fully signed Access Agreement and Electricity Call Off Contract we are able to commence purchasing for electricity. We recommend electronic signature via Docusign to ensure all parties conclude contracts in a timely manner and avoid delays in our ability to begin purchasing energy on your behalf.

## Appendix 1 - FAQs

- What are LASER's fees for managing the framework?

LASER's fees can be confirmed by your Account Manager depending on your service levels and portfolio size. All fees are fully transparent and included within the contract.

- How do I know which basket strategy is best for our organisation?

We have a range of basket strategies to suit the needs of your organisation, your Account Manager will be able to provide you with further information and support you in your decision making process on how to split your portfolio across one or more of the strategies.

- What impacts will the Energy Cost Support (Business Energy Price Cap) announced have on my portfolio?

The Business Energy Price Cap is initially only set for the period 1 Oct 22 – 31 Mar 23, so will not be in place at the time of this new framework. Details are still being confirmed at the time of writing this document and will be shared with customers once known.

- How do you ensure that your prices remain competitive?

LASER maintains benchmarks of our purchasing performance and, through close tracking of market price drivers, routinely outperforms average market prices. We also submit our trades to the Major Energy Users Council who perform independent analysis of our trading performance to compare with the wider market.

- How do we begin our Net Zero journey?

We have a dedicated team of experts available to help you understand your Net Zero journey and we can support you at every stage. Please contact your Account Manager for further information.

- I have some questions before signing up and would like to discuss them further.

We recognise that decision making processes vary by customer and are very happy to answer any questions you may have. Please contact your Account Manager who would be pleased to assist you.

## Appendix 2 - Glossary

The table below contains definitions of common terms and acronyms used in this Information Pack.

Term	
<b>Aggregated Energy Volumes</b>	The total energy usage of multiple customers.
<b>Central Purchasing Body</b>	A public sector contracting authority that acquires goods or services on behalf of other public sector bodies.
<b>Flexible Procurement</b>	Purchasing energy requirements in multiple transactions prior to the point of use.
<b>Procurement Baskets</b>	The approach used to purchase aggregated energy volumes during the term of the flexible framework. Baskets vary with regards to their budget certainty and market opportunity. LASER currently utilises four main basket options; Purchase in Advance, Price Certainty, Purchase within Period and Flexible Set and Reset. Customers can choose to utilise one or multiple baskets for their portfolio of sites.
<b>Purchase in Advance (PIA)</b>	A Procurement Basket with an October contract anniversary, where all of a customer's energy is purchased prior to the start of a contract year. This allows a fixed and firm energy price to be used on invoices.
<b>Price Certainty (PC1)</b>	A Procurement Basket with an April contract anniversary, where all of a customer's energy is purchased prior to the start of a contract year. This allows a fixed and firm energy price to be used on invoices.
<b>Purchase within Period (PWP)</b>	A Procurement Basket where part of the customer's energy is purchased prior to the start of each six-month contract period, with the balance purchased within the contract period. Compared to PIA, PWP has greater market opportunity, but lower budget certainty.
<b>Flexible Set and Reset (FSAR)</b>	A Procurement Basket where part of the customer's energy is purchased prior to the start of each six-month contract period, with the balance purchased within the contract period. The key difference to PWP is that FSAR contains an option to sell back energy when market prices are falling (with the aim of subsequently repurchasing at a lower price).
<b>Wholesale Energy Cost</b>	The cost of the raw energy, excluding any costs such as delivery charges, service fees, taxes and levies.

## Appendix 3 - LASER Procurement Basket Strategies

LASER offers a range of Basket Strategies to meet the various needs of our customers. Each basket has an individual balance between budget certainty and market opportunity.

 PRICE OPTIONS	 PIA	 PWP	 FSAR
Annual Price	✓	—	—
Seasonal Price	—	✓	✓
Reconciled Price	—	✓	✓
Purchases based on Market	✓	✓	✓
Sell Back	—	—	✓
Price Transparency	✓	✓	✓
Price Certainty	✓	—	—

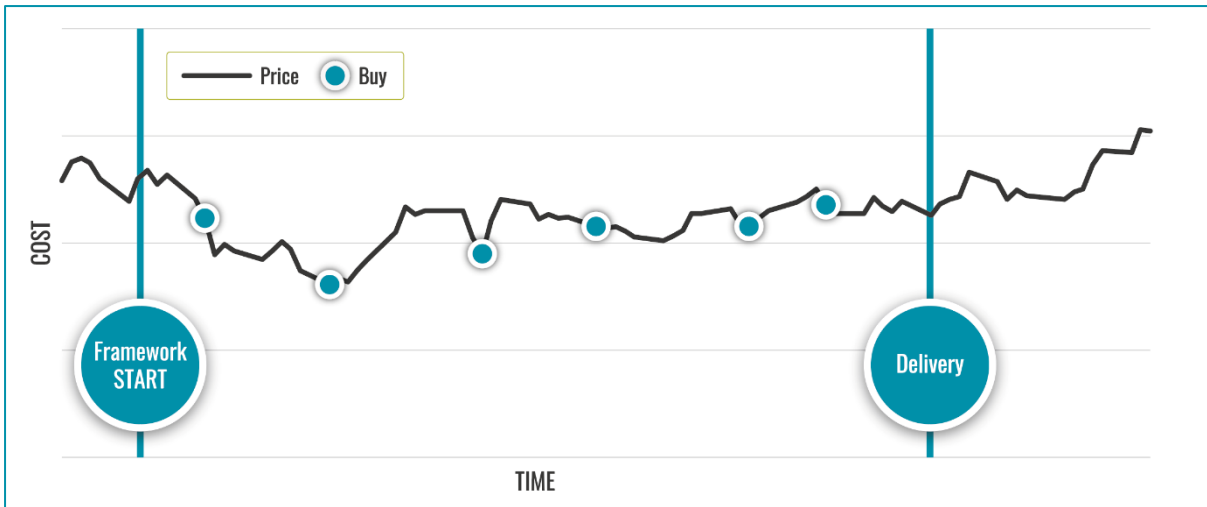
The visual outlined above details the price options against the range of basket strategies we have available.

	MARKET OPPORTUNITY	BUDGET CERTAINTY	Priority
PIA	●	●●●	Low ●
PWP	●●	●●	Medium ●●
FSAR	●●●	●	High ●●●

The visual shown above balances both the market opportunities and budget certainty against each of our basket strategies.

LASER’s Purchase in Advance and Price Certainty baskets purchase 100% of energy requirements in advance of each contract year. This approach offers access to flexible purchasing whilst also ensuring price certainty for each 12 month period. The following chart shows a simplified view of how LASER will forward buy volumes in advance of each delivery year.

Chart shows how the PIA basket option operates



An alternative approach to being 100% purchased prior to date of delivery is to use a strategy where only a certain percentage of volume is purchased flexibly before supply start date. The remaining volume would then be purchased within the supply period. This approach is utilized in LASER's Purchase within Period and Flexible Set and Reset baskets and offers access to flexible purchasing for a longer period and closer to the date of delivery for each individual month. There is the opportunity for sell back in some cases. As some volume may remain open prior to start date, a 'reference price' is applied for billing purposes. At the end of each delivery period, a reconciliation occurs between the reference price and the final achieved prices. Customers opting for this must be able to handle reconciliations both positive and negative.

Chart shows how the PWP basket option operates



## LASER Flexible Procurement Framework Information Pack

New basket options are routinely considered to ensure we:

- a. Continue to operate successfully in this increasingly volatile market
- b. Take advantage of improved access to pricing information
- c. Use our ability to manipulate data and generate buy/sell alerts
- d. Stay ahead of other providers and develop in line with Customer needs

Your Account Manager is available to provide you with detailed information around each option to help you select the Basket Strategies most suitable for your organisation.

## Appendix 4 – Key LASER Contacts

### Director of Energy



#### Nigel Hartnup

Nigel's background is in energy & carbon markets and procurement, where he has assisted major public and private sector organisations to develop and implement efficient ways of controlling and reducing their energy spend. Nigel previously worked as Principal Consultant Head of Energy and Carbon Markets for Energetics' Pty Ltd, Australia's leading energy and environmental consultancy. He has worked at Board and Chief Executive level with a number of Australian Stock Exchange listed companies to manage a procurement portfolio of electricity, natural gas, liquid fuels, Power Purchase Agreements, Renewable Generation assets, GreenPower and carbon offsets worth in excess of \$1bn per annum.

### Assistant Director - Sales & Services



#### Eamon Grimes

Eamon is the Energy Division's lead for Sales & Services, establishing and implementing the customer experience strategies of the LASER and Lumina businesses.

