

OurPower 

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- Community Benefit Society
 - Set up to reduce levels of fuel poverty by intervening in the energy sector
 - Membership organisation of social housing providers including local authorities and community controlled organisations
 - 43 member organisations – 200,000+ housing stock. Similar numbers keen to come on board
 - Asset-locked and non profit distributing

Why has Our Power been created?



- Market failure in the energy sector hitting lower income households and resulting in fuel poverty
- Maximising community benefit from renewables to lower income households
- Harnessing innovation and being first to the party

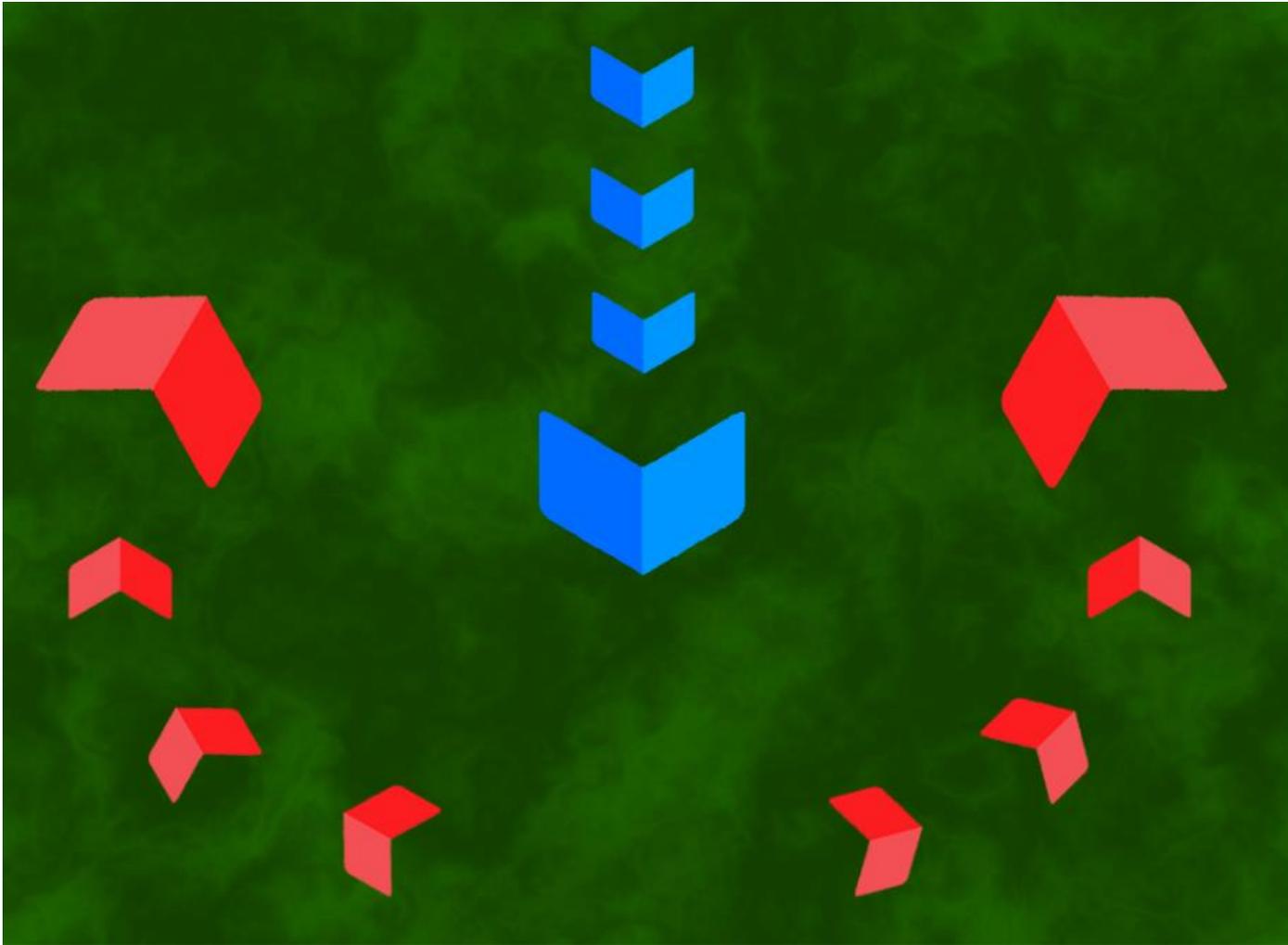
Group structure



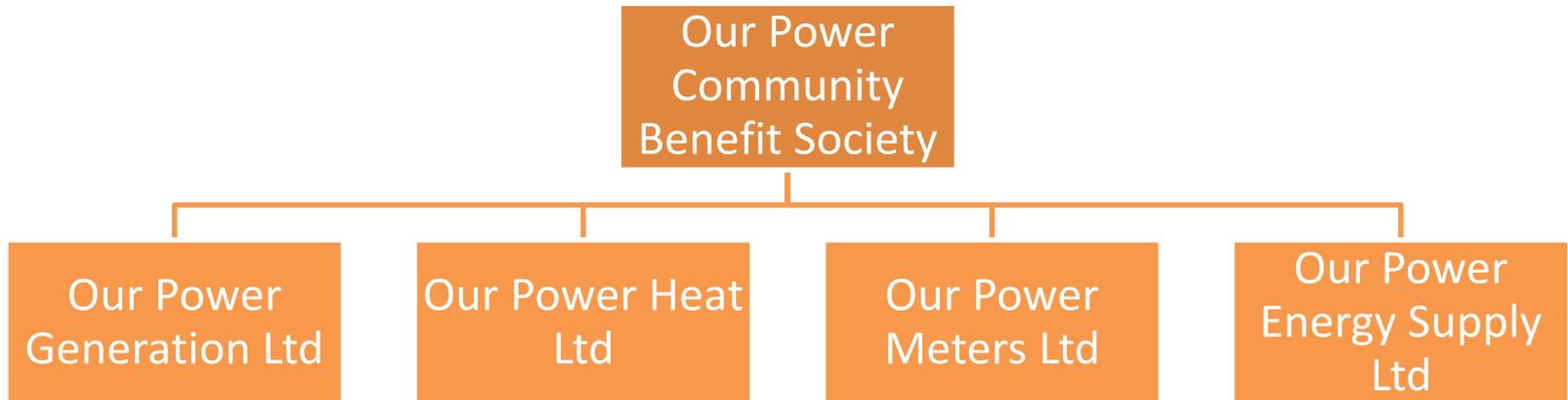
- Our Power Energy Supply
- Renewable generation
- Heat interventions
- Meter engagement

- Replicable and scalable model

A pincer movement whereby the red force envelops the advancing blue force.....



Our Power Group Structure



The Energy Supply Chain – complexity?

