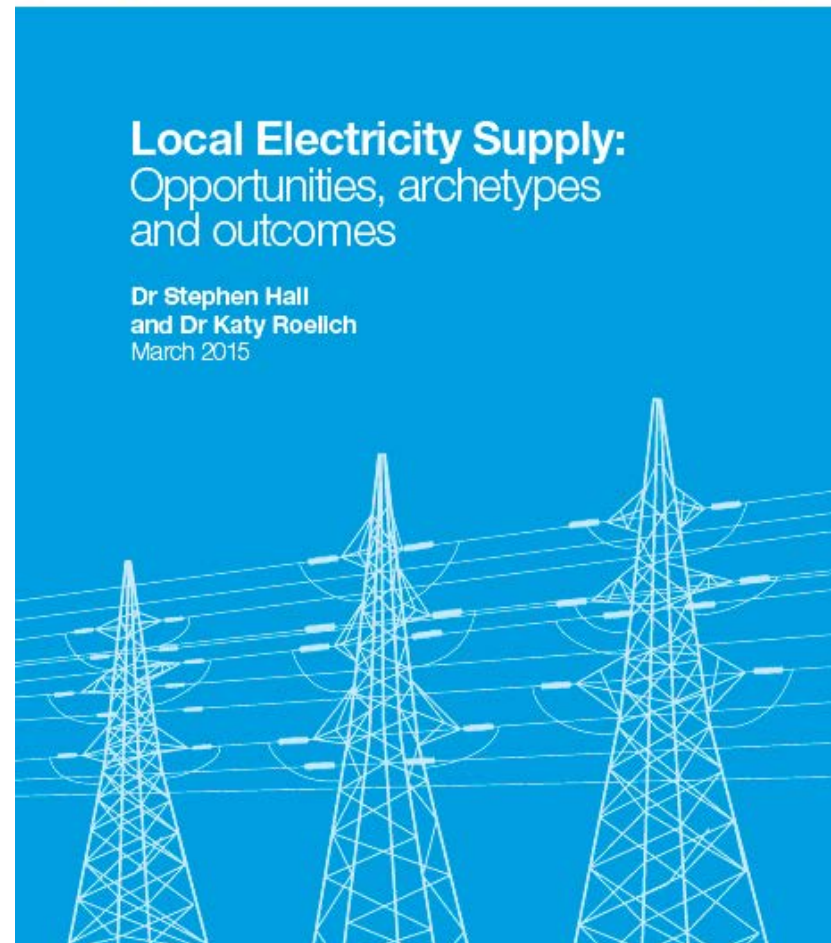


# Local Energy Supply: Opportunities, archetypes and outcomes

Dr Stephen Hall and Dr Katy Roelich

APSE Southeast Workshop 16<sup>th</sup> July 2015

1. Motivations
2. The four opportunities of local supply
3. Archetypes of local supply
4. Barriers
5. Recommendations



- Literature review
- Local Supply Working Group Written submissions
- Local Supply Workshop outputs
- 12 Primary interviews

# Motivations

Area	Outcomes
Economic	Competitiveness and economic growth
	Job creation
	Revenue generation
Social	Fuel poverty reduction
	Regeneration
	Skills and education
	Social cohesion
	Fairness e.g. tariff discrepancy
Environmental	Carbon emissions reduction
	Air quality
Self-governance or self determination	Local accountability & control
	Energy independence

