



BATH & NORTH EAST SOMERSET

**PROCUREMENT OF UNMETERED
ELECTRICITY FOR ILLUMINATED STREET
FURNITURE**

**STREET LIGHTING
POLICY DOCUMENT 5**

Transportation And Highways
Riverside
Temple Street
Keynsham
Bristol
BS31 1LA

Policy5.doc
Issue 1.2
Originally Produced July 2000
Last Reviewed May 2005

CONTENTS

SECTION	DESCRIPTION	PAGES
1	INTRODUCTION	3
2	DEREGULATION OF THE ELECTRICITY SUPPLY INDUSTRY	4
3	LEGISLATION	7
4	TENDER PROCESS	8
5	FREQUENTLY ASKED QUESTIONS	10
6	CONTACT LIST	11

1) INTRODUCTION

Bath and North East Somerset Council recognises that street lighting is important to Householders, Parish Councils and Residents Associations. It is important as amenity lighting; for security reasons; to assist in the reduction of crime; the reduction of the fear of crime; and as a measure to assist with the reduction of night time accidents.

The Council has a duty to ensure that all Illuminated Street Furniture installations remain operational. One element of this is to ensure the lighting remains connected to an electricity connection and is supplied with electricity at all times. Consequently a Policy for the Procurement of Electricity for Illuminated Street Furniture installations has been approved.

This documentation has been produced by the Transportation Access and Waste Management Service and was approved by the Transportation Sub-Committee of Bath and North East Somerset Council on 1 August 2000. A Periodic review of this Policy was last undertaken during May 2005 (Issue 1.2).

This Policy outlines the basic principles and standards that shall apply to the Procurement of Electricity for Illuminated Street Furniture within the administrative area of Bath and North East Somerset. It sets out the aims of the authority with respect to procuring electricity for Illuminated Street Furniture, and the approaches it will take in order to achieve them. The overall objective is to ensure that competitively priced electricity is obtained for all unmetered installations situated upon the public highway.

The Main Aims

- To ensure the most competitively priced energy is procured.
- To consider the economic use of renewable energy.
- To assist in promoting and maintaining the safety of all Highway users during the hours of darkness.
- To assist with the reduction of night time accidents.
- To ensure all Illuminated Street Furniture assets remain lit to aid the police in the reduction of night time crime and the reduction of the fear of crime.

2) DEREGULATION OF THE ELECTRICITY SUPPLY INDUSTRY

2.1 BACKGROUND

Prior to 1990 any customer wanting to buy electricity had to purchase it from their local Electricity Board. However, in April 1990 the electricity industry was deregulated and this allowed customers who consumed over a Megawatt to shop around for an electricity supplier. Several options existed at this stage including buying electricity at franchised rates, i.e. the standard tariffs, from Regional Electricity Companies (REC's) Another option was to purchase electricity at non franchised rates i.e. by tendering for or negotiating rates.

The market place was further complicated by the way in which suppliers of electricity were allowed to trade within the non franchised market. Suppliers were either classified as a First or Second tier supplier. First Tier suppliers were REC's within their normal distribution area (eg SWEB) who were now permitted to negotiate and tender with customers located within that area.

Second Tier suppliers were any suppliers who held a licence issued by the Office of Electricity Regulation (OFFER) allowing them to supply electricity anywhere within the United Kingdom.

Further deregulation of the electricity supply industry took place in April 1994 when the non-franchised level of electricity consumption was lowered to enable single metered sites with consumption of greater than 100 Kilowatts to chose their electricity supplier. By purchase their electricity from a Second Tier supplier instead of the host Regional Electricity Company (REC).

The Council's total electricity consumption for all its items of Illuminated Street Furniture is greater then 100 kilowatts but this consumption is unmetered and therefore the Council was, in theory, unable to take advantage of this further deregulation.

A national working group was formed comprising representatives from local Councils, REC's, electricity suppliers and the Office of Electricity Regulation (OFFER). The group developed a system that took into account the scattered nature of street furniture and emulated an equivalent meter thus allowing trading within the 100-kilowatt market. This system is known as the unmetered Supplies Procedure.