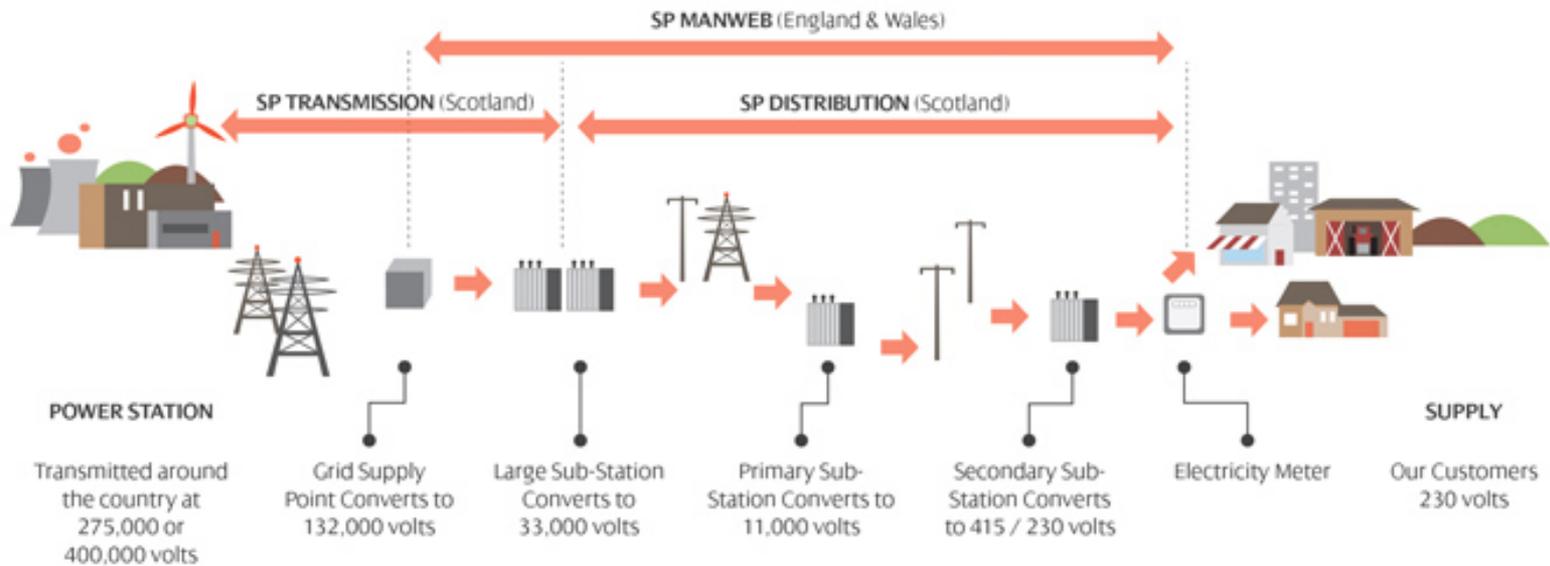


Image courtesy of SP Energy Networks

Market Failure – Scotland's Experience

- 34.9% of households in Scotland living in fuel poverty – c840,000 homes
- Lower income households paying too much for their energy – poverty premium
- Prepayment meter customers can pay up to 25% more on energy bills
- The poorest 20% of households spent 11% of income on energy compared to 8% in 2002. The richest 20% pay just 3%

Our Power Energy Supply



- Fully licensed energy supply company
- Installing smart meters from the get-go
- One tariff regardless of payment method (prepayment or direct debit)
- Entered the market in January 2016 with lowest prepayment tariff in Scotland
- Scaling up now

Our Power Energy



- Achieving our social impact is essential
- Prioritise prepayment customers as the most disadvantaged in the market
- Logic is – if we do better by our core customers then we'll do better by everyone

Our Power Energy tariff strategy



- To have our tariffs sustainably low
- Neighbours and communities on the same tariff
- Transparent and fair pricing
 - North Scotland
 - South Scotland
 - Restricted meters issues
- Not to have to increase within a 12 month period

We're serious about fuel poverty

Directly supplying to a domestic customer base



Control over price

Acquiring renewable generation assets



Profit line & hedging strategy; benefits of low carbon energy for lower income customers

Heat interventions



Reduce costs of heat – a key driver of fuel poverty plus lower carbon

Demand management and aggregation



Potential to maximise benefits of market interactions to our customers

What makes us think we can do this?



- Landlord is a member of Our Power
- This offers:
 - Communities geographically close to each other
 - Scalability of interventions
 - Relationship with trusted intermediaries
 - Good relationships with wider communities
- Our Power has direct contact with customers/households
- Licensed supply company – a critical piece of the jigsaw
- Ambitious in terms of opportunity and scale
- Clarity on our bottom lines

**ENERGY SYSTEM
potential**
(e.g. opportunities
to balance demand
and supply locally)

The data and IT
needs to be
available and
able to
'do its thing'

