

ADDENDUM TO THE ACTION POINTS ARISING FROM MARCH 2024 DMC MEETINGS

KENTISH TOWN DMC ACTION – 5 MARCH 2024

Item	Action	Responsible Individual/Department	Comments
KT/0524/01	To provide a response to the questions on the Heating Pool Charges submitted by Maiden Lane TRA	Rubait Hossain Rent & Charge Services Manager	Response to the specific questions have been drafted and waiting sign off, due to the sensitivity of some data, before sharing with the TRA.

No	Question	Officer Response
1	We would like to know how much we are paying for our heat-network gas through the Laser purchasing scheme per kWh, including any effect the EBRS/EBDS has had on that per kWh price.	<p>Camden applied for both the Energy Bill Relief Scheme and Energy Bill Discount Scheme. For gas, we received £1,460,475 in discounts under EBRS across the Housing portfolio. We only received an EBDS gas discount of £2,549 across the whole portfolio for Apr 23 billing.</p> <p>Our gas prices were not eligible for EBDS for May to Sep 23. Any gas discount under EBDS for Oct 23 to Mar 24 is yet to be confirmed.</p> <p>For electricity, all of our monthly prices were below the EBRS wholesale price cap, so no EBRS discount was applied for the Oct 22 to Mar 23 period. No EBDS discount is expected for our electricity supplies for the Apr 23 to Mar 24 period.</p> <p>Discounts are passed on to residents when their heat charges are calculated. Camden's heat charges are calculated on an arrears basis, which means that where there are discounts, they are applied to the following year's heat charges.</p> <p>Overall, the low level of discounts Camden received shows that our charges are competitive and below the cap.</p> <p>The info below shows the increase in costs from October 21 to October 22 that lead to the increase in charges for 23/24. This can be found on the summary tab on the</p>

attached spreadsheet.

Pricing period	Standing charge (£ p/day)	£ per kWh
Oct 21-Sept 22	£130.63	£0.020279
Oct 22-Sept 23	£362.15	£0.085182
Oct 23-Sept 24	£50.65	£0.073341

2 We would like to know the meter readings from the boiler room for the last 12-month period so we can understand the total consumption in KWh for the whole estate.

The tab IView2223A shows all bills received during the year and includes (amongst other things) meter readings, kWhs used, the rate per kWh, the standing charge, any EBRS discount and the bill total. The total fuel cost for this site for 22/23, net of indirect costs and overheads, was £506,169.95.

The tab 2223A shows the total consumption and costs for the period, I have inserted this below

Accrual from 2021/22 (for Mar-22 consumption)		Consumption kWh	Price £ per kWh	£ s/c per day
	-£ 65,000.00			
Mar 2022 consumption (paid April 2022/23)	£ 25,117.14	1038888	0.020279	130.63
Apr22-Sep22	£ 55,912.10	1578323	0.020279	130.63
Oct22-Feb23	£ 32,515.71	4435574	0.085182	362.15
AMR (Automated Meter Reader)	£ -			
EBRS discount Oct22-Feb23	-£ 37,449.19			
Accrual for 2223 (March23)	£ 95,074.17			
Total for 2223 Actual	£ 506,169.94			

£ 506,169.95	Direct cost
£ 1,838.29	Indirect cost
£ 931.60	Overhead
£ 508,939.84	Total

3	<p>We would like to see the calculation and apportioning of the monthly per KWh gas cost to 1 bed, 2 bed, 3 bed etc. units on the estate.</p>	<p>Tenants connected to Camden's District Heat Network such as Maiden Lane pay for your heat charges via heat scales. The heat charges for tenants in the district heating pool are determined based on forecasted energy costs the Council have to purchase. The heat charges set for the tenants are then set and agreed by the January Cabinet each year. Residents on the heat scales do not receive adjustments for actual usage. The heat scales vary according to the type of boiler in your block/estate as well as the services provided (ie. heating, hot water and/or cooking gas) and the number of bedrooms. The annual heat charge set for each property is divided into a weekly heat charge amount to avoid high costs in the winter and lower costs in the summer to assist residents with budgeting.</p> <p>The 2223A tab on the attached spread sheet shows the unit portion for a one bedroom property as 0.00185153. The fuel cost for a one bedroom property was £942.32 (£508,939.84 * 0.00185153). The same calculation is applied to 2 and 3 bed properties..</p> <p>Currently there is no standing charge applied to the calculations. The energy bill from our supplier includes a standing charge but no further standing charge is applied to your heat charges. However, once the heat network is individually metered then a standing charge is applied. The standing charges for metered homes works via cost recovery basis for the whole block, where costs such as broadband, data charges, repairs and maintenance and administration and billing are split among the properties of that block. Based upon other heat metered sites we would expect the standing charge to be approximately £75 per yea, per property.</p>
4	<p>If the Maiden Lane current heating renewal project is significantly delayed again then we are calling for the installation of heat metering on the estate as a lowest common denominator option and want to know this is happening; we believe residents have a right to control over their consumption and</p>	<p>The project manager has confirmed heat meters will be installed as per the requirement in the heat and hot water services upgrade.</p>

