

## Framework Contract for Collective Energy Switching Schemes

### SPECIFICATION

<b>ALMO</b>	Arms length management organisation - a not-for-profit <a href="#">company</a> that provides housing services on behalf of a <a href="#">local authority</a> .
<b>Auction</b>	A mechanism for Energy Suppliers to bid to supply energy by offering a competitive tariff. The supplier with the most competitive tariffs wins the auction.
<b>Council</b>	A legislative body that governs an area and who acts on behalf of their communities in participating in Collective Energy Switching Schemes as set out in this Framework Contract.
<b>Collective Energy Switching Schemes</b>	A scheme that groups together a number of Consumers to combine purchasing power to negotiate a better deal on their gas and/or electricity bills.
<b>Consumer</b>	A person or company who purchases gas or electricity.
<b>Energy Supplier</b>	A company that generates electricity and distributes it via the public grid, and/or supplies natural gas or district heating.
<b>Framework Contract</b>	Means this framework contract between NEPO and the Service Provider including all schedules.
<b>Fuel Poverty</b>	The UK Government defines Fuel Poverty as the need to spend more than 10% of household income to achieve adequate levels of warmth in the home and meet their other energy needs. Adequate warmth is defined as 21°C/23°C in the main living areas and 18°C in other areas.
<b>Green Deal</b>	Carbon emission policy to encourage people to take measures to make their homes more energy efficient. Money will be paid up front to do this and then paid back via the Consumers savings on their energy bill.
<b>Housing Association</b>	Private, <a href="#">non-profit making</a> organisations that provide low-cost <a href="#">social housing</a> (property is owned by a government authority), for people in need of a home.
<b>LGA</b>	Local Government Association.
<b>LSVT</b>	Large scale voluntary transfer of Council housing.
<b>NEPO</b>	North East Procurement Organisation.
<b>Pre-Payment</b>	Paying for energy before it is used.
<b>Public Sector Organisations</b>	Organisations that are owned and controlled by the government (or local government).
<b>Resident</b>	A person who lives somewhere permanently or on a long-term basis within the area of each Council.
<b>Service Provider</b>	An organisation who can carry out the services requested in this specification on behalf of Councils to help Consumers switch energy supplier to achieve a better deal for their gas and electricity.

<b>SME</b>	Small, Medium Enterprises which have fewer than 250 employees, a turnover not exceeding 24 million or a balance sheet not exceeding 16 million and 25% or more of the capital or voting rights are not owned by one enterprise or jointly by several enterprises falling outside the definition of a SME.
<b>Voluntary Sector</b>	The sphere of social activity undertaken by <a href="#">organisations</a> that are not for profit and <a href="#">non-governmental</a> .
<b>Warm Home Discount</b>	<p>The Warm Home Discount (WHD) Scheme is a 4 year programme introduced in April 2011 run by the government and energy suppliers to provide rebates on the electricity bills of households that need it most in England, Scotland, and Wales.</p> <p>The Warm Home Discount Scheme (WHDS) offers eligible Consumer a one-off payment on their electricity bill. For Winter 2013/14, this is £135.</p>

## **The Background**

With energy prices rising and less than a fifth of energy Consumers in the UK enjoying the lowest available tariff, Councils across the UK are now taking action to help their Residents cut household energy bills. Councils are specifically targeting those Residents who are unable to afford to heat their home adequately and those paying disproportionately high bills to keep their home warm.

Councils across the UK are seeing an increase in Fuel Poverty among their residents. Lincolnshire households, for example, have seen an increase in fuel poverty of 0.1% to 19.5% between 2010 and 2011.

There is recognition amongst Councils of the huge potential for communities to join together to prevent thousands of low income families and vulnerable people from slipping into Fuel Poverty. Councils anticipate that Collective Energy Switching Schemes will help to reduce household bills, alleviate Fuel Poverty and diminish many of the health issues arising from insufficient heating.

The Fuel Poverty crisis is a key driver for Councils implementing Collective Energy Switching Schemes. Councils have responsibilities to their residents to tackle fuel poverty and they now recognise one of the methods to do this is to implement Collective Energy Switching Schemes.