Eamon joined the CSG's Energy Division in 2008 and started out in LASER's Customer Services team, developing an in-depth understanding of customers' needs in the management of large, multi-site energy portfolios. Eamon was involved in the launch of the Lumina brand, which is dedicated to helping SMEs best procure their energy requirements, and has worked as a Business Development Manager during which time he developed an understanding of the tendering and contractual requirements for large public sector clients. Eamon is now responsible for ensuring an excellent customer experience across the Energy Division for our LASER and Lumina brands, both in terms of the services we provide and ensuring a smooth contracting process for our customers.



## Assistant Director Carbon & Energy Management



**Andy Morgan**

Andy is a highly experienced energy engineer who has been working in the energy management and decarbonisation field for 30 years. At LASER he is focused on supporting public bodies on their journey to net zero. Building LASER's carbon offering such that we make a material impact on UK public sector carbon emissions.

His background includes five years working for a large building engineering consultancy supporting blue chip businesses across the UK through Energy Performance Contracts. Seven years at the City of London working to reduce carbon emissions in the City's portfolio of flagship buildings.

## Assistant Director Operations



**Claire Jenden**

Claire was appointed as the LASER Assistant Director Operations in October last year and has predominantly spent her career within a business improvement and operations capacity, across different sectors both private and public. Although Claire is new to the Energy industry her passion for business improvement, coupled with her creative and innovative thinking will enable her and her team to improve our current service provision, adapt to new market drivers and customer requirements as well as introduce and continuously evolve cutting edge technology for our customers, suppliers, and our business to use.



## LASER Sales Manager

### Richard Roberts

Richard has worked in the energy industry for over 10 years with a focus on engaging with customers to understand their energy challenges and working collaboratively to help customers to navigate the complexities of the energy sector. He joined LASER in 2019 and currently leads the Account Management team with the key responsibility of ensuring we support our public sector customer to procure solutions that optimise their energy spend and help them to work towards their Net Zero Targets.



## Head of Customer Services

### Sam Dowland

Sam has worked within LASER for 26 years across all areas of the organisation. Her previous management roles include Deputy Procurement Manager, Billing Manager and Customer Services Manager.

Sam's current role of Head of Customer Services involves managing a team of over 40 staff, across; Billing, Customer Service and Bureau and she is accountable for shaping and delivering the business' customer service proposition in order to drive and improve the overall performance of LASER's service delivery and the customer service experience.



## Senior Procurement Manager

### Bernard Gore

Bernard has worked in the energy and water industries in both the private and public sectors for over 30 years. He has extensive experience gained in the deregulated energy markets, working as a Senior Cost Analyst for McKinnon & Clarke and Director of Utility Cost Analysis (UCA). He joined LASER in 2009 and currently leads the energy procurement team, with specific responsibility for flexible purchasing of more than £1 billion per annum of power and gas in the UK wholesale energy markets. As energy markets continue to evolve, and the requirements to deliver carbon net zero targets increase, Bernard is keen to help customers transition to buying more energy directly from renewable sources by utilising a range of procurement options such as Power Purchase Agreements.



## Energy Procurement Manager

### Kathleen Reid

Kathleen has worked for LASER for 31 years, with the last 17 years in Procurement, establishing energy frameworks, dealing with day-to-day market trading with the team and holds chartered MCIPS qualification. During her time with LASER, she has helped with the development of services offered through LASER and has witnessed major changes in the industry. She enjoys being involved with customers and suppliers who are keen to take advantage of industry improvements and are looking to build a sustainable approach to energy usage and generation.



## Portfolio Manager

### Jonathan Doorey

Jon joined the LASER team in 2008 and is currently in the position of Portfolio Manager. He is accountable for ensuring LASER's entire customer portfolio is accurately captured at any point in time and reflected in LASER's systems. Jon implements processes and leads a team to correctly capture all parts of customer portfolios, including site list, procurement options, management options and pricing.

Prior to this role, Jon held the role of Energy Contracts Manager, working within the Procurement Team purchasing LASER's energy requirements and ensuring the successful delivery of accurate flexible pricing to the LASER customer base.

## Frameworks and Performance Manager



### Matt Hull

Matt has built a passion for contracting focused long term savings through sustainability. Following a Masters in Regional and Environmental Policy, Matt helped built LASER's Water offering with a strong focus on efficiency services. As Frameworks and Performance Manager he directs the organisation's Frameworks service offering, Contract Management and Reporting functions.



## Contracts Manager

### Peter Rothery

LASER has in place a number of Managers whose role is to ensure the smooth running of our Supplier frameworks. The Framework Manager for these Electricity and Gas frameworks, Peter Rothery, has over 30 years' experience of the Utility Industry, many of which were spent working for a leading Supplier in an Account Management role . He is responsible for ensuring that all of the Terms and Conditions of Supply are adhered to and that Supplier performance is measured against the various Service Level Agreements (SLA) and Key Performance Indicators (KPI) that LASER have agreed with the Supplier.

Any issues that may arise during the course of the framework are discussed and resolved quickly via regular Supplier meetings with the emphasis on further innovation and Continuous Improvement throughout the framework term whether that be process improvements or alternative ways of working.