People need to
be willing and
engaged,
so they
participate

Commercials
need to stack up
so it's worth
someone doing it

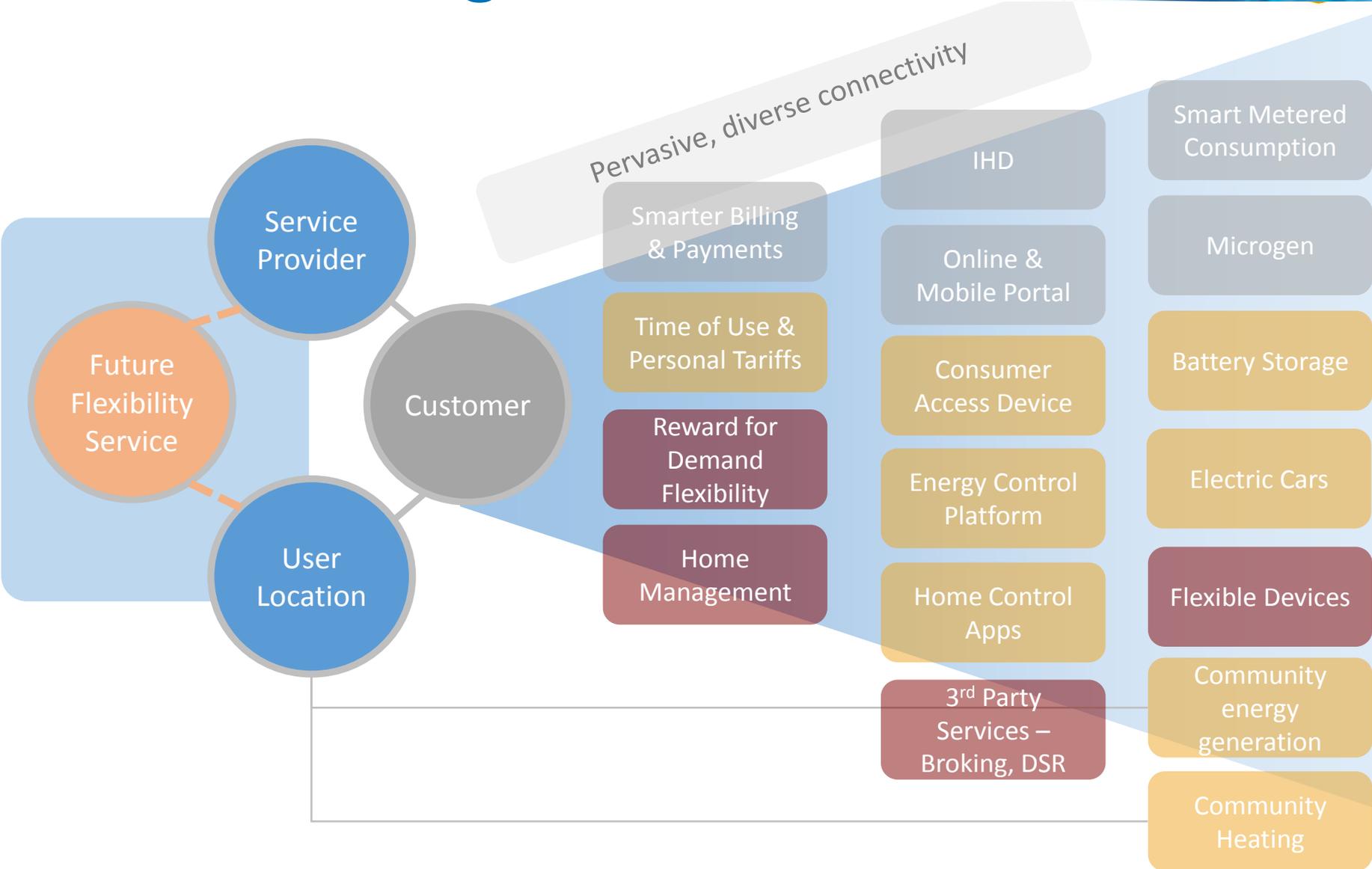
Regulations need
to enable access
with market rules
rewarding systems
value creation

Smart meters....



- ✓ Energy consumption data – individual and at community level
- ✓ Much, much better experience for prepayment customers
 - ✓ Easier top-ups
 - ✓ Visibility of energy consumption and balance
 - ✓ Alerts when top ups needed
 - ✓ Friendly credit – evenings and weekends
 - ✓ Accurate billing
- Opportunities to bring through wider innovations

Smart Metering



Our Power development - 2017



- Innovation
 - Tariff innovation
 - Demand Management/Storage
 - Virtual Electric District Heating
- Heat
 - Billing and Metering Service
 - Developing Heat Networks
 - Managing Heat Networks
- Renewable Generation
 - Developer/asset owner JV/SPV
 - PPA provider – with riders

Opportunities and challenges



- Building on the discussion today.....

Local – what does this mean?



