



PWYLLGOR ADNODDAU CYNALIADWY SUSTAINABLE RESOURCES COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	10 November 2022
TEITL YR ADRODDIAD: TITLE OF REPORT:	Role of the Energy Price Risk Management Group
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Huw Thomas, Director of Finance

Pwrpas yr Adroddiad (dewiswch fel yn addas)

Purpose of the Report (select as appropriate)

Er Gwybodaeth/For Information

ADRODDIAD SCAA

SBAR REPORT

Sefyllfa / Situation

In light of the exceptional costs being incurred for energy currently, the role of the Energy Price Risk Management Group (EPRMG) is outlined in the presentation, attached at Appendix 1. It highlights to Committee members the work done on an all Wales basis to secure energy supply to NHS Wales and to try to mitigate the costs pressures.

The Sustainable Resources Committee is asked to note the content of the presentation for information.

Cefndir / Background

The EPRMG has been in existence since December 2005. The Group consists of both Estates staff, with energy management responsibilities, and finance staff from all Welsh Health Boards and Trusts. A 'market overview' session is provided by an expert from British Gas at each meeting. This briefing is received before the Group considers its pricing strategy.

The aims of the EPRMG are to:

- Manage the purchase of Energy for NHS Wales
- Resolve Energy Supply issues with British Gas
- Ensure appropriate Energy contracts are in place that meet the needs of NHS Wales
- Since 2021, minimise the risk of very high energy costs to NHS Wales.

Due to the forward purchasing strategy adopted, a total of £33.8m was saved by NHS Wales against the actual average daily cost of Gas and Electricity in 2021/22.

Asesiad / Assessment

The attached presentation provides further detail of the work of the EPRMG, including the enhanced monitoring and analysis being undertaken during the current period of extreme volatility and future options for when current contracts terminate.

Argymhelliad / Recommendation

The Sustainable Resources Committee is asked to note the content of the presentation for information.

Amcanion: (rhaid cwblhau)

Objectives: (must be completed)

Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	2.4 Review financial performance, review any areas of financial concern, and report to the Board.
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Risk reference 1432 Score 20
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	7. Staff and Resources
Amcanion Strategol y BIP: UHB Strategic Objectives:	6. Sustainable use of resources
Amcanion Cynllunio Planning Objectives	6K_22 workforce, clinical service and financial sustainability
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Objectives Annual Report 2018-2019	9. All HDdUHB Well-being Objectives apply

Gwybodaeth Ychwanegol:

Further Information:

Ar sail tystiolaeth: Evidence Base:	Presentation prepared by Energy Price Risk Management Group
Rhestr Termiau: Glossary of Terms:	Contained within the report
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Adnoddau Cynaliadwy: Parties / Committees consulted prior to Sustainable Resources Committee:	NHS Wales Shared Services Partnership Committee

Effaith: (rhaid cwblhau)

Impact: (must be completed)

Ariannol / Gwerth am Arian: Financial / Service:	The financial impacts are set out in the presentation.
Ansawdd / Gofal Claf: Quality / Patient Care:	Not Applicable
Gweithlu: Workforce:	Not Applicable
Risg: Risk:	The risks are set out in the presentation.
Cyfreithiol: Legal:	Not Applicable
Enw Da: Reputational:	Not Applicable
Gyfrinachedd: Privacy:	Not Applicable
Cydraddoldeb: Equality:	Not Applicable