LEADING THE  
CHARGE

# BASKET POSITION AND PERFORMANCE SUMMARY

Bernard Gore - Senior Energy Procurement Manager

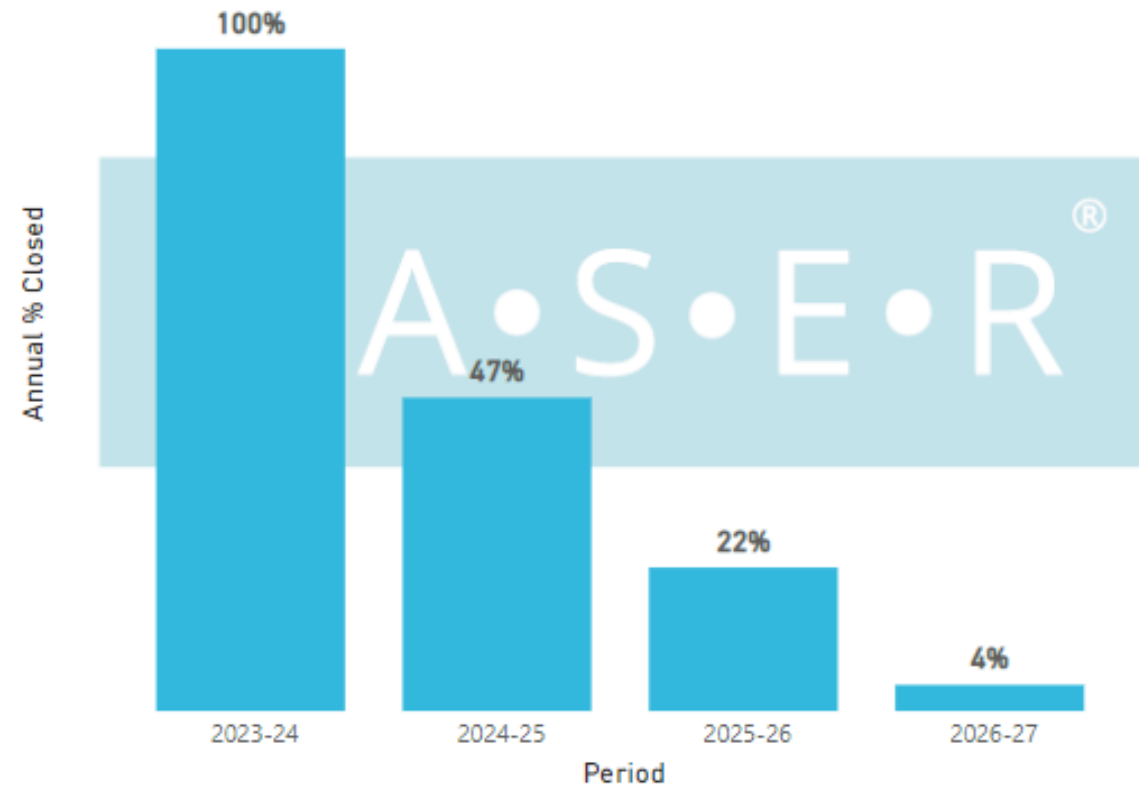
# Purchase in Advance - % Coverage

Basket

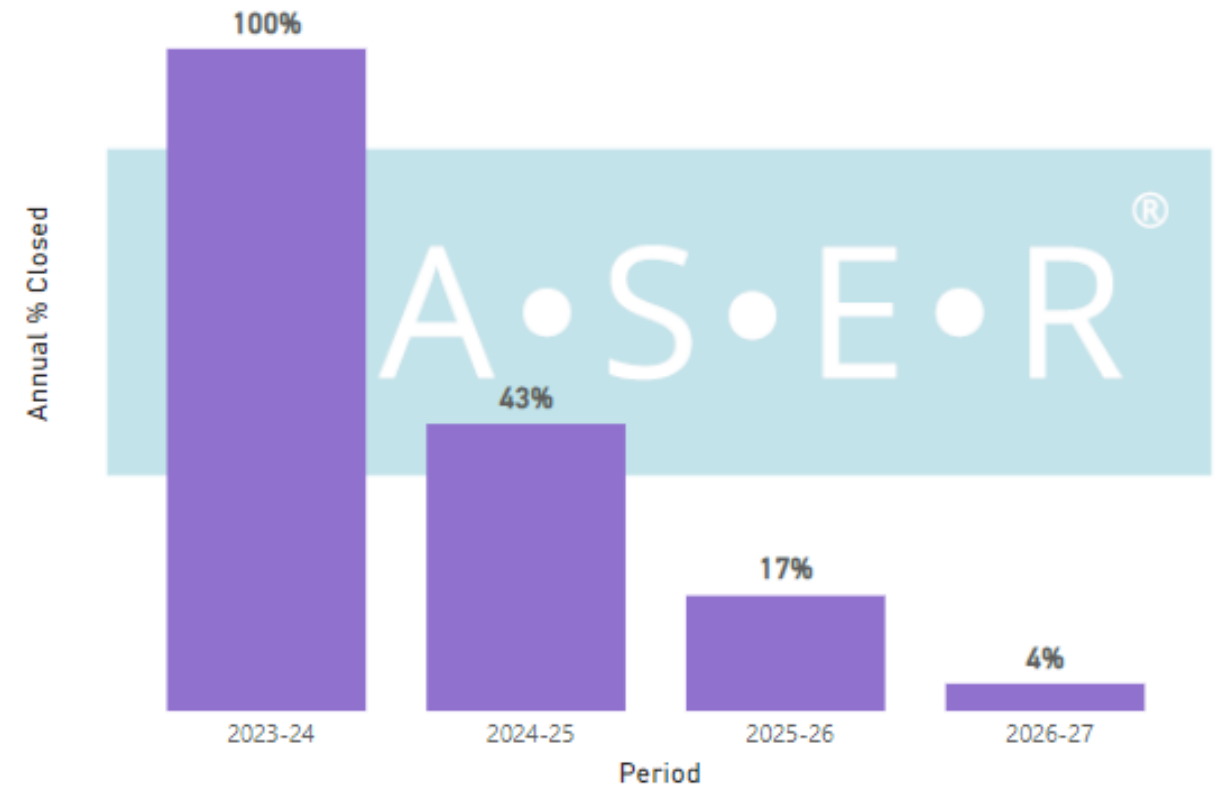
PIA

L•A•S•E•R<sup>®</sup>

## Electricity Annual % Closed by Period



## Gas Annual % Closed by Period



Summary of purchased position for PIA Basket based on current coverage and committed volumes

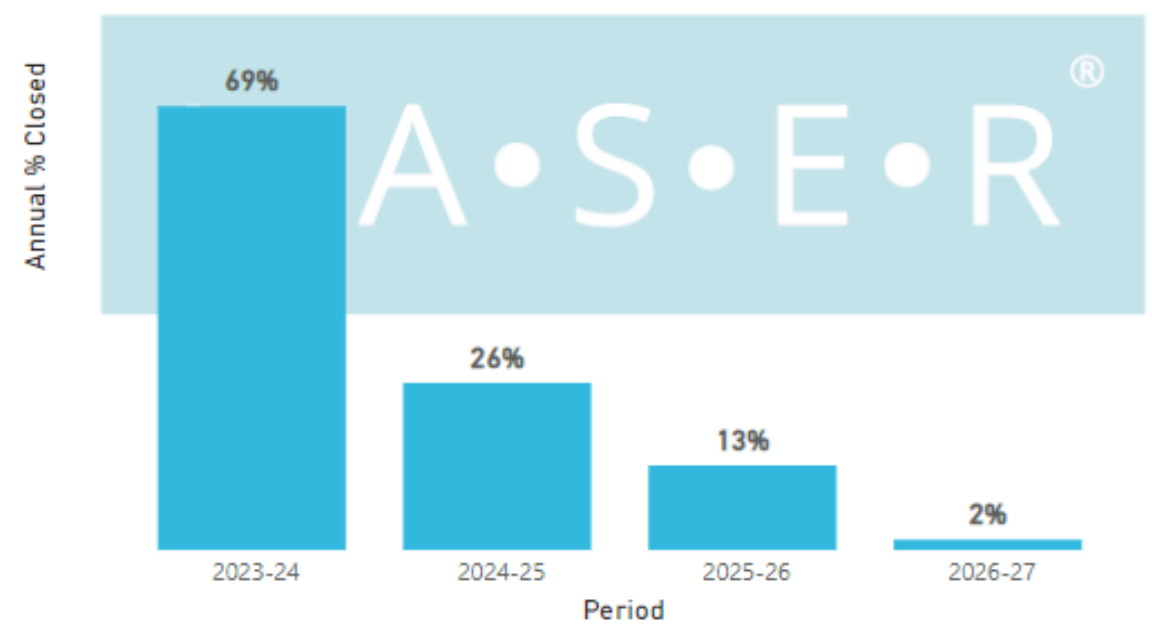


# Purchase within Period - % Coverage

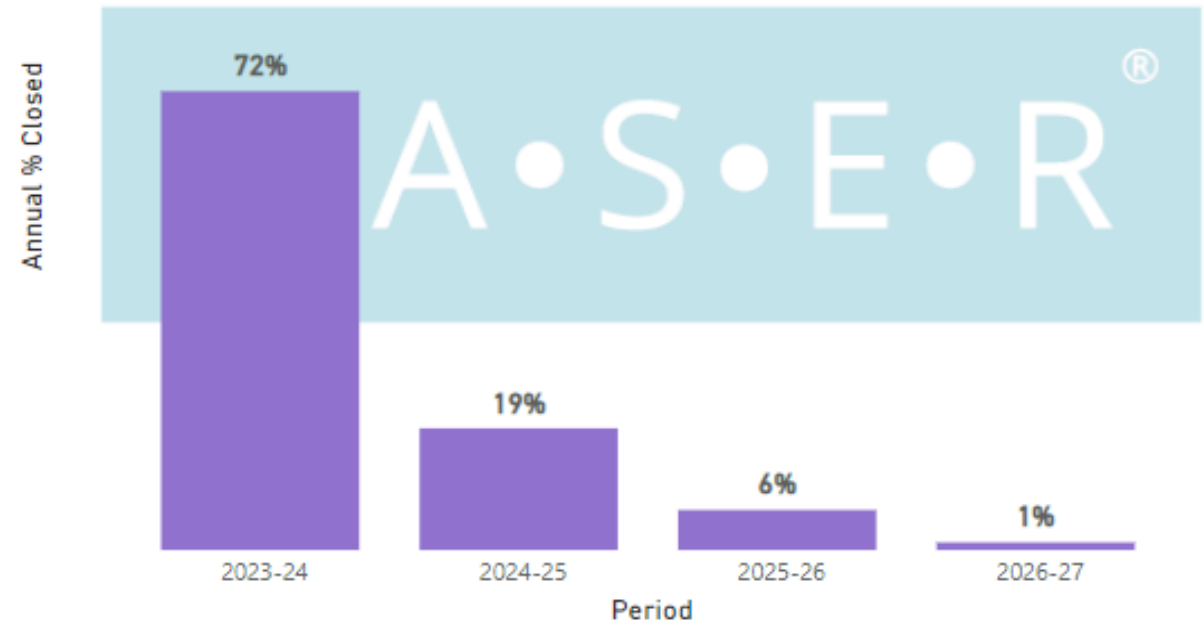
Basket  
PWP



### Electricity Annual % Closed by Period



### Gas Annual % Closed by Period



Summary of purchased position for PWP Basket based on current coverage and committed volumes

