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Not applicable

1819-0105 – Gas and Electricity supply 2020-2024

Islington Council

F14: Notice for changes or additional information

Notice identifier: 2022/S 000-021671

Procurement identifier (OCID): ocds-h6vhtk-03599f

Published 8 August 2022, 10:29am

Section I: Contracting authority/entity

I.1) Name and addresses

Islington Council

7 Newington Barrow Way

London

N7 7EP

Email

procurement@islington.gov.uk

Telephone

+44 2075278118

Country

United Kingdom

Region code

UKI - London

Internet address(es)

Main address

<http://www.islington.gov.uk/>

Buyer's address

<http://www.islington.gov.uk/>

Section II: Object

II.1) Scope of the procurement

II.1.1) Title

1819-0105 – Gas and Electricity supply 2020-2024

Reference number

DN422989

II.1.2) Main CPV code

- 65200000 - Gas distribution and related services

II.1.3) Type of contract

Services

II.1.4) Short description

Supply of Gas, 100 KW Half-Hourly (HH) Electricity and Sub 100 KW Non Half-Hourly (NHH) Electricity

Section VI. Complementary information

VI.6) Original notice reference

Notice number: [2019/S 247-609243](#)

Section VII. Changes

VII.1) Information to be changed or added

VII.1.2) Text to be corrected in the original notice

Section number

V.2.4

Lot No

1

Place of text to be modified

Total value of the contract/lot:

Instead of

Text

18 600 000 GBP

Read

Text

24 800 000 GBP

Section number

V.2.4

Lot No

2

Place of text to be modified

Total value of the contract/lot:

Instead of

Text

11 400 000 GBP

Read

Text

3 800 000 GBP

Section number

V.2.4

Lot No

3

Place of text to be modified

Total value of the contract/lot:

Instead of

Text

18 000 000 GBP

Read

Text

24 000 000 GBP

VII.2) Other additional information

The council's utilities purchasing strategy is flexible, aggregated (with external clients), risk-managed, and is usually based on purchasing tranches of gas and power to ensure budget certainty. This flexible strategy of buying over a four-year period helps to mitigate any sharp increases in market prices. Due to unforeseen circumstances (unprecedentedly high commodity costs) which the contracting authority could not have foreseen, this modification is required to increase the cost of all three Lots by the following:

Gas – Lot No. 1 - £6,200,000 (50% of original value).

100KW Half-Hourly (HH) Electricity – Lot 2 No. 2- £3,800,000 (50% of original value).

Sub 100KW Non Half-Hourly (NHH) Electricity – Lot 3 No.3 - £6,000,000 (50% of original

value).

Total contract value including this modification is £64,000,000

The original contract estimates for the four-year period 2020-2024 were based on historic electricity and gas prices and a detailed estimate of the electricity and gas consumption at the sites included, allowing for a 5-10% +/- tolerance on both (commodity prices could only be procured after the contract was let and hence a flexible estimate had to be provided). Following successful procurement of electricity and gas in 2020/21 and 2021/22 using the flexible, aggregated strategy agreed by the Council, sharp rises in commodity prices occurred in September 2021, December 2021, March 2022 and June/July 2022 largely as a result of the Ukraine situation. The high gas prices have had a knock-on effect of increasing electricity commodity prices, resulting in a large increase in the expected energy costs through the contracts for 2022/23 and 2023/24 and necessitating a modification to take into account these increased costs. Commodity market prices going forward to 2023/24, whilst lower than current market prices, remain considerably higher than 2020/21 and 2021/22. These circumstances were not foreseen at the time of the contract award and do not alter the overall nature of the contract.