	bills. Councillor Beales was open to this idea at last year's AGM.	
5	We would like to know the effect that previous metering installations have had on the consumption of gas on other estates with district heating systems for comparison.	The consumption of gas is affected by a number of factors including the weather, the residents health etc. and we are therefore unable to know the affect that the previous meter installations has had on the gas consumption. However, following the 22/23 actuals circa 84% of the tenants are better off on metered charges when compared to the current heat scales.

MLTRA 231122

Dear Councillors

We are very concerned about our heating bills; we understand they will change after the installation of the new heating system on our estate, if it finally goes ahead. We think it's important to benchmark the situation with our bills now so the benefits of the new scheme with regard to bills and kg carbon/efficiency before and after can be clearly understood. We think this benchmark will be useful for future comparisons, for both the council and residents.

Current Bills

The current bill for the gas/heating and hot water for a 1 bed flat is £181.27 per month for leaseholders. The current bill for the gas/heating and hot water for a 1 bed flat is £162.54 per month for tenants

The British Gas website gives the current Oct 23 1 bed flat figure of £52.08 as an average monthly direct debit gas bill, less than a third of one of our bills. This difference cannot be explained purely with system inefficiencies. We accept we can't change supplier but we are supposed to be getting gas at cheaper bulk prices than other users? and have the benefit of that, along with the EBRs/EBDS, but we aren't anywhere near the ball park of a direct gas user.

Some Questions

1. We would like to know how much we are paying for our heat-network gas through the Laser purchasing scheme **per kWh**, including any effect the EBRs/EBDS has had on that **per kWh** price.
2. We would like to know the meter readings from the boiler room for the last 12-month period so we can understand the total consumption in **KWh** for the whole estate.
3. We would like to see the calculation and apportioning of the monthly per **KWh gas cost** to 1 bed, 2 bed, 3 bed etc. units on the estate. We need this stated separately and alongside infrastructure and standing charges for the heating system so we can understand clearly how many kWh we are using relative to normal consumption levels and understand what we are paying per kWh compared with the open market. We need to know what the current standing charges are and what the approved process will be for the calculation of the new standing charge for the new system.
4. If the Maiden Lane current heating renewal project is significantly delayed again then we are calling for the installation of heat metering on the estate as a lowest common denominator option and want to know this is happening; we believe residents have a right to control over their consumption and bills. Councillor Beales was open to this idea at last year's AGM.
5. We would like to know the effect that previous metering installations have had on the consumption of gas on other estates with district heating systems for comparison.

We look forward to the special DMC meeting on December the 14th; please consider this email to be our questions for that meeting.

Yours Sincerely Maiden Lane TRA.

MAIDEN LANE TENANTS AND RESIDENTS' ASSOCIATION

The Allensbury Room, Maiden Lane Estate, NW1 9YR

Financial summary

The following table sets out the expected costs and income, based on the changes outlined above, for the Heating Pool.

HEATING POOL	2022/23 Actual £'000	2023/24 Forecast £'000	2024/25 Estimate £'000
Increase (Decrease) in charges on prior year (net of credits)	15.0%	125.0%	0%
Fuel Costs	17,440	22,772	20,729
Bad Debt Costs	518	1,093	1,093
Maintenance & Infrastructure Costs	632	689	778
TOTAL EXPENDITURE	18,590	24,553	22,600
TOTAL INCOME	(12,562)	(26,439)	(23,421)
(Surplus)/Deficit for Year	6,027	(1,886)	(822)