Research shows that many vulnerable and low income households do not access the best available tariffs for their energy due to –

- The complexity of the range of tariffs and how they are calculated.
- A lack of clear billing information.
- Lack of trust in utility companies – with Consumer unconvinced that the lower costs achieved through switching will be maintained long-term.
- Indebtedness to the present utility company, preventing Residents switching to a more affordable rate.
- Apathy and general fear of change.
- Lack of access to the best tariffs which are only available via the internet to those with bank accounts and good credit histories.
- Fears over contract cancellation charges

Councils are committed to support their local economy and want these schemes open to all SME'S who will be encouraged to sign up to the schemes.

Councils want to use their own trusted brand, to act as negotiators on behalf of their communities and make it easier to switch energy supplier/tariff.

## **The Requirement**

NEPO, on behalf of the LGA, are seeking to appoint Service Providers onto a Framework Contract to implement Collective Energy Switching Schemes with energy suppliers in order to provide a better deal for their communities on their gas and/or electricity bills. This Framework Contract will provide Councils with the opportunity to run these schemes with a Service Provider.

The key driver for these schemes is to achieve a measurable reduction in average energy costs – thereby helping to alleviate fuel poverty, support financial inclusion and to ensure that the needs of vulnerable Residents are met (for example, the elderly or those with disabilities - who may be more concerned about how to switch suppliers and what happens if it goes wrong).

Research has established that many low incomes families and those in Fuel Poverty are on Pre-Payment meters. Although the majority of these Consumers indicate that they prefer the sense of control over their budget and finances that this system provides: currently, the most advantageous tariffs are offered only to those on direct debit tariffs. Another target for these switching schemes will be to bring Consumer on Pre-Payment tariffs onto a rate commensurate with the lower tariffs available to direct debit/online billing Consumer.

## **The Service Provider**

The framework will offer services pre and post auction to organisations using the contract.

Services will include induction and training for staff, media and market support (including guides for residents), an advice centre, auction tool and software, switching function, handover management reporting and post switch evaluations.

One supplier will be awarded on the Framework Contract. Councils will call off directly from the framework.

Service Providers will be required to engage with Councils using this Framework Contract to set up and implement Collective Energy Switching Schemes once the Council has called off from the Framework. They will be required to support the development of Councils roles and responsibilities in implementing the schemes.

Pre-auction services will be required for all Councils setting up Collective Energy Switching Schemes.

The Service provider must deliver an induction and training to Council project teams and project delivery staff who are implementing Collective Energy Switching Schemes so staff are able to inform, support and assist those who may wish to register for the Schemes.

The Service provider must provide the Councils with a project plan and agree in advance the obligations of both the Councils and the Service provider at each stage of the switch.

The Service provider will also agree with the Councils the commencement date, duration of the registration period and the date of the auction. Auctions must be run in line with other Collective Energy Switching Schemes to combine volumes of Consumers.

As Collective Energy Switching Schemes are still in their infancy, it will be necessary for Service Providers to give presentations at information sessions, where required, to explain the schemes to those interested and answer any questions that may arise.

Service Providers will also be required to provide a guide, in a variety of different formats, which details how the Collective Energy Switching Schemes works, how you can register/switch and includes a list of commonly asked questions and answers.

Both online and offline sign-up mechanisms will be required (including telephonic help desk support to handle enquiries and offer advice on the scheme) to register both interested and committed Consumers onto the schemes.

## **The Delivery**

To achieve maximum results from an auction, the Service Provider must be willing to work with Councils to support and actively inform, publicise, promote and market the Collective Energy Switching Schemes. This could include support on communication material and documentation, through to full campaigns with logos, branding and design work. The Service Provider may be required to offer additional media and bespoke marketing support in the form of blogs on websites, promotions, press releases, social media, dedicated websites, promotional emails etc.

The Service Provider will work with NEPO and the LGA in supporting the marketing of this Framework Contract to other Public Sector Organisations.

The Service Provider must be able provide an I.T. platform that will securely store personal and energy consumption data and provide information to the energy suppliers. The platform must include a website, which may be a personal web portal through the Councils website, enabling easy registration (and without any further third party assistance) onto the I.T platform for the relevant Collective Energy Switching Schemes.

Service Providers are required to liaise with Energy Suppliers to provide them with accurate information regarding the numbers signed up to the schemes and their energy consumption data to enable the energy suppliers to bid

appropriately for the potential switchers.

Prior to the auction being run, the Service Provider must notify the Council and NEPO of the number of Consumers registered to date and the energy suppliers who have agreed to take part in the auction.

