



HSE Board Briefing Template

Subject: HSE 24164; Provision of 100% Renewable Electricity Supply to the Health Service Executive & Health Sector	
Recommended Supplier: Energia	
Contract Value:	€285M (including VAT 13.5%)
Term:	36 months (no extensions)
Financial Impact:	Saving of €■■■■ M (including VAT), over the 3 year term of the contract
All particulars set out in the Contract Approval Document.	
Submitted for meeting on: 26 th July 2024	
Name & title of author: Siobhan Dunphy, Acting National Director, HSE Procurement	
Why is this information being brought to the Boards attention? As the value of this proposed contract exceeds €10 million over the contract lifetime, HSE Procurement is now seeking Board approval as per HSE expenditure guidelines. Confirmation is required from the Board that this expenditure is justified and approved in advance of the proposed contract award.	
Is there an action by the Board required, if so please provide detail? Yes, HSE Procurement is requesting Board approval before execution of the Contract Agreement.	
Please indicate which of the Board's objectives this relates to; Exercising effective budgetary management, including improving the value achieved with existing resources and securing target saving, with the objective of delivering the National Service Plan within Budget.	
Brief summary of link to Board objectives. Meets the requirement for continuation of the provision of electricity to the HSE .The process followed ensures compliance with all relevant EU Public Procurement rules and HSE National Financial Regulations and delivers value for money and continuation of a quality driven service.	
What actions are required by the Board? HSE Procurement is requesting Board approval before execution of the Contract Agreement.	
Background - provide context in order to ensure that the Board fully understand the issue. This contract supports the continuation of the centralised approach for procurement of electricity for the HSE. The new contract will replace the current contract, which expires on 30/09/2024. (Current contract duration; 01 st April to 30 th Sept 2024) The current 18 month contract for metered electricity for HSE/Health Sector electricity contracts run on behalf of the HSE/Health Sector under "one voice for health" by the OGP is due to expire in September, 2024. It covers approximately ■■■■ supply points. As market conditions have been gradually improving during 2023 and to date, resulting in a fall in estimated cost projections for the next 3 years (based on daily market estimated projected cost reports). There is still uncertainty, particularly regarding; security of supply, natural gas storage levels, geopolitical risk and to address these the OGP Energy Advisor made the following change to the approach:	

- The OGP energy advisor has recommended a 36 month contract duration based on current estimated cost projections over the next three years. (previously 18 month metered electricity contract)
- Volume tolerance +10% (previously 100%)
In addition to the list of validated supply points to be brought to market at the time of running the mini-competition, on the inclusion of 10% volume tolerance in the new tender/contract means that adding new supply points, at contract rates, might be limited over the lifetime of the new contract.

The tender process was conducted as an OGP DPS tender competition procedure with one tender response received. The Tender Evaluation Group are recommending award of the contract to Energia. As the recommended Service Provider is the incumbent contractor, the implementation of the new contract will be seamless with little risk to the provision of the daily service during this phase. A Contract Agreement will be executed between the HSE and the recommended Service Provider following approval.

The scope of the tender includes the provision of 100% renewable electricity supply to the HSE.

This contract will have a duration of 36 months with no extension. The total value of the contract for the term is €285,136,388, inclusive of 13.5% VAT. The annual value is €95,045,463

The OGP conducted a DPS tender from their DPS for Electricity supply (UEL005F-24). The following DPS members [REDACTED] were invited to tender. Only one tender form Energia was received.

An OGP Contract Agreement incorporating standard contractual clauses and bespoke service requirements will be executed between the HSE and the recommended Service Provider.

As the recommended Service Provider [REDACTED] is the incumbent contractor, the implementation of the new contract will be seamless with little risk to the provision of the daily service during this phase.

Conclusion:

- Current status:

The current agreement expires on 30th September 2024.

- Budget and Resources implications:

No additional resources required to oversee the operation of the contact.

- Risk Assessment:

Low - as the recommended Service Provider (Energia) is the incumbent contractor.

- Impact to delivery of services:

Low - as the recommended Service Provider is the incumbent contractor.

- Legal factors:

Not applicable

- Value For Money:

Value for money was benchmarking was undertaken as follows;

By comparing spend under the current contract for 2023 against the annual cost tendered by the recommended Provider. This resulted in an overall savings of [REDACTED] including VAT ([REDACTED] % reduction) per annum, or saving of € [REDACTED] including VAT (1 [REDACTED] %) for the contract period of 36 months term of the contract.

Cost drivers:

Energy Costs

- Service benefits:

A national approach will ensure consistency of service support, contract performance and management reporting;

Contract compliance for HSE

Standardisation of quality, service and pricing across the HSE

Contributes to the HSE sustainability goals

Recommendation

HSE Procurement is recommending the award of this contract to Energia, with all particulars set out in the Contract Approval Document.

Following Board approval, HSE Procurement will proceed with execution and implantation of the Contract Agreement.