NWSSP Shared Services Partnership Committee

Role of the Energy Price Risk Management Group



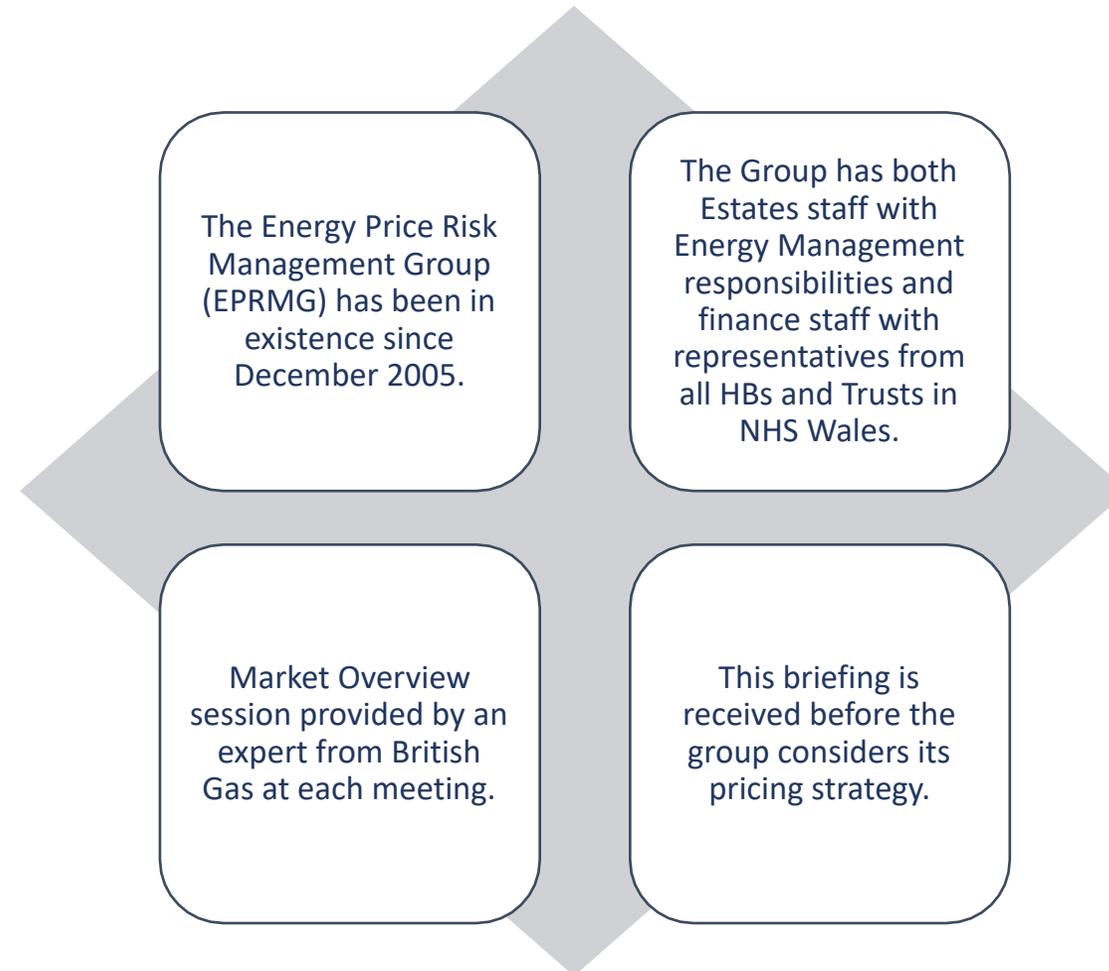
Eifion Williams
September 2022



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EPRMG Introduction



Securing Energy Supply to NHS Wales

- Gas and Electricity supplied by British Gas (Centrica) through two All Wales Contracts
- Ability to purchase Energy on a Monthly or Quarterly basis through multiple tranches
- Market Experts provide 'In Person' monthly Market Analysis and daily Market Overview Briefing documents
- Purchasing Strategy determined by EPRMG based on Market Analysis, Current Prices and Inherent Risk
 - Currently done on a weekly basis
 - During periods of extreme volatility in the last year – 3 meetings a week
- Daily monitoring of prices undertaken jointly by NWSSP and EW
- This approach enables prices to be 'tracked' and tranches of volume secured when appropriate

Aims of the EPRMG

- Manage the purchase of Energy for NHS Wales
(Since 2021- Minimise Risk of Very High Energy Costs to NHS Wales)
- Resolve Energy Supply issues with British Gas
- Ensure appropriate Energy contracts in place that meet the needs of NHS Wales

Energy Price Volatility

Since 2021
Energy Prices
has increased
significantly

	Gas p/Th	Electricity £/MWH
August 22	281	218
August 21	42	45
August 20	39	47
August 19	42	40
August 18	44	40

Energy Market Volatility

- Energy Market 'Spiked' inexplicably in Autumn 2021
- Expected to be short lived because there was no underlying factors such as 'outages of processing' or shortage of supply
- When Markets began to reduce to lower levels, Russia invaded Ukraine in Spring 2022
- When markets show sign of reducing to lower levels, flows by Gazprom reduce/stop
- Supply/Demand in Europe is finely balanced due to closure of Nuclear and Coal Plants and loss of Oil and Gas supply from Russia
- UK appears sufficiently supplied but there are pipelines for both Gas and Electricity to Europe – Energy operates on a Global price Market basis

Outlook

Market Direction is completely Unpredictable

- Russia/Ukraine Conflict
- Gazprom Decisions
- World Economy outlook (Affects demand for Gas/Oil)
- Cold/Mild Winter
- Preparedness to reopen Coal & Nuclear Stations
- OPEC decisions on Oil Prices

EPRMG going forward (1)

- The EPRMG continues to meet on a weekly basis and has an Extended Monthly Meeting
- Weekly meetings usually have 17 attendees from all NHS Wales Organisations, Monthly meeting usually has 22 attendees
- EPRMG reviews previous week's purchasing activity, considers market advice and position and determines purchasing strategy for week ahead.
- EW briefs WG Finance Colleagues on Cost forecasts and Deputy Dofs are briefed by Linsay Payne
- Due to forward purchasing strategy adopted, a total of £33.8m was saved against the actual average daily cost of Gas and Electricity in 21/22