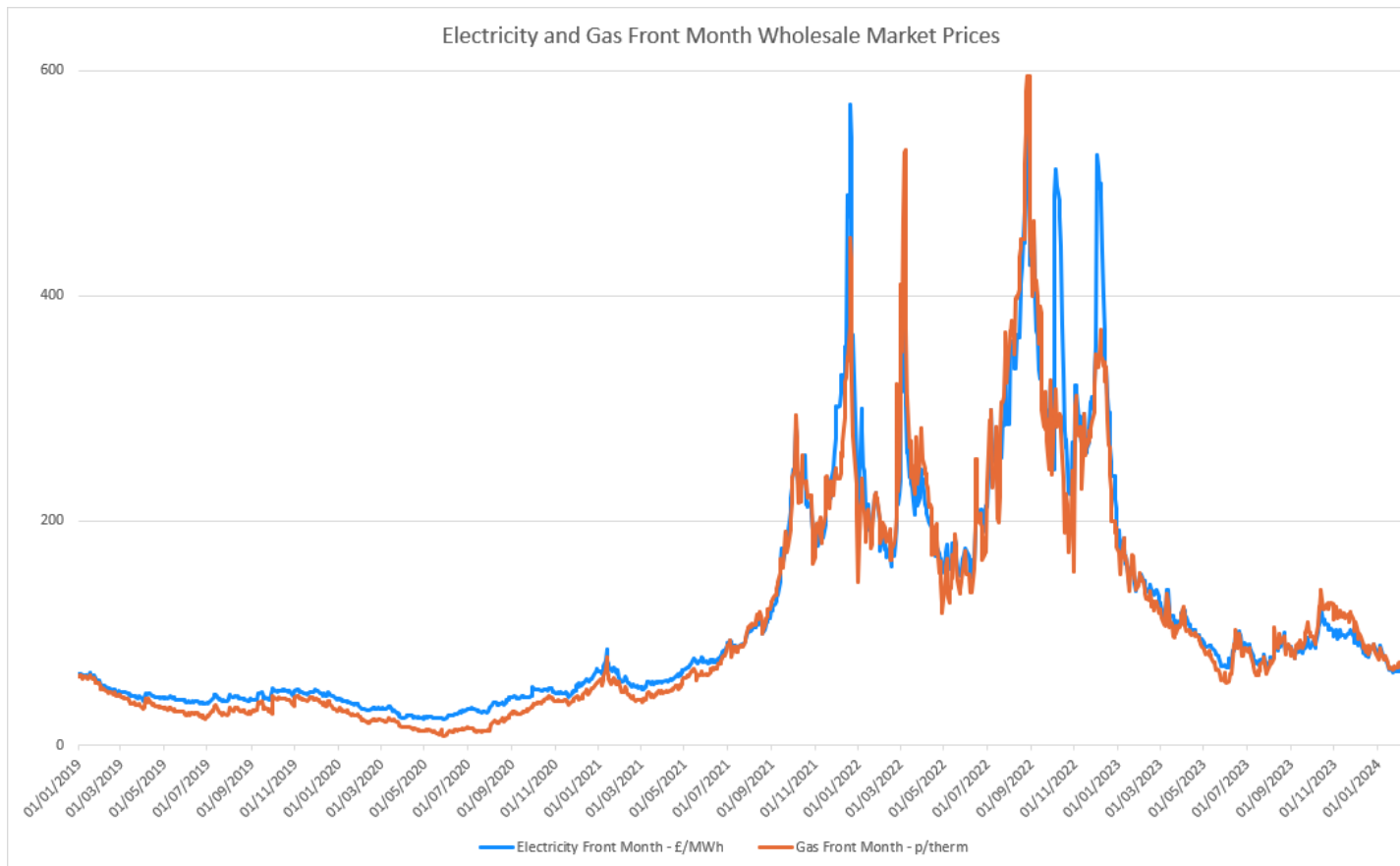
Movement in Reserves

(Surplus) / Deficit Brought Forward	(3,858)	2,396	666
Surplus/Deficit in year	6,028	(1,886)	(822)
Heat Compensation Loss of Service	65	100	100
Heat Refunds	162	56	56
Reserves Carried Forward	2,396	666	0

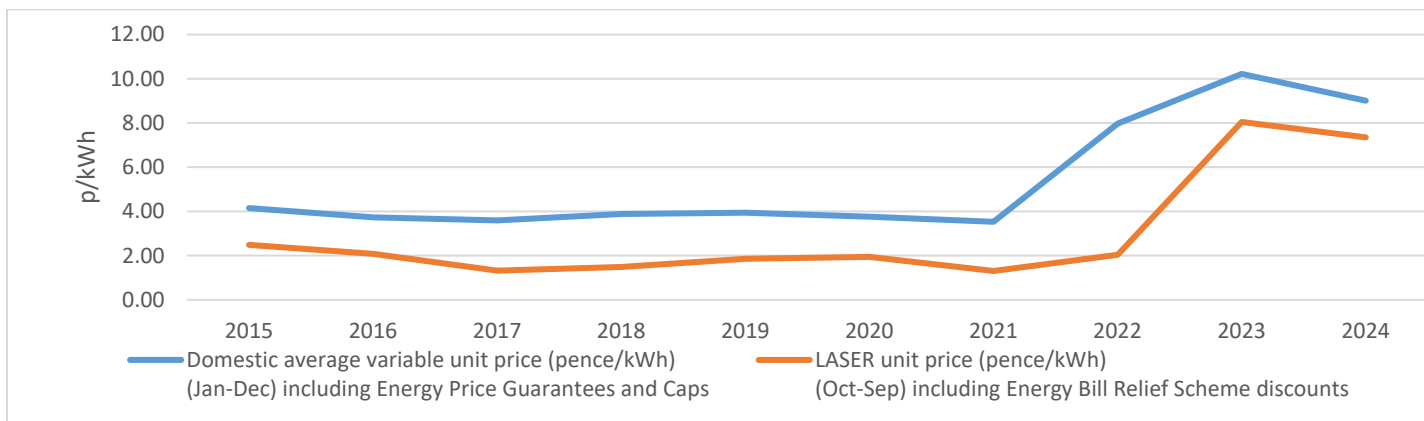
Heating Pool Deep Dive Session 2 – 29 February 2024

