



MINISTRY OF DEFENCE



Office of Government Commerce



About OGC

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OGC Service Desk

OGC customers can contact the central OGC Service Desk about all aspects of OGC business.

The Service Desk will also channel queries to the appropriate second-line support. We look forward to hearing from you.

You can contact the Service Desk
8am - 6pm Monday to Friday
T: 0845 000 4999
E: ServiceDesk@ogc.gsi.gov.uk
W: www.ogc.gov.uk

Press enquiries

T: 020 7271 1318
F: 020 7271 1345

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Energy: Minimising costs and cutting carbon emissions

Transforming government energy procurement – buy smarter, use less

In January 2007 HM Treasury announced Transforming Government Procurement, an initiative to review government spending. In response to this the OGC launched the pan government Energy Project in April 2007, sponsored by the Ministry of Defence, to review public sector energy usage and procurement with the aim of delivering both cost and carbon savings.

Energy spend across the public sector is approximately £3.25bn per annum, with in excess of 250 OJEU's being issued over a two year period.

The Project has developed a series of recommendations for improving energy procurement and management. These recommendations:

- Provide for a managed approach to sustainable energy procurement
- Are designed to save public sector organisations money and carbon, thereby helping to meet CSR07 commitments and improve corporate social responsibility.

The recommendations have been developed by a collaborative governance structure, with energy expertise and representation covering 60% of the public sector energy spend. These initiatives have been estimated to deliver £300m annual savings by 2010/11, while meeting customer needs for choice and improving the ability of all public sector organisations to achieve sustainability targets.

What action should you take?

Due to the highly volatile energy markets, it has become harder to manage price risk in energy procurement. There are two clear messages coming out of the recommendations to help you mitigate such risks:

1. Energy procurement

Use a recommended, 'enabled' contract for your energy procurement requirements. All contracts recommended by the Project will provide the following:

- Aggregated volumes which reduce supplier margins and tendering costs
- Access to wholesale markets (including multiple purchasing opportunities) and robust risk management strategies, to minimise price risk
- Transparent pricing mechanisms
- Access to future options, such as buying directly from generators, which will reduce long term price risk and increase security of supply including the use of new renewable sources.

Information on all recommended solutions is available on the OGC Contracts Database: www.ogc.contractsdatabase.gov.uk or from the OGC Service Desk on 0845 000 4999.

2. Energy management

Put in place an energy demand management programme – sustainability is high on the government agenda, but managing and reducing energy also saves money and carbon.

The key recommendations for public sector users are:

- Utilise the Carbon Trust 'free' energy surveys and information about no and low cost management solutions

- Develop a programme to eradicate waste energy use in areas such as:
 - IT equipment and operation
 - lighting equipment and operation
 - temperature controls for both heating & cooling
 - building insulation.
- Access pan government enabled contracts for appropriate technologies, once all no cost solutions have been investigated
- Access various funding options to assist in ensuring value for money and enabling speedy decision-making.

Funding opportunities

Salix Finance can provide 'matched' funding for public sector organisations on an interest free basis for various technologies.

The Department for Business Enterprise and Regulatory Reform (BERR) have various funding opportunities for microgeneration.

Ways for you to minimise costs and cut carbon emissions

1. Identify your current arrangements for energy procurement.
2. Review the OGC Contracts Database for recommended contracts – in this volatile market it is recommended that you review energy procurement activities at least 9 months prior to contract start dates.
3. Understand what energy management programmes have been initiated and access additional funding opportunities/support if appropriate.
4. Contact the OGC Service Desk for any further information about recommended contracts or questions about opportunities for energy management.

Organisations currently involved in the Energy Project include:

Ministry of Defence (MOD)	Office of Government Commerce (OGC)
The Energy Consortium (TEC)	OGCbuying.solutions
NHS Purchasing and Supply Agency (PASA)	Department for Children, Schools and Families (DCSF)
HM Revenue and Customs (HMRC)	Department for Work and Pensions (DWP)
London Energy Project (LEP)	Regional Improvement and Efficiency Partnerships
Pro5 Group	Department for Environment and Rural Affairs (Defra)

Interested in finding out more?

Please contact the OGC Service Desk on 0845 000 4999 or email ServiceDesk@ogc.gsi.gov.uk. Alternatively you can visit the OGC website for further details on the Energy Project at www.ogc.gov.uk/energy