EPRMG going forward (2)

- End Dates of Current Contracts:
 - Gas - March 2027
 - Electricity – March 2025
- Market Volatility is expected to extend into the years ahead
- British Gas has given notice that it will not seek new Commercial energy contracts but will fully support existing contracts
- Need to consider whether current approach remains appropriate for NHS Wales – consider option of Crown Commercial Services
- NWSSP Committee will be briefed on options later in the year

Membership of EPRMG

Alexandra Morland	Cwm Taf Morgannwg University Health Board	Divisional support accountant
Alun Evans	Velindre NHS Trust	Environmental Development Officer
Amy Charles	Hywel Dda University Health Board	Procurement Business Manager
Andy Butler	NWSSP	Director of Finance and Corporate Services
Anthony Fenn	Powys Teaching Health Board	Head of Technical Services
Arwel Hughes	Betsi Cadwaladr University Health Board	Head Of Operational Estates
Ben Baker	Health Education and Improvement Wales (HEIW)	Facilities and Compliance Manager
Chris Payne	Health Education and Improvement Wales (HEIW)	Deputy Director of Finance
Chris Moreton	Velindre NHS Trust	Deputy Director of Finance
Christian Thomas	Powys Teaching Health Board	Assistant Director of Finance
Daniel Hern	Aneurin Bevan LHB	Decision Support Accountant - Facilities
Daniel Purnell	Welsh Ambulance Services NHS Trust	Senior Finance Business Partner
David Thomas	Betsi Cadwaladr University Health Board	Management Accountant
David Williams	Betsi Cadwaladr University Health Board	Chief Finance Officer - Corporate
Des Keighan	Swansea Bay University Health Board	Assistant Director of Estates
Eifion Williams	Powys Teaching Health Board	Senior Advisor - Finance - Support to Executive Team
Emma Cavanagh	NWSSP Procurement Services	Category Manager - Energy
Gary Humphrey	Cwm Taf Morgannwg University Health Board	Energy / Carbon Project Manager
Geraint Norman	Swansea Bay University Health Board	Head of Strategic Financial Planning
Holly McLellan	Powys Teaching Health Board	Estates Environment and Sustainability Officer
Howard Stevens	Swansea Bay University Health Board	Technical Services Manager
Hywel Dda team	Hywel Dda University Health Board	
Ian Emptage	BCUHB/WAST/PTHB	Deputy Head of Procurement (BCUHB/WAST/PtHB)
James Edwards	Cwm Taf Morgannwg University Health Board	Energy Support Officer

Membership of EPRMG

Jason Hoskins	Velindre NHS Trust	Assistant Director of Estates, Environment & Capital Development
Jon McGarrigle	Cardiff and Vale University Health Board	Head of Energy and Performance
Jonatan Fear	Velindre NHS Trust	Estates Manager
Julie Davies	NWSSP Procurement Services	Senior Category Officer - Energy
Kyle Jones	Swansea Bay University Health Board	Technical Services Officer Energy and Carbon
Lena Boghossian	NWSSP Procurement Services	Head of National Sourcing – Commissioning/HEIW/Energy/Professional Admin Services/Hotel & Textile
Lindsay Payne	NWSSP	Deputy Director of Finance & Corporate Services
Mandy Pady	Cwm Taf Morgannwg University Health Board	Head of Finance
Matthew Bunce	Velindre NHS Trust	Executive Director of Finance
Matthew Lane	Aneurin Bevan LHB	Energy and Carbon Manager
Neil Desmond	Public Health Wales NHS Trust	Facilities & Estates Compliance Lead
Nicola Stephens	Welsh Ambulance Services NHS Trust	Environment and Sustainability Manager
Owen Harris	Hywel Dda University Health Board	Energy & Environment Officer
Paul Lewis	Cwm Taf Morgannwg University Health Board	Head of Assets, Governance and Technical Services
Paul Thomas	NWSSP Procurement Services	Procurement Business Manager
Paul Williams	Hywel Dda University Health Board	Head of Property Performance
Rhiannon Freshney	Velindre NHS Trust	Environmental Development Officer
Scott Thomas	Public Health Wales NHS Trust	Compliance Officer
Stephen Lloyd	Velindre NHS Trust	Specialist advisor to Velindre University NHS Trust
Stephen Phillips	Betsi Cadwaladr University Health Board	Senior Estates Officer
Steven Coliandris	Velindre NHS Trust	Head of Financial Planning & Reporting
Steve Watkins	Powys Teaching Health Board	Estates Officer Engineering Specialist
Stuart Burn	Hywel Dda University Health Board	Finance Business Partner
Terri Shaw	Hywel Dda University Health Board	Senior Environmental Officer
Tim Humberstone	Powys Teaching Health Board	Finance Business Partner



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Questions ?