

Joint procurement process for purchasing bulk energy in the Zlín Region,

Time period: 2013- ongoing

Theme of collaboration: Financial Instruments

Application: Green public procurement, reduction of CO₂ emissions

Topic: Joint procurement of electricity and natural gas

Context /Background

Energy Agency of the Zlín Region (EAKZ) has been carrying out a procurement process for purchasing bulk energy for the organisations established by the Zlín Region since 2007. Due to the coordinated process considerable results have been achieved in saving financial sources incurred for energy bills of all organisations established by the Zlín Region. The model of the joint procurement of purchasing bulk energy proved to be successful, generating considerable savings suitable for further investments to the energy efficiency or RES development.

Description

Since 2013, on account of the COOPENERGY project, there was an opportunity to extend this process on the municipalities of the Zlín Region which were enabled to utilise knowledge and know-how of the EAKZ. From 2013 until 2015 already 25 municipalities of the Zlín Region joined the process which brought them back in savings the amount 7.813.738,- CZK (app. 290.000 EUR) on energy bills both on electricity and natural gas.

Partners involved – Governance

- Regional Authorities involved: Zlín Region
- Local Authorities involved: Brumov-Bylnice, Bystřice pod Hostýnem, Březolupy, Dolní Bečva, Dolní Němčí, Hluk, Hostišovná, Huslenky, Jarcová, Kašava, Kateřinice, Kroměříž, Lhota (u Zlína), Napajedla, Nový Hrozenkov, Ostrožská Lhota, Poličná, Prakšice, Rusava, Slavičín, Slavkov, Suchá Loz, Valašské Klobouky, Újezd u Valašských Klobouk, Žlutava.



A Local Working Group Meeting in Zlín

Key results

- 25 Involved Municipalities
- 290.000 EUR saving on energy bills

Financing & costs

Budget range

< € 100,000	
€ 100,000 – € 1,000,000	
€ 1,000,000 – € 10,000,000	
€ 10,000,000 – € 100,000,000	
> € 100,000,000	
N/A	

Results achieved

Until mid 2015 altogether 9 meetings focused on joint procurement process took place in the Zlín Region with 22 municipalities and stakeholders present, however, the technical part of the process needs to approach each municipality separately. Municipalities were approached also through direct emails, COOPENERGY Newsletters, Info Days, personal contact etc. Eventually, all 307 municipalities of the Zlín Region were reached and informed.

More municipalities are going to be involved and this process will continue beyond the duration of the COOPENERGY project. There is a technical part of the process which is still being settling down and fine tuning. EAZK is adjusting and explaining the process, providing this way a technical support to municipalities in several steps:

- Promotion of the MLG models and encouraging local actions through introduction of examples of good practices in cooperation between regional and municipal level;
- Joint procurement process implementation between the Zlín Region and municipalities, with a specific approach to each particular municipality, particularly:
 - Documentation preparation (updated data about energy consumption through establishing of the energy management, in the case of the electricity purchase also checking if each take-off point has a suitable circuit breaker (linked to the selection of a right tariff)).

Barriers and proposed solutions

- Time consuming activity regarding the documentation preparation, updating the data about energy consumption through established energy management;
- Frequent changes in taking-off point;
- Changes in distribution tariffs;
- Evaluation and need of the proper explanation to all organisations concerned;
- Warrants of attorney;
- Terminating of current contracts with energy suppliers – various conditions need to be respected;

- The technical part of the process needed to approach each municipality separately.

Lessons learned & Success factors

- Some results to be clearly visible in a short period of time.
- To combine general promotion of the action with the specific approach to each municipality particularly.

Similar Initiatives- Transferability

The good timing – continuous monitoring of the average market price on commodity exchanges in Prague and in Leipzig, monitoring of exchange rate EUR / CZK, cooperation with traders and their willingness to participate in the contest, meetings with responsible departments of the Regional Office, setting up a maximum acceptable price for 1 MWh.

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