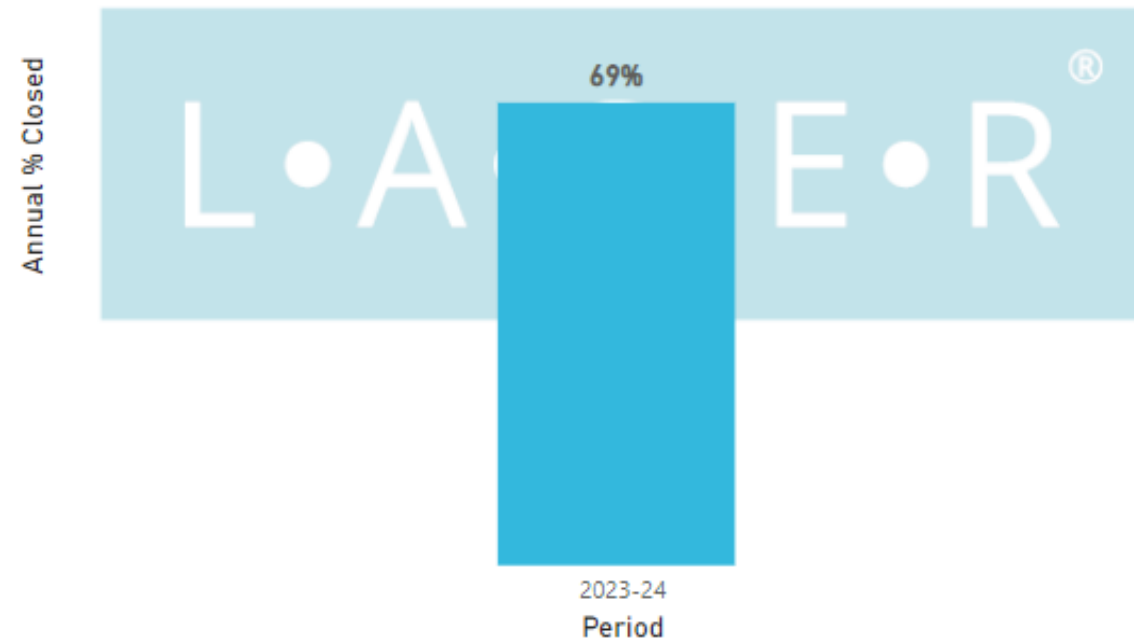


# Flex Set & Reset - % Coverage

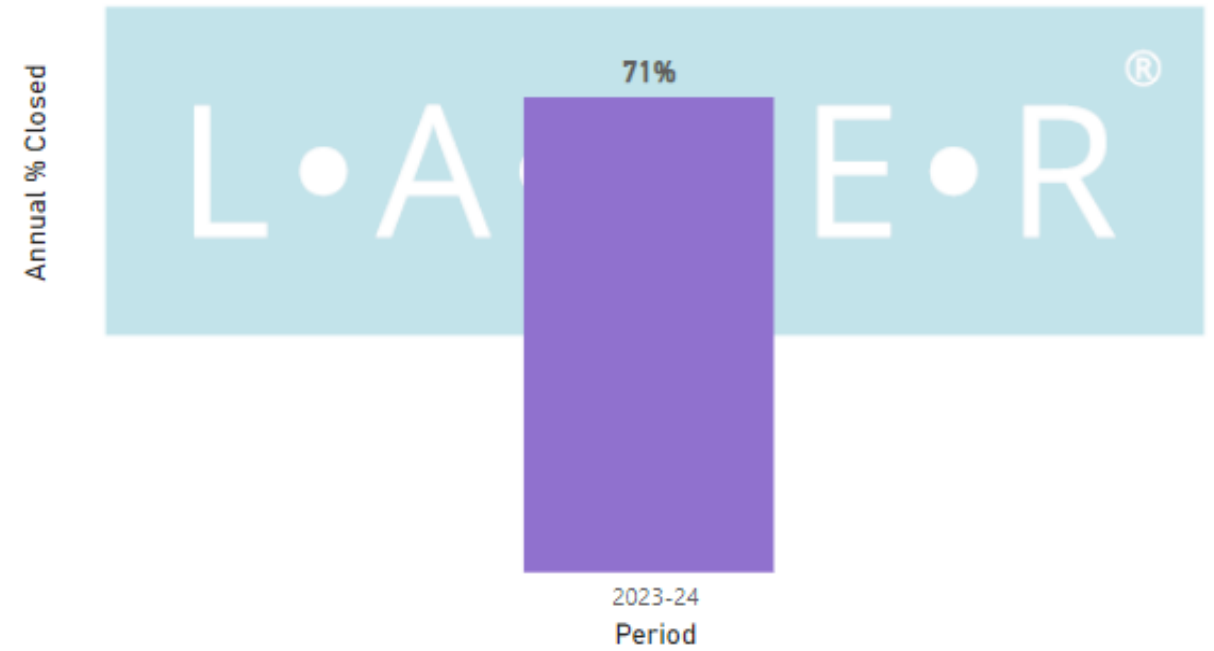
Basket  
FSAR



### Electricity Annual % Closed by Period



### Gas Annual % Closed by Period



Summary of purchased position for FSAR Basket based on current coverage and committed volumes