2.2 UNMETERED SUPPLIES

Several requirements need to be met prior to obtaining prices for the supply of electricity: under the Unmetered Supplies Procedure. These are:

- 1) Appoint a Meter Administrator and enter into a Meter Administration Services Agreement.
- 2) Enter into a Connection Agreement with the host Distribution Network Operator (Western Power Distribution in this area).
- 3) Provide the host Distribution Network Operator with a monthly electronic inventory of all the Council's Illuminated Street Furniture assets.
- 4) Set up Photoelectric Cell Array units for monitoring switching times of time control devices.
- 5) Enter into Load Research to establish the actual electricity consumption of different items of Illuminated Street Furniture.
- 6) Obtain a Certificate of Unmetered Supply that confirms that the Council's electronic inventory is 98% accurate.

When all the above is in place tender bids can be sought from licensed suppliers.

Once a supplier is appointed it is their responsibility to establish a Use of Distribution System Agreement with the host Distribution Network Operator. This enables the supplier to use the Distribution Network Operator's infrastructure to supply electricity to the customer.

2.3 HOW THE EQUIVALENT METER OPERATES

2.3.1 Inventory

Each month an electronic inventory is prepared using the Illuminated Street Furniture Management Information System database. This inventory is sent to the Distribution Network Operator who checks the information against the previous month for any differences in consumption or numbers of assets. The data thus obtained establishes the monthly total kilowatts (Kw) Consumption for the Council's Illuminated Street Furniture.

2.3.2 PECU (photo electric cell unit) Arrays

The electronic inventory data file provides information on the control devices used to switch the Council's Illuminated Street Furniture on or off. These devices are either photoelectric cell's or time switches. There are many different types of control devices manufactured and they operate in different ways resulting in the Council's Illuminated Street Furniture switching on and off at different times. The accuracy, tolerance and reliability of the different control devices have a significant effect on the amount of electricity consumed. The Distribution Network Operator's building in Bristol has a piece of equipment mounted on it that can record the on/off times of each type of device installed. The data file produced by this equipment accurately records on/off times on a daily basis and creates a daily electronic switching times data file.

2.3.3 Local Administrative Metering Point

The information from the inventory data file is input into a computer program called CALIBURN by the DNO and verified. The verified file is then forwarded to the Council's appointed Meter Administrator. The Meter Administrator loads the verified data into a computer program called LAILOKEN which combines the inventory data file with the PECU array electronic daily switching times data files this then mathematically calculates the electricity consumption of all the Council's Illuminated Street Furniture.

It is then possible to establish daily kilowatt-hour readings these are used to calculate the daily consumption of electricity.

3) LEGISLATION

3.1 CITATION

Local Authorities must seek competitive quotations for the supply of electricity, in accordance with the Public Supply Contract Regulations 1995 (SI 1995 No201),. When ever their electricity purchase exceeds £153,376. The threshold of £153,376 is subject to regular review and this threshold is effective, until changed, from 1 January 2004.

3.2 SELECTION OF CONTRACT AWARD PROCEDURE

The Public Supply Contract Regulations 1995 give Local Authorities three methods of procurement namely:- open procedures; restricted procedures and negotiated procedures. The Council determines which procedure should be used.

Discussions were held with the Head of Legal Services during 1998 to determine the most appropriate procedure for the purchasing of electricity for Illuminated Street Furniture. It was decided that the open procedure should be adopted as this was the most competitive and would result in the Council obtaining keener prices.

3.3 OPEN PROCEDURE

This procedure requires the Council to publish a notice in the Official Journal of the European Communities (OJEC) which states that the Council wishes to receive offers from suppliers.

The legislation requires that a minimum of 52 days from the date of dispatch of the OJEC notice is given to suppliers to consider the contract documentation and submit their offers. A further requirement is that the tender documents are dispatched to interested suppliers within six days of the Council receiving a request for them.