The Service Provider must be able to provide an auction tool and software to run an auction with energy suppliers on behalf of the Councils which will identify the lowest tariff available through appropriate methods e.g. reverse energy auction or equivalent process.

Through the scheme, Councils are looking for a tariff which is the lowest available within the market at the time. Councils are targeted to support the reduction in the household's carbon footprint and want to encourage the option to help their communities make the renewable switch, therefore as well as identifying best value deals, if possible a renewable green energy option must be offered. Service Providers are also requested to provide support for SME's through the schemes.

The auction results will need to be very clear on price and quality. Warm Homes Discount, payment types, dual fuel, contract length, exit fees and completion times for switching all need to be included in the results.

On completion of the auction, the Service Provider must communicate to all those registered via online and offline processes an offer letter which shows the offer(s) available from the winning energy suppliers, how to accept the offer(s) and the time in which the offer(s) will remain available. The offer letter must be simple and transparent clearly outlining all options available to the supplier. Those registered should be able to easily calculate their energy costs from the details provided within the tariff. The letter must show comparisons against current energy prices and the winning tariffs to enable those signed up to the scheme clearly understand if they can make savings on switching suppliers.

The Service Provider must be able to complete the handover process with the successful energy supplier for those wishing to switch supplier following the auction process.

The Service Provider must be able to provide post-switch evaluation to the Councils and NEPO taking part in the schemes. This should include:

- Details of the winning energy supplier(s),
- Price and tariffs offered,
- Numbers registered / committed / switched,
- Customer profiles registered (current suppliers, fuel, payment methods, whether on fixed tariffs, dual-fuel, eligible for Warm Homes Discount),
- Detailed information about the website (traffic sources, number of clicks, website views, day/week data etc),
- Social media statistics,
- Advice centre / call centre volumes,

- Information on non-switchers – potential savings missed detailed saving information, feedback and any other reasonable statistics or reports required. This must be in a useable format as required which may include .xls. .xlsx md. accdb and csv.
- Recommendations for future auctions.

The Service Provider shall feedback to each individual Council using the Framework Contract and NEPO, a project evaluation which undertakes an auction analysis and discusses any potential actions to be taken to improve the effectiveness of an auction.

As Collective Energy Switching Schemes are new to the UK market, it is predicted they will grow from their early initiatives to give more power to Consumer s to get better deals for their energy. Service Providers are required to engage with organisations to provide initiatives and develop their service and technology in line with this growing market to help Consumer's reach the full potential of Collective Energy Switching Schemes.

As well as being able to provide support for ongoing auction services for those Councils committed to running a number of Collective Energy Switching Schemes, Service Providers will be expected to provide enhancements to the service package which will be in addition to the requirements within this specification. Service Providers will be required to work with Councils to develop any innovative solutions or improved / value added services that are anticipated to become available during the term of the Framework Contract and should make a commitment to keep the Council and NEPO up to date with any future developments.

### **Contributions**

No money will be exchanged for the use of the Framework Contract. However, the Service Provider must provide a switching fee to the Council using the Framework Contract. This fee may be used by some Councils to fund energy-related programmes, including Green Deal, if they choose to do so or used for any other purpose they deem appropriate.

### **Equality Requirements for Contractors**

The Council will require the Contractor to carry out the service provision in compliance with the Council's Equality Policies:-

The Contractor must carry out the service provision treating all people in a considerate and respectful way and showing sensitivity towards a person's beliefs, background, and way of life, personal needs or circumstances. This applies to anyone that the Contractor comes into contact with, or has access to (in person, over the telephone and in writing) in performing the Framework Contract throughout the duration of the agreement.

The tenderer must demonstrate as part of its methodology statement (Award Criteria I), in delivering this Framework Contract specifically, how it will:

Have arrangements in place to make sure that it complies with all equality law when recruiting and managing its workforce and carrying out its business under the proposed Framework Contract.

Communicate its obligations to all of its staff who are involved in the delivery of this Contract, including any sub-contracted staff, and explain individual responsibilities within.

Throughout the duration of the Framework Contract, the Contractor will also be expected to:

- Disclose any written or verbal complaints made to them regarding the delivery of the agreement.
- Keep their arrangements up to date with changes in equality legislation.

Supply any relevant information requested by the Council in relation to equality or their management of equality.