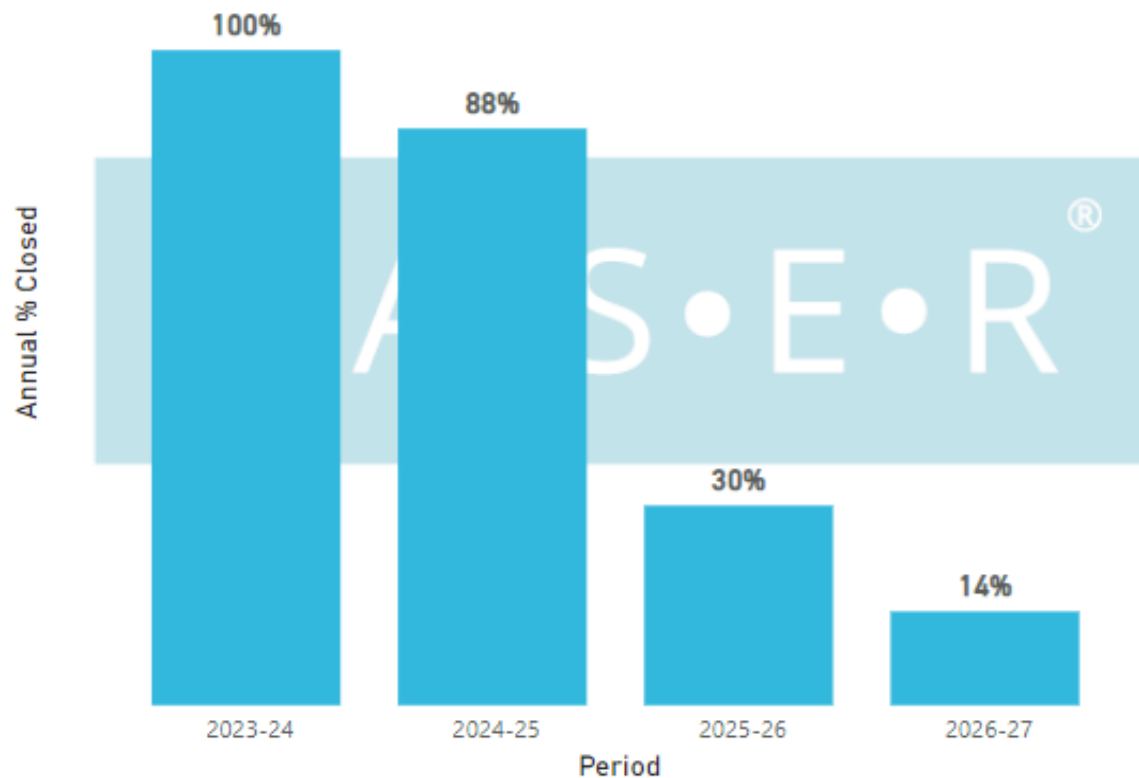
# Price Certainty - % Coverage

Basket

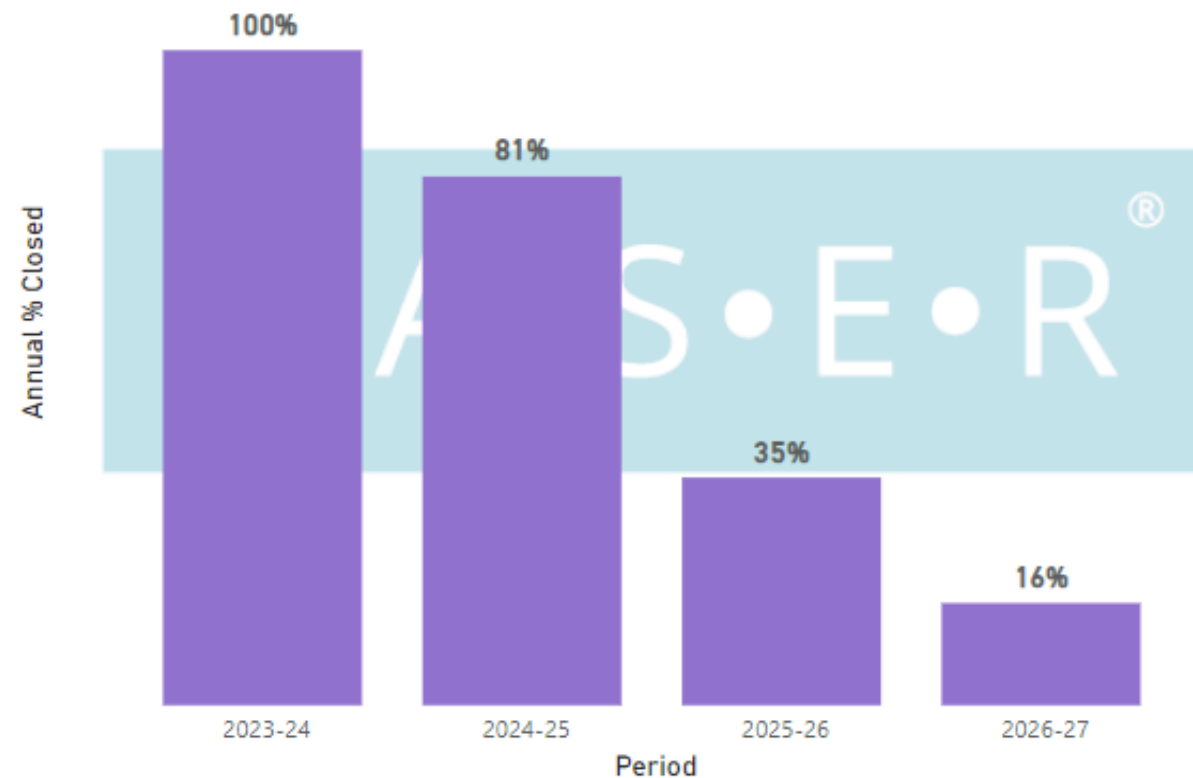
PC1

L•A•S•E•R<sup>®</sup>

### Electricity Annual % Closed by Period



### Gas Annual % Closed by Period

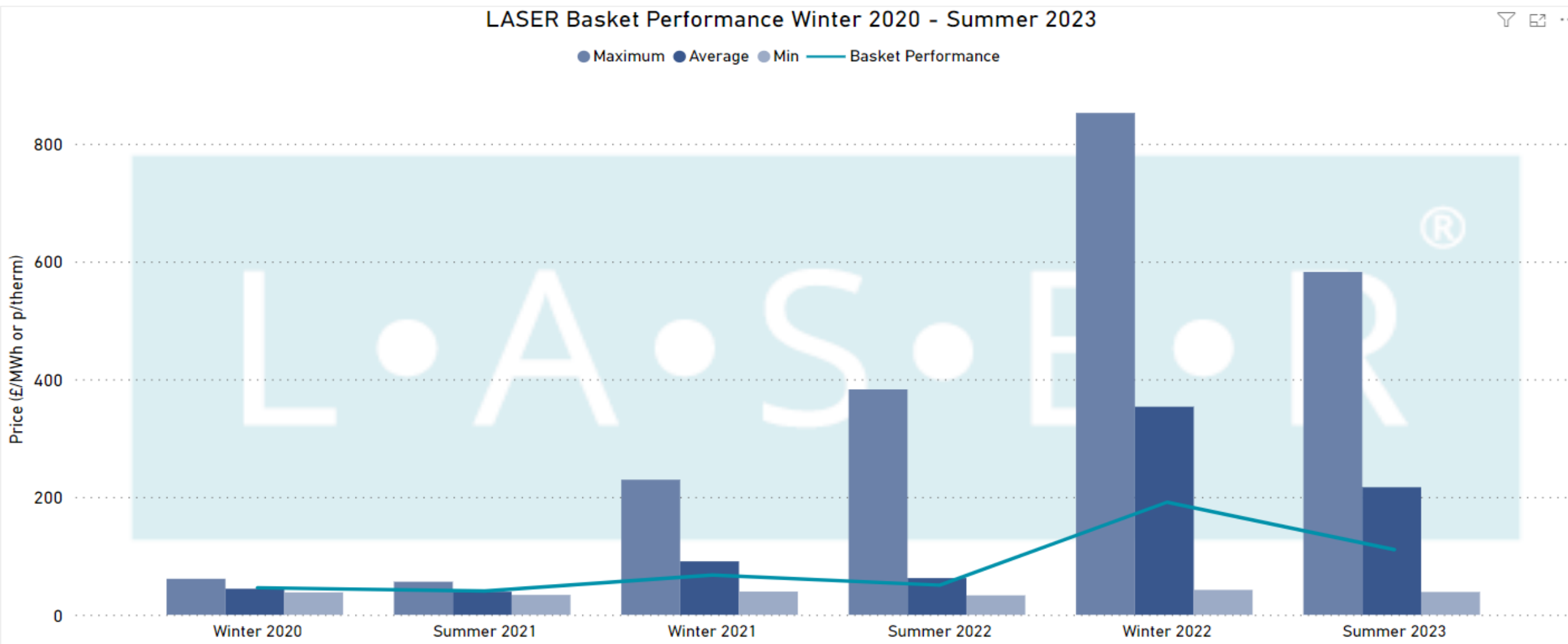


Summary of purchased position for PC Basket based on current coverage and committed volumes