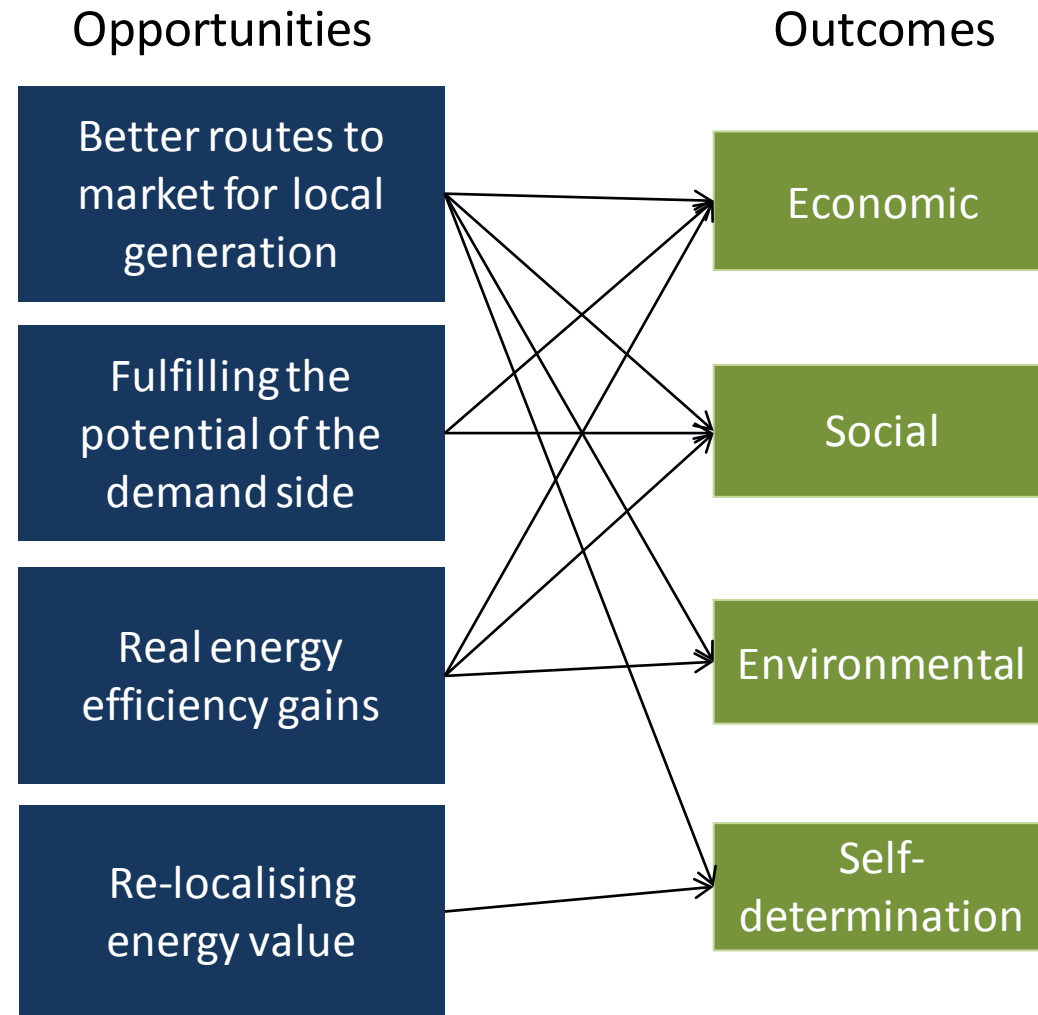


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# The four opportunities of local supply



