



APSE Oxford Southern Region 15th May 2017

Cheshire East Council's white label energy offering



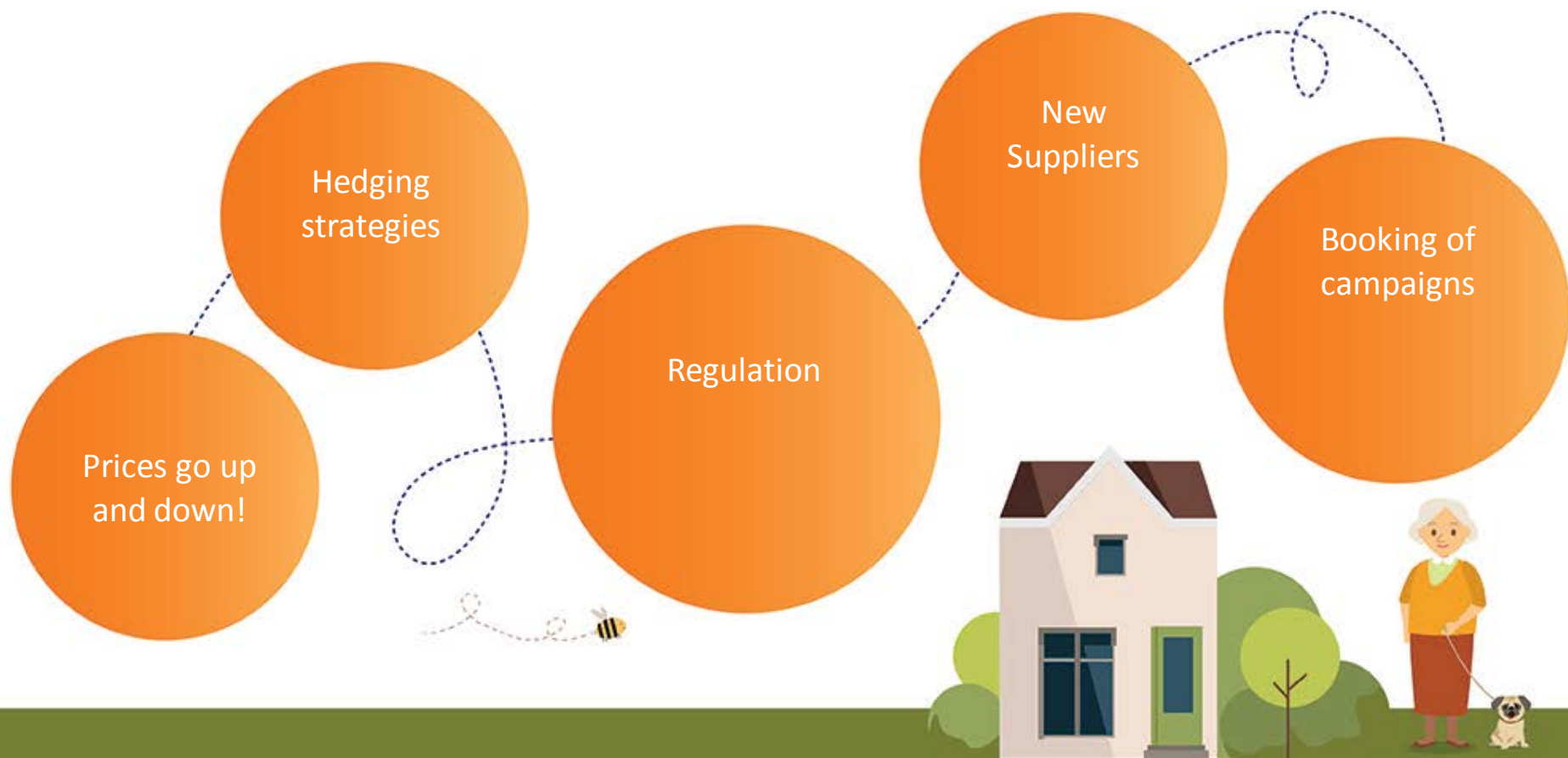
Overview

What are the big issues in establishing a white label energy supplier?

- Volatility of the energy market
- New entrants and ethics
- Can you cover your costs with domestic gas and energy alone?
- What is Fairerpower?
- Fairerpower's latest procurement for new services



Volatility in the energy market.



New entrants and ethics



Number of new suppliers since 2015

Why are they entering the market?

Pricing in the energy supply industry

Can they all survive?

Sticky customers

Is it ethical?

- Sub cost pricing
- No ECO taxes
- No requirement to fund Warmer Homes Discount
- Low levels of customer service



Can you cover your costs with domestic gas and energy alone?

It's a numbers game!