### LASER Basket Performance Winter 2020 - Summer 2023

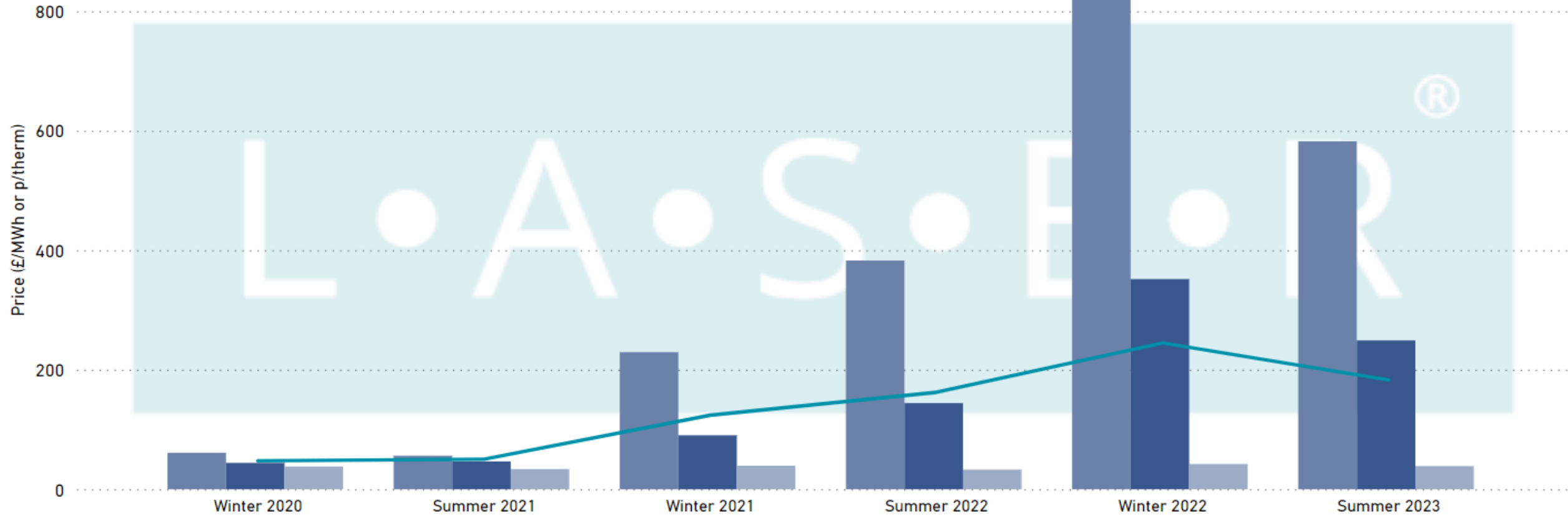


● Maximum ● Average ● Min — Basket Performance



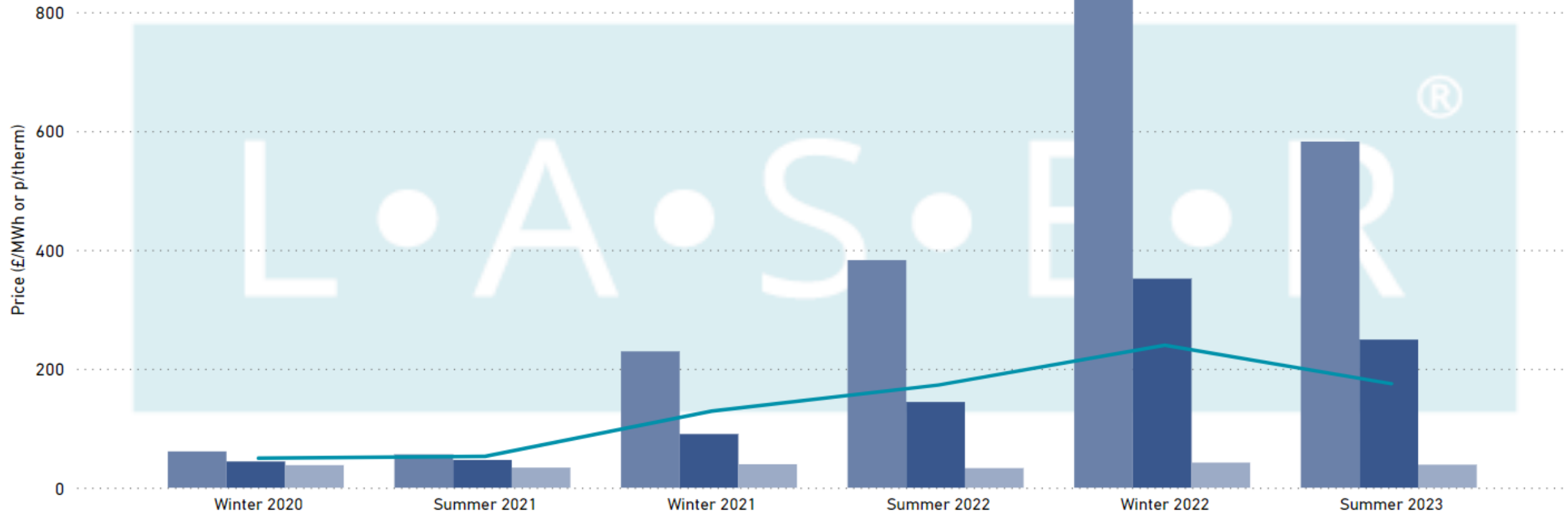
## LASER Basket Performance Winter 2020 - Summer 2023

