



Electricity purchasing group

Country name:		Poland
Region:		Mazovia Region
City :		Warsaw
Public organisation responsible for the initiative	National language	Mazowiecka Agencja Energetyczna Sp. z o.o. (MAE)
	English	Mazovia Energy Agency Ltd.
Department (if any)		n/a
Address:		3 Bitwy Warszawskiej 1920 r. Str, 02-362 Warsaw
Webpage:		www.mae.com.pl

Initiative description

Title:	Electricity purchasing group
Features of group/s of beneficiaries	<ul style="list-style-type: none"> • Small and medium enterprises from Mazovia Region operating on a local level and using significant amount of energy (e.g. HORECA, small production). • Companies looking for stable and protected condition of energy purchasing.
Initiative / tool objective	<ul style="list-style-type: none"> • The main objective of the initiative is to guarantee a stable electricity price for entities participating in the purchasing group. • Creating conditions for safe purchase of electricity in the group and protection against monopolistic factors in the energy market. • Creating conditions for lowering energy prices through the purchase volume within a group of entities.
Steps / phases / stages of tool / initiative implementation and its activities description	<p>The presented good practice is a project already implemented in the Mazowieckie Voivodeship for several years. Within its assumptions, it is mainly the organization of electricity purchasing groups for local government units (cities, communes). Due to their status as a public institution, each unit make purchases basing on the public procurement law. As in individual, such city or commune would have to negotiate the terms of purchase based on a small demand based on consumption for public purposes in one unit – which does not leave much space for the real negotiations process. Considering the weakness of such a solution, “Mazowiecka Agencja Energetyczna” (MAE) organizes purchasing groups, combining the needs of several units into one order, obtaining greater demand and greater purchase volume. This has a positive effect on the acquired terms of purchase (for the</p>

	<p>buyer), both in terms of the price and other terms and conditions (usually) in force for 2 years.</p> <p>As part of the offer, the Agency each time carries out a tender for the purchase of electricity for the entire group, and at the same time provides services related to the security of electricity supply and relations with the seller. These activities include:</p> <ul style="list-style-type: none"> - mediation with suppliers - analysis of electricity sales offers (retail, power exchanges) - market monitoring - energy audits related to the management of electricity consumption - acting as a client's representative towards suppliers - analysis of the law related to prosumer activity and electricity trading in Poland <p>Such constructed offer functions as a well-organized public mechanism, connecting the public company of the voivodeship self-government (MAE) and public units of local self-government.</p> <p>The Covid 19 pandemic created an opportunity to include economic entities interested in purchasing energy in larger quantities and secured by values resulting from participation in the group (MAE consulting and care, price stability, security related to the tendering procedure and the presence of public entities).</p> <p>As part of the offer for the construction of purchasing groups, SMEs and large business entities were invited to participate. Their participation is possible when they are able to determine the demand for electricity in the long run. The conditions for participation are:</p> <ul style="list-style-type: none"> - having the legal right to purchase energy for their facilities, - providing copies of invoices for the sale and supply of energy for the last 12 months (or a list of consumption points with the energy volume) and a copy of the current contract for the sale and supply of energy with the current supplier. <p>The activities of MAE are based on the current analysis of the law related to the production and distribution of energy and public procurement law. For services related to the organization of purchasing groups, MAE charges additional fees, either in a specific amount or expressed in% savings from the purchase of electricity.</p> <p>The implementation of the task in the form of the organization of purchasing groups requires a process comprising three main elements:</p> <p><u>Stage 1: organisation of the local operator and substantive resources to handle the task:</u></p> <p>It is necessary to indicate the entity that will act as a representative of the purchasing group in relation to bidders participating in tenders. This institution (e.g. a public utility company or a private company) must have specific working resources:</p> <ul style="list-style-type: none"> - templates of contracts with public entities and enterprises, - tender templates, - constructed variants of services, - specific mechanisms for managing purchasing groups (creating, formally formulating, implementing arrangements, monitoring). <p><u>Stage 2: organisation of purchasing groups:</u></p> <p>Based on the prepared tools, the entity organizes a purchasing group informing public units and enterprises based on the available communication tools (websites, media, individual meetings). An organized and formally established group generates data for announcing and conducting a tender for the purchase of electricity. The conducted tender results in signing a contract for the supply of electricity to group members.</p>
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	<p>Stage 3: monitoring of purchasing groups and their support:</p> <p>The signed contract for supplying energy to the group begins a 2-year period in which the entity monitors the contract and responds to the needs of customers - group members. In the event of formal or technical problems related to the implementation of the contract, he represents the members of the group through the supplier, engages legal assistance, conducts mediation and analyses.</p>
Expected result(s)	<p><u>Initiative / tool organization dimension (what kind of added-value the initiative / tool brings for the implementing organization?):</u></p> <ul style="list-style-type: none"> • Effective management of electricity supplied to entities within the group, including enterprises <p><u>Beneficiaries dimension (what kind of added-value the initiative / tool brings for the Target Group members?):</u></p> <ul style="list-style-type: none"> • Reducing the risk of participating SMEs by networking them with a market significant customers in the context of energy purchasing, such as local government units

Transferability

Transferability to other countries (to be assessed by all Project Partners)	<ul style="list-style-type: none"> • <u>Medium</u> – the initiative / tool can be transferred with fulfilment of some demanding requirements by adopting organization
Transferability on country of origin level (to be assessed by all Partner from specific country)	<ul style="list-style-type: none"> • <u>Medium</u> – the initiative / tool can be transferred with fulfilment of some demanding requirements by adopting organization
Necessary resources	<p>Technical infrastructure:</p> <ul style="list-style-type: none"> • Offices: <ul style="list-style-type: none"> ○ Office on local level with possibility to conduct personal meetings. • Technology: <ul style="list-style-type: none"> ○ n/a <p>Knowledge:</p> <ul style="list-style-type: none"> • Competencies of members of implementing team: <ul style="list-style-type: none"> ○ Ability to analyse and interpret state law ○ Ability to communicate with companies ○ Ability to create a synergy of the cooperated institution and companies ○ Knowledge about formal regulation related to energy production and distribution ○ Knowledge about documents regulated public procurement • Procedures: <ul style="list-style-type: none"> ○ Template of the necessary documents ○ Internal procedures related to agreements and public procurements

	<p>Types (categories) of costs to be covered:</p> <ul style="list-style-type: none"> • Staff costs of the agency • Staff costs of specialists and experts • Administration costs of procedures (if necessary) <p>Amount of costs to be financed (in EUR):</p> <ul style="list-style-type: none"> • n/a (depends of many aspects e.g. size of the group, time, market conditions).
Key success factors:	<ul style="list-style-type: none"> • Ability to show values from cooperation (social capital) • Market situation creating uncertainty of the energy prices • Success stories
Key challenges:	<ul style="list-style-type: none"> • Obtain high scale of energy demand of the group
Impact on regional economy (general description)	<ul style="list-style-type: none"> • Efficient approach in energy purchasing market with lower risk connected to unexpected market incentives affecting energy prices • Stronger local communities secured in energy with predictable prices