High entry costs

Generating scale

Overhead costs

Tendering costs

Marketing and branding

ICT infrastructure.



What is Fairerpower?

A partnership between the **Skills & Growth Co. (A wholly owned company of CEC)** and **OVO Energy**.

A local alternative to the 'Big Six', to tackle fuel poverty and help residents struggling to pay fuel bills

With competitive rates Fairerpower offers **affordable energy** and **drives prices down locally**

Offers **pay monthly** (fixed or variable) or **pre-pay (PAYG)** deals

Surplus income goes to the Local Authority – money saved from the tariff can be **re-invested in the local community**

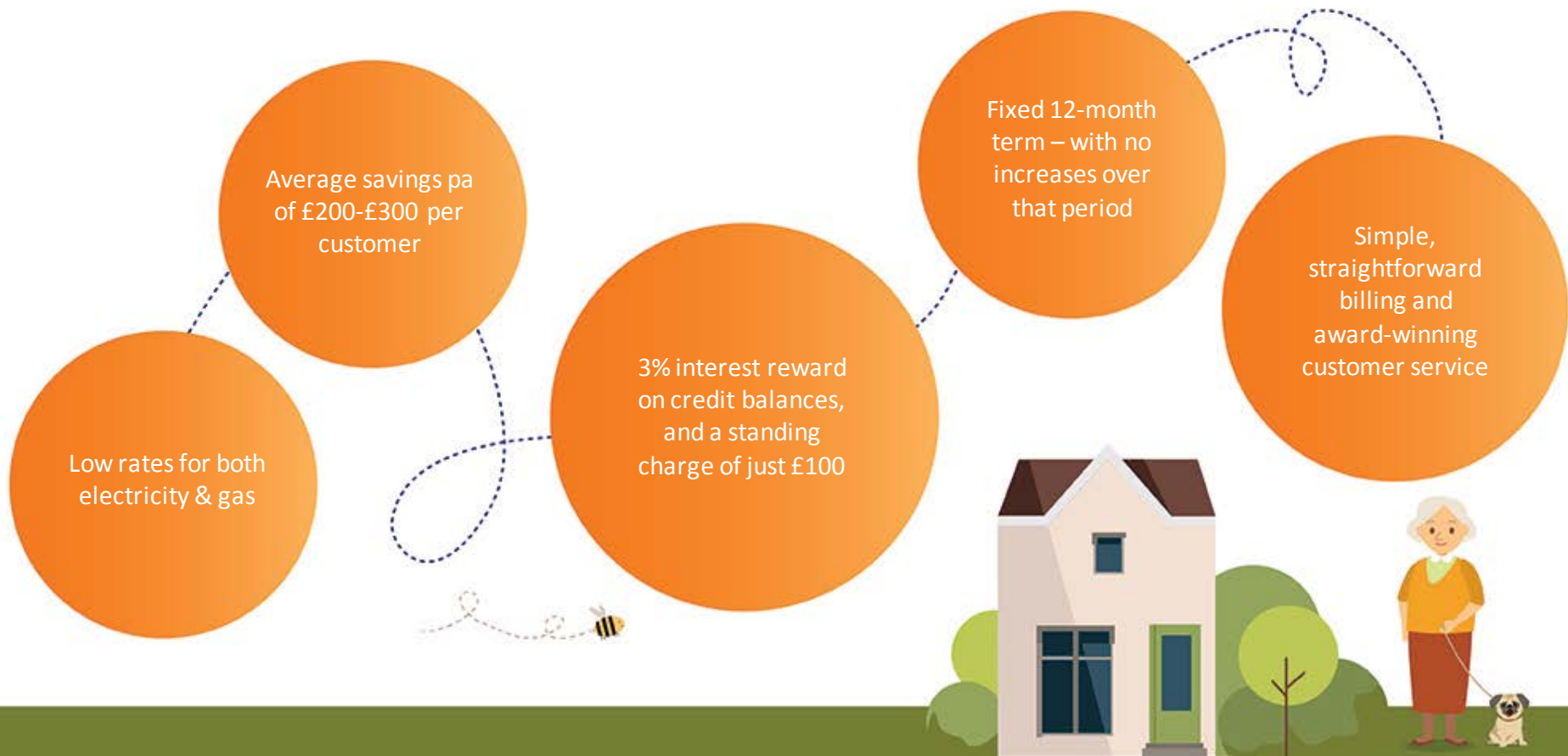
Partnering with OVO lets us create a customer base with **industry expertise**, sharing the risk and reward

Tariffs are pegged to OVO, with annual open book assessment by Council-retained advisors



A Fairer deal for residents

All sections of the community and businesses benefit from Fairerpower



Why provide your own energy?