● Maximum ● Average ● Min — Basket Performance

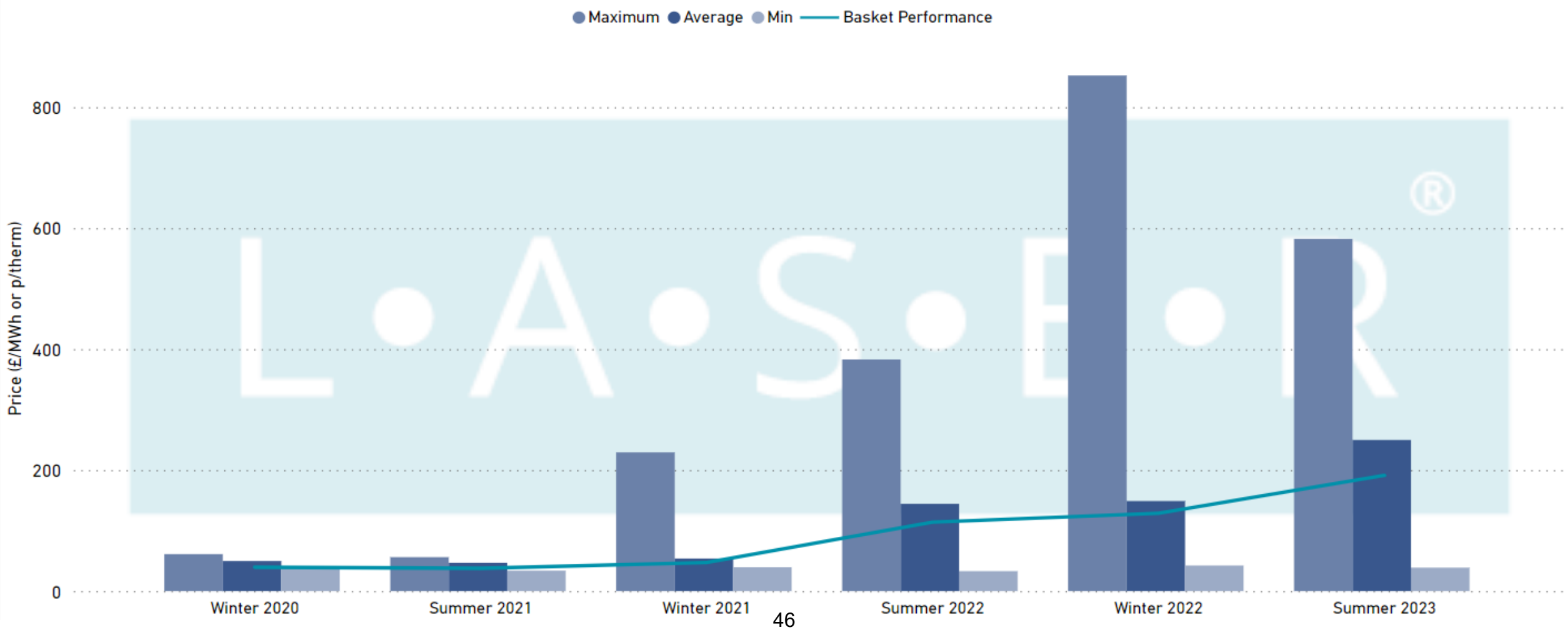


## LASER Basket Performance Winter 2020 - Summer 2023

● Maximum ● Average ● Min — Basket Performance

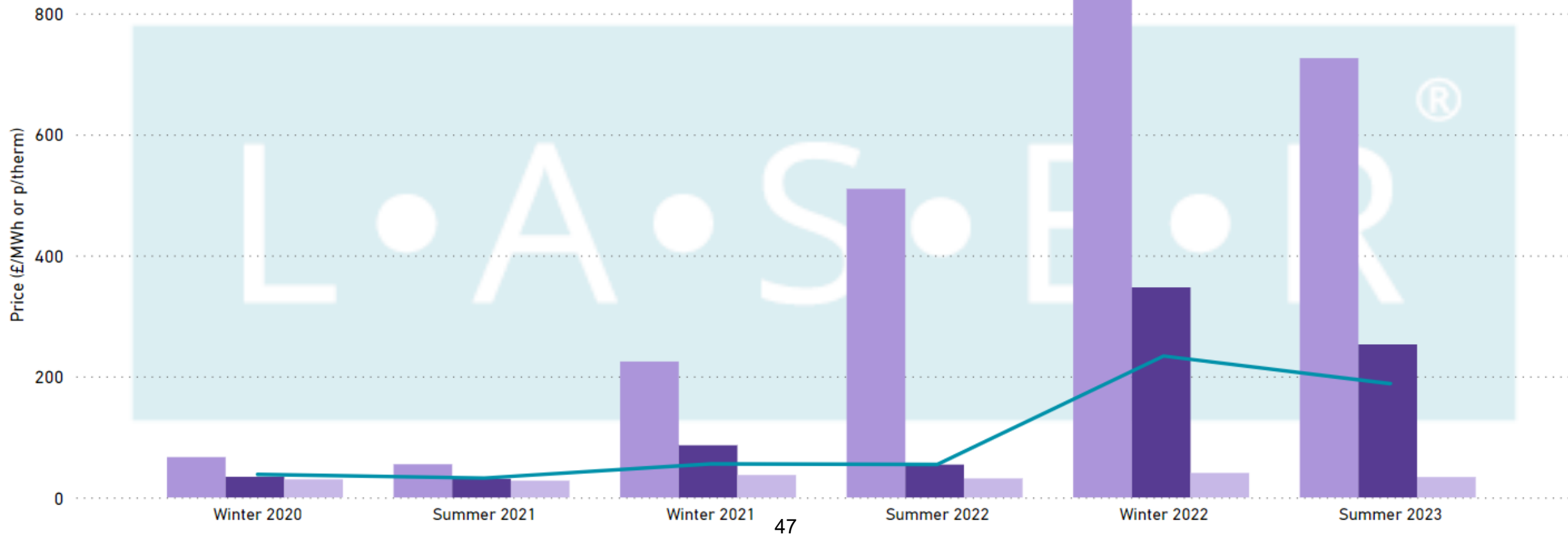


### LASER Basket Performance Winter 2020 - Summer 2023



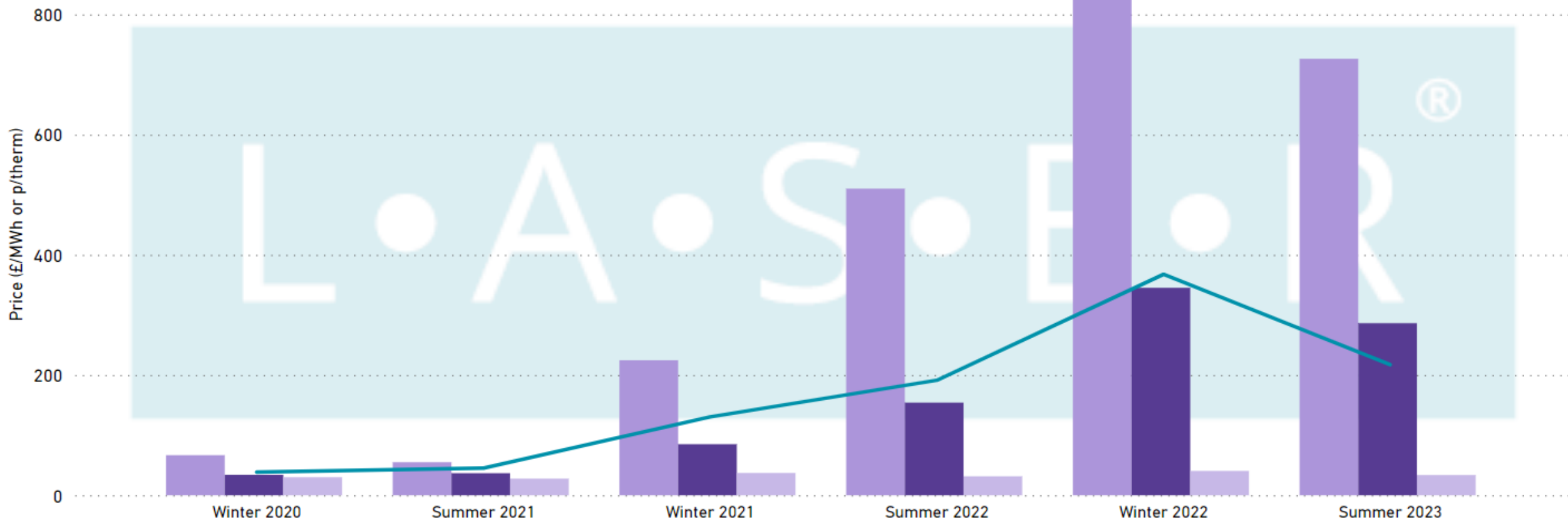
## LASER Basket Performance Winter 2020 - Summer 2023

● Maximum ● Average ● Min — Basket Performance



## LASER Basket Performance Winter 2020 - Summer 2023

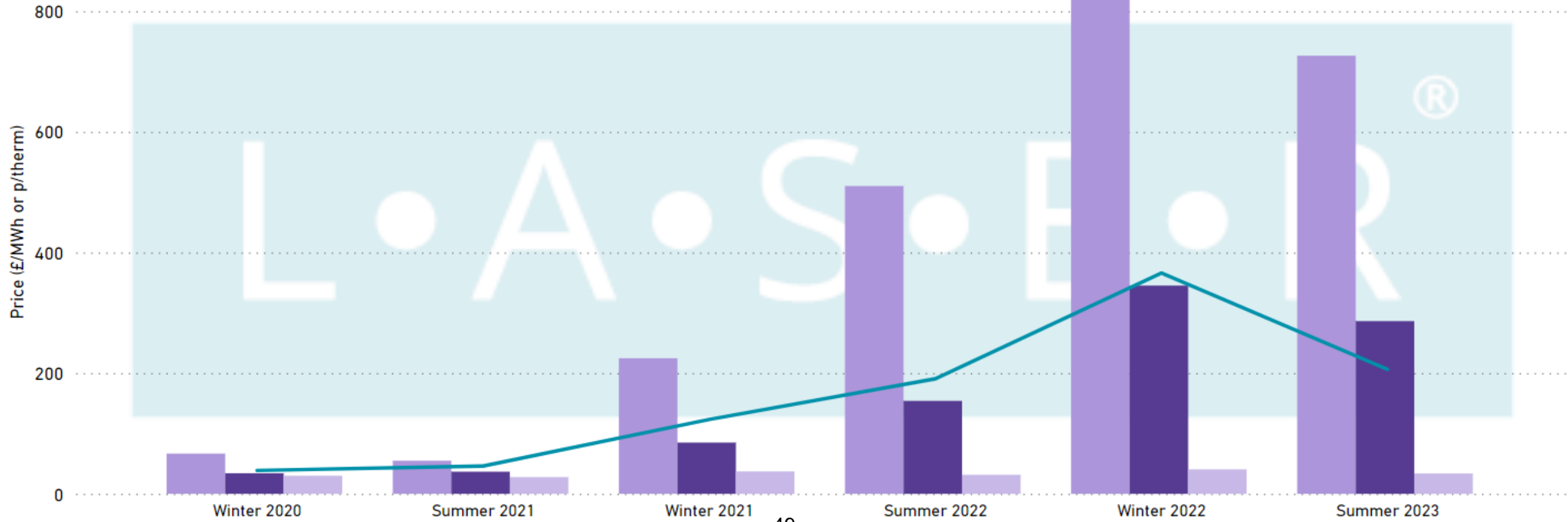
● Maximum ● Average ● Min — Basket Performance





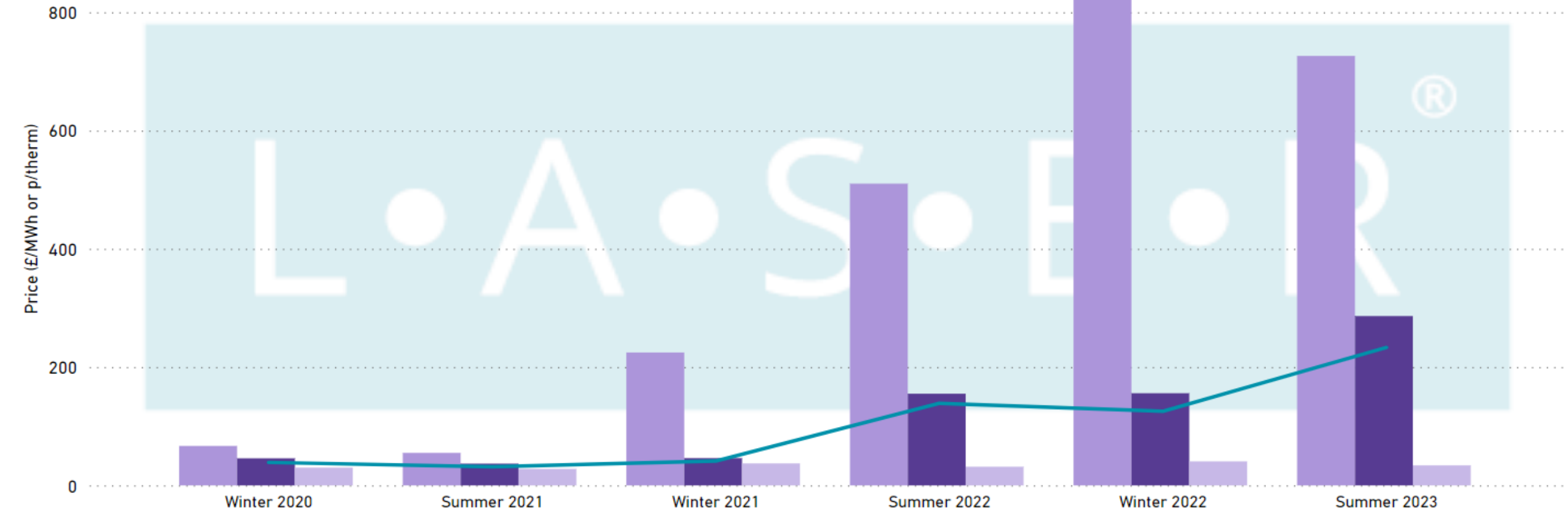
## LASER Basket Performance Winter 2020 - Summer 2023