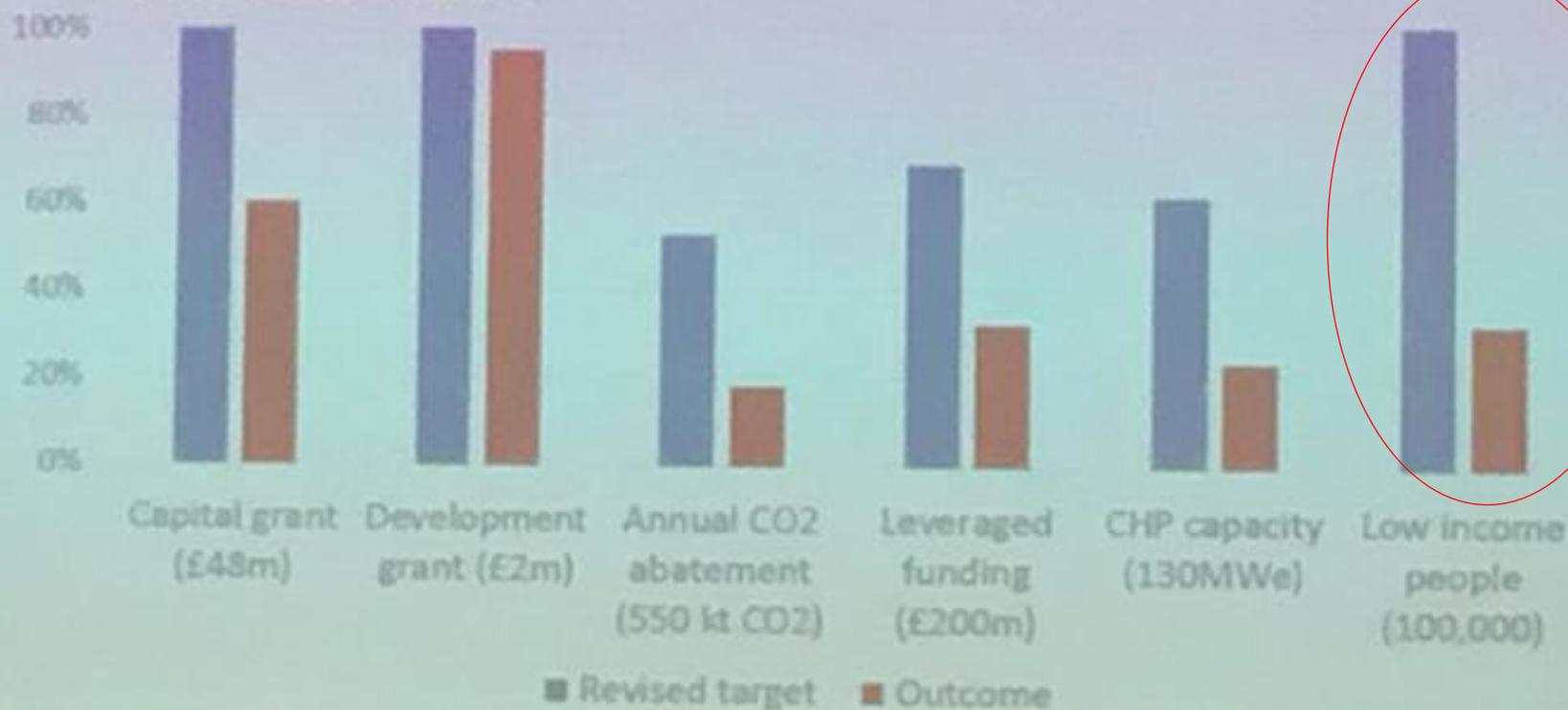
- Who represents local?
- Is this efficient? Does it matter?
- Can we replicate opportunities at highly local level on a wider scale?
- The big question – how do we ensure those that are often left behind are front of the queue?



DISTRICT HEATING PROGRAMMES OF THE PAST

- Community Energy Programme (established 2001)
 - £50m development and capital grants (up to 40%)
 - £10m extension 2004
 - Cancelled in 2006

- A successful failure



Engagement in energy



- How much do householders need to do this themselves?
 - Systems and technology can do this for them
- How can people feel part of a wider movement while being one of many?
 - Personalised approach/messaging
 - Being able to shape and influence

➤ Our Power approach....



- Local can be at community level or greater
 - Solar on roof schemes => local tariff
 - Our Power can own generation assets and pass benefits to 'local' communities
 - Members own and manage houses geographically connected to each other – virtual district heating opportunities. Benefits passed through with no need to change behaviours
 - Smart meter installations – how Our Power gets this done
- Have we moved to regime change?

The opportunities are huge...



- Questions?