3.4 TENDER EVALUATION AND AWARD

Because the contract for the purchase of electricity for Illuminated Street Furniture is for the supply of a specified product the contract is awarded to the lowest price.

The Council can reject an offer if the supplier:-

- a) fails to meet the Council's economic and financial standing requirements;
- b) fails to meet the Council's minimum technical requirements for the contract;
- c) fails to submit its offer in accordance with the Council's requirements.

4) TENDER PROCESS

4.1 INTRODUCTION

The Council tender documentation sets out the Council's terms and conditions for the supply of electricity for Illuminated Street Furniture.

The tender documents comprise of the following components:-

a) Suppliers Questionnaire

This requests information about the Electricity Supplier so that the Council can verify that they meet the Council's economic and financial criteria and the technical requirements of the Contract.

b) Instructions for Tendering

Tells the supplier how they should complete their tender bid and includes details of the tender return date and the address to which tender bids should be returned.

c) Contact Documentation

The framework for the tender documents for the competitive purchase of electricity for Illuminated Street Furniture was produced by a working party of Local Authority Street Lighting Engineers based in the South West of England.

This framework was further developed to comply with the Council's Standing Orders and Transportation and Highways standard accepted practices for the preparation of contract documentation.

The contract documents contains:

- i) the Conditions of Contract
- ii) Specification
- iii) Pricing Schedules
- iv) Background Information such as profiles of monthly energy consumption, Certificates of Unmetered Supplies, Connection Agreements for Highway Authority Installations, Meter Administration Agreements for Highway Authority Installation

d) Half Hour Load Data

This information is in the form of a computer file that contains data for every half-hour period (48) per day for 365 days of the year. This data is recorded daily by the PECU array and enables suppliers to accurately establish the load profile and usage consumption of Illuminated Street Furniture within Bath and North East Somerset for a whole year, allowing them to match their supply with our demand.

4.2 TENDER PROCEDURE

As mentioned in paragraph 3.1 due to the value of the contract it is necessary for the Council to comply with the Public Supply Contract Regulations 1995. The legislation requires the Council to advertise in the OJEC and to have a minimum tender period of 52 days.

Standing orders require that adverts be placed in the local and national press. However, as legislation dictates that electricity can only be provided by companies who hold a licence issued by the Office of Gas and Electricity Markets (OFGEM) only a limited number of companies can respond. A list of current licence holders is obtained from OFGEM and letters are sent advising that tender documents are available on request in addition to the adverts placed in the OJEC.

This approach is more cost effective than expensive advertising resulting in a saving of between £500-1,000 each time the contract is re-tendered.

4.3 TENDER EVALUATION

Returned tenders are opened in accordance with the requirements of Standing Orders and all compliant offers received by the tender return date are considered.

The information obtained from the Supplier's Questionnaire is evaluated by Transportation and Highways and resources staff to ensure that suppliers meet the Council's technical and financial criteria.

4.4 AWARD

Whenever the contract for the procurement of electricity for Illuminated Street Furniture is tendered, a report is brought to the Head of Transportation and Highways in order that discussions can be had with the Executive Member for Transport and an officer decision made on the award of the contract. The recommendations are based on the most competitively priced bid. Consideration will also be given to the cost effective use of energy provided from renewable sources.

5) FREQUENTLY ASKED QUESTIONS

How do I get more information?

In the first instance you should contact the Councils Street Lighting Section, on (01225) 394263.

How is the equivalent meter read?

The meter readings are electronically provided to the Council via electronic mail. This enables the equivalent meter readings to be available to establish the electricity consumption for the previous month when the bills are received.

How does the Council receive its electricity bill?

The Council receives its electricity bills in a paper format on a monthly basis. The bill identifies the total consumption for the month and unit price charge of electricity.

6) CONTACT LIST

CLIENT CONTACTS

Steven Howell, Head of TAWM 01225 394128

Peter Brook, Network Manager 01225 394339

Keith Showering, Team Leader, Street Lighting 01225 394342