● Maximum ● Average ● Min — Basket Performance

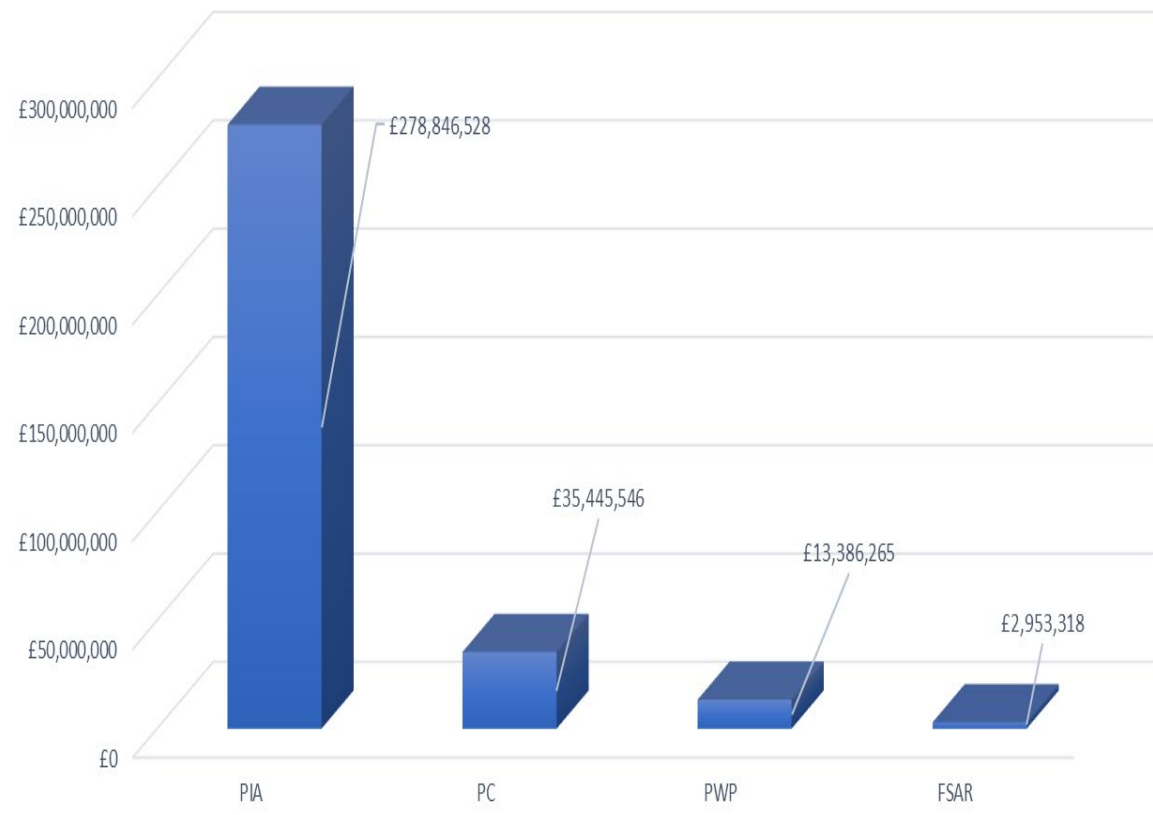


## LASER Basket Performance Winter 2020 - Summer 2023

● Maximum ● Average ● Min — Basket Performance

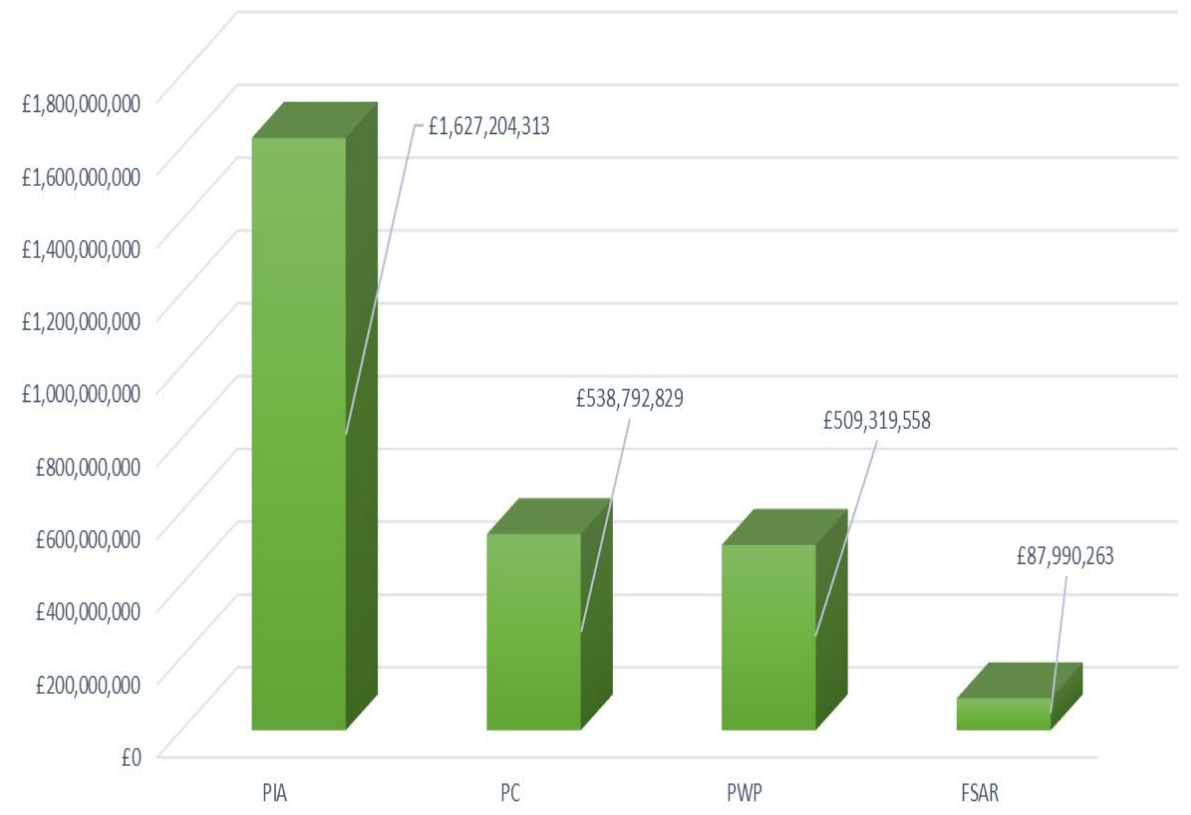


### Cost Avoidance vs. Market Average [Electricity & Gas Winter 20 - Summer 23]



Cost Avoidance vs. Market Average **£330m**

### Cost Avoidance vs. Market Max [Electricity & Gas Winter 20 - Summer 23]



Cost Avoidance vs. Market Max **£2.7bn**

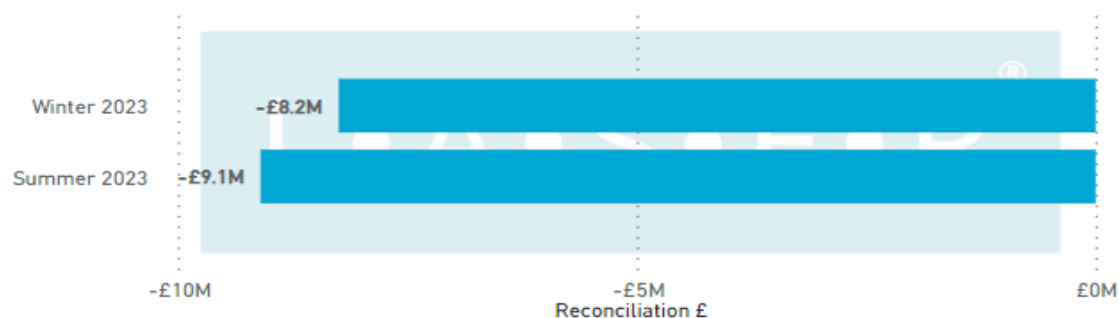
## Electricity Reconciliations £

Basket	Commodity	Period	p/kWh	Reconciliation
FSAR	Electricity	Summer 2023	-3.89	● -£1.46M
FSAR	Electricity	Winter 2023	-2.10	● -£0.70M
PWP	Electricity	Summer 2023	-3.40	● -£7.07M
PWP	Electricity	Winter 2023	-2.29	● -£5.51M

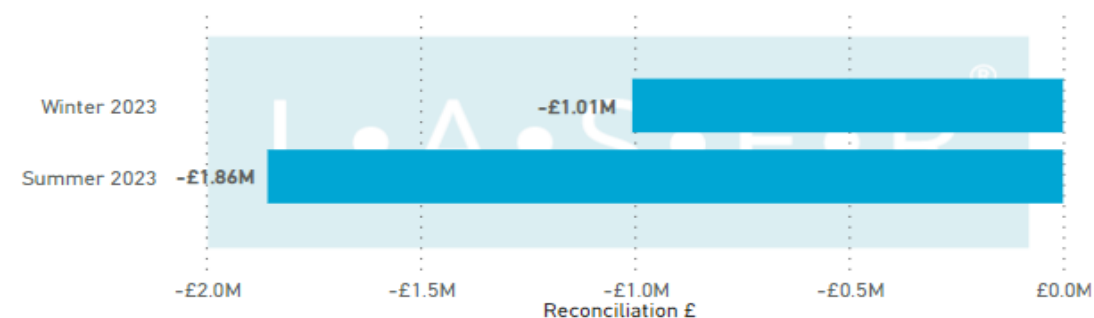
## Gas Reconciliations £

Basket	Commodity	Period	p/kWh	Reconciliation
FSAR	Gas	Summer 2023	-0.74	● -£0.40M
FSAR	Gas	Winter 2023	-0.54	● -£0.31M
PWP	Gas	Summer 2023	-0.71	● -£2.03M
PWP	Gas	Winter 2023	-0.52	● -£2.74M

### PWP Total Reconciliations by Season



### FSAR Total Reconciliations by Season



Summary of reconciliation values for Summer 23 and Winter 23. Values shown for Winter 23 are forecast-only values based on the current traded position and mark-to-market prices.

# Any Questions?

# Slido.com #Energy2023



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