97%

of domestic energy customers are still with one of the Big Six

60%

of all customers have NEVER switched

**Fuel
poverty**

**Something
for
everyone**

**That's where Fairerpower can help you...
and your residents**

Benefits for Local Authorities joining Fairerpower

- This would also create a modest revenue stream for the participating local authorities.
- No cost in OJEU procurement
- Customer base developed in readiness for the district heating aspirations.
- Assisting local residents, particularly the fuel poor
- Excellent offer for the most vulnerable suffering health issues
- One of the best rates for prepayment meters
- Own tenants will benefit significantly
- Marketing support including strategy and design
- Quick to market once contract signed – one month including mobilisation plan



Case study of Preston and Lancashire

- A number of Lancashire authorities had been considering a white label
- Preston and Lancashire authorities work on a number of energy efficiency schemes as a collective
- Economies of scale
- Preston started the process as lead authority
- The Lancashire authorities were keen to participate too
- Valued the concept of being fair to all customers
- Worked together to develop Fairerpower Redrose
- Easy route to market
- Proven and well established
- Tool kit for marketing and communications
- Own local spin to attract local residents



Examples of Marketing Materials



Success in Cheshire and Lancashire



In its two years, Fairerpower has been very successful

9,000 customers signed up

5% of residents joined

£2.5m savings for residents

60% of customers are 'sticky'

SMART meters installed as standard for PAYG

Strong resident engagement

5 strategic partner acquired

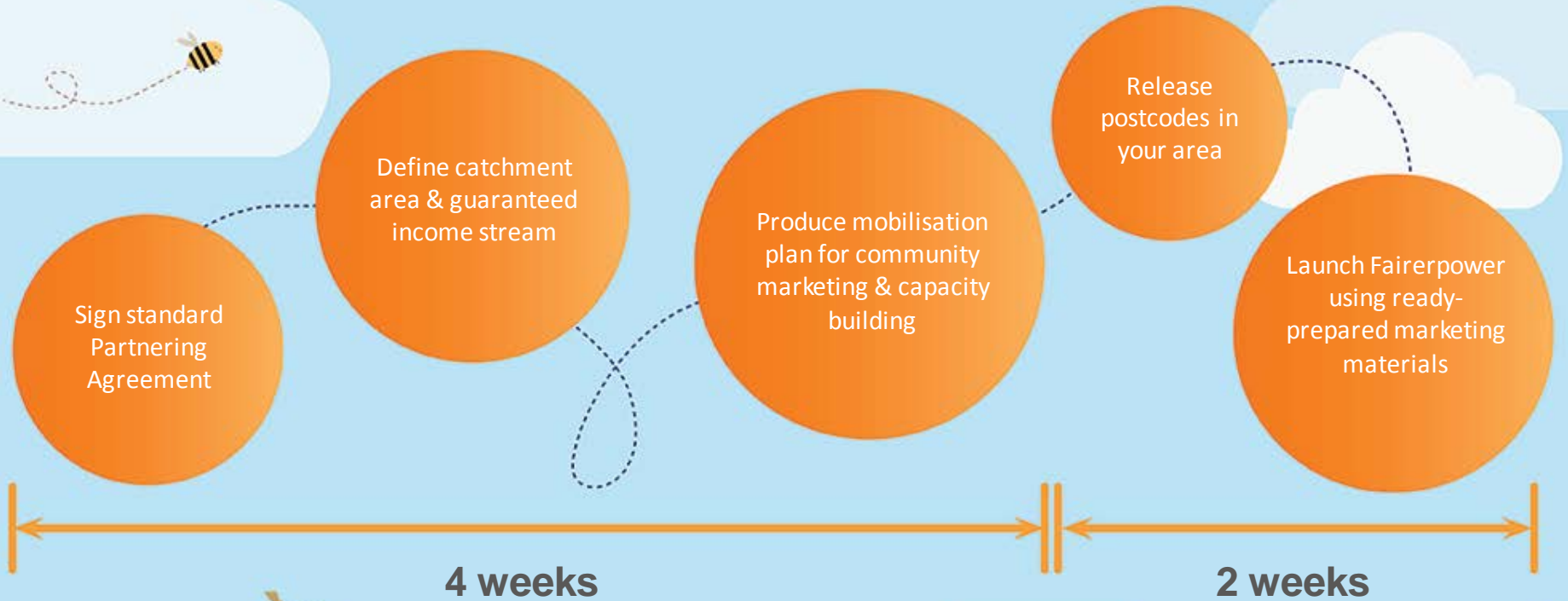
Consistently cheaper than big 6 tariffs

Cheapest PAYG tariff nationally



How to join Fairerpower

Next Steps



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