Energy Procurement Strategy and Dispensation for Camden’s Energy Contracts

- Camden currently procures energy through LASER, a public sector buying organisation. Cabinet approved Camden’s procurement strategy in November 2022, for the Oct 2024 to Sep 2028 period.
- LASER buy energy for 235 public sector customers, with a combined energy spend of over £800 million. Using a public sector buying organisation allows Camden to aggregate the Council’s required gas and electricity volume with LASER’s other customers, to manage inflationary pressure and to secure lower cost energy from the wholesale markets. Camden does not use sufficient volumes of energy to go direct to the wholesale market and receive a competitive price.
- Energy wholesale markets have been in crisis since July 2021, with prices reaching record highs in September 2022. This was driven by increased demand as our economies recovered from the pandemic, and by the Russian attacks on Ukraine in February 2022.
- Energy markets stabilised significantly at the start of 2023 but remain volatile, with prices still above pre-pandemic levels. Other geopolitical events, such as the Israel-Hamas conflict, and attacks in the Red Sea, add to increased market volatility.
- The graph below shows the position of energy market costs from January 2019 to January 2024.



- Camden's procurement strategy limits our exposure to energy market volatility by allowing us to purchase energy 12-36 months in advance of the supply date. In practical terms, this means that the price for the contract supply period is a product of the various energy purchases in the run up to the supply start date, rather than the energy price on the day.
- Oct 20 – Sep 21:** Housing gas prices saw a reduction of 25.5%, as Camden's procurement strategy allowed LASER to take advantage of low energy prices driven by the pandemic.
- Oct 21 - Sep 22:** Camden's procurement strategy allowed LASER to hedge against inflationary pressures by purchasing all gas for this supply period over the course of 2020 and 2021 when prices were relatively low, however, Housing gas prices still saw increases of 47%.
- Oct 22 - Sep 23:** Camden also forward purchased significant energy volumes for this supply period during 2020/21, however, energy prices were still higher for this period, given the extreme volatility of the wholesale energy markets at the time of some purchases (shown in the graph above). Camden saw energy price increases of 260% for Housing gas supplies.
- Oct 23 – Sep 24:** Housing gas prices have decreased by 21.5% for the current supply period. LASER was able to purchase some energy volumes as the market began to fall in January 2023, however, energy markets remain highly volatile and are some way off the stability and lows of 2019-20.
- Gas price performance has been measured over a 9-year period, comparing domestic retail prices in pence/kWh with the prices LASER have achieved for the Camden Housing portfolio. In headline terms, this indicates that gas prices secured for Camden residents are typically around half the cost of retail gas prices. The Council's energy procurement strategy has performed consistently well for Camden and its residents even in the context of the global energy crisis of 2021. The graph below shows this benefit:



Domestic prices are taken from Government's Department for Business, Energy & Industry Strategy (BEIS)

- LASER has carried out an open competitive tender process to establish a gas and electricity procurement framework. A Governance Panel is in place to provide oversight and scrutiny of energy trading. The minimum and maximum levels of energy that can be purchased at any point by LASER is agreed by the Governance Panel, which is comprised of 5 LASER staff and 10 members who are external and independent of LASER. Camden's Senior Energy Management Officer sits on this panel.
- In 2019 Camden was awarded a dispensation exempting the Council from the statutory consultation procedures (as defined under the Landlord and Tenant Act 1985), for a period of four

and a half years, in relation to the purchase of gas and electricity for its housing sites, covering the existing contract arrangements for Oct 2020 – Sep 2024. Section 20, Schedule 2, Stage 2 and 3 of the Act, requires Camden to give written notice to leaseholders for any prices received and wait for a response. The dispensation is necessary because there is no practical way of consulting with leaseholders in advance, in a timely manner, during the energy buying process, as gas and electricity is bought in advance of the supply period.

- A new dispensation was awarded in 2023 to cover energy contract arrangements for Oct 2024 – Sep 2028. This was to secure best prices and to help manage the continuing volatility across the wholesale energy markets. Camden required the new dispensation to be in place before March 2023, to enable LASER to start buying energy ahead of the contract supply period.