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Current archetype

Local white labelling

Energy local

Licence light

Municipal utility

Municipal ESCo

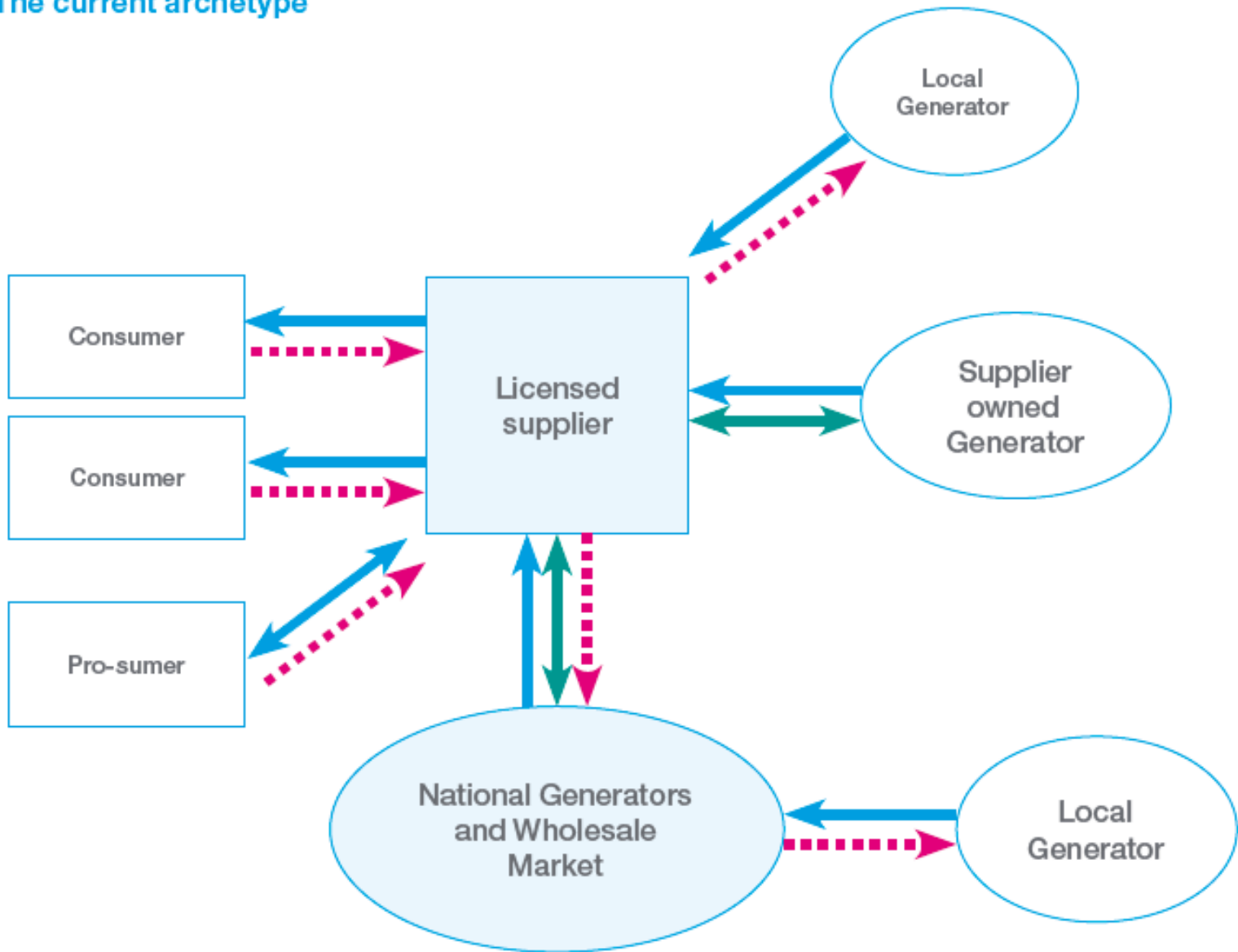
Multi-utility service company

Peer to peer

Peer to Peer with Local Balancing Unit

Not for profit national administrator

Diagram: The current archetype



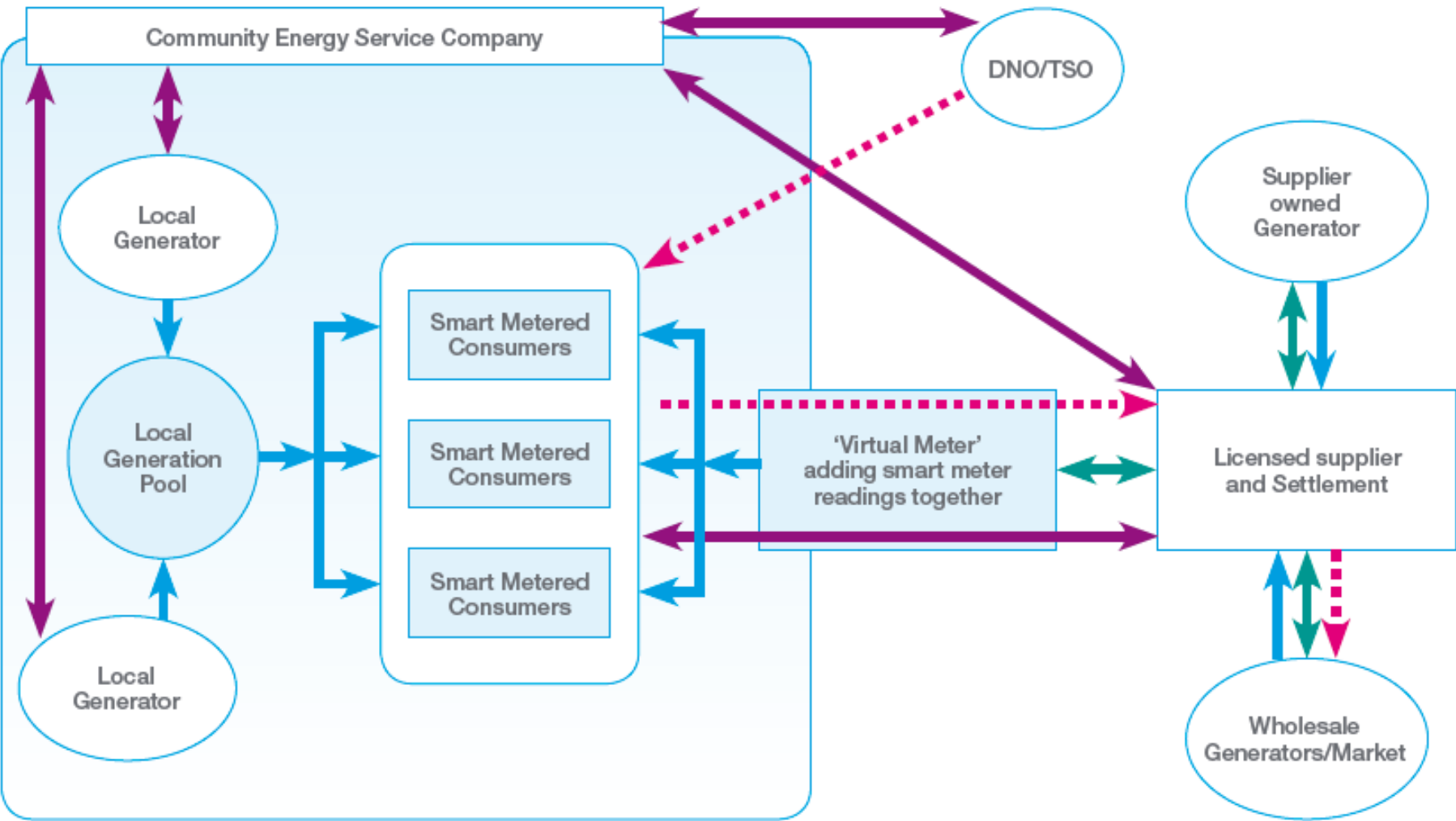
Key

 Energy

 Payments

 Balancing

Diagram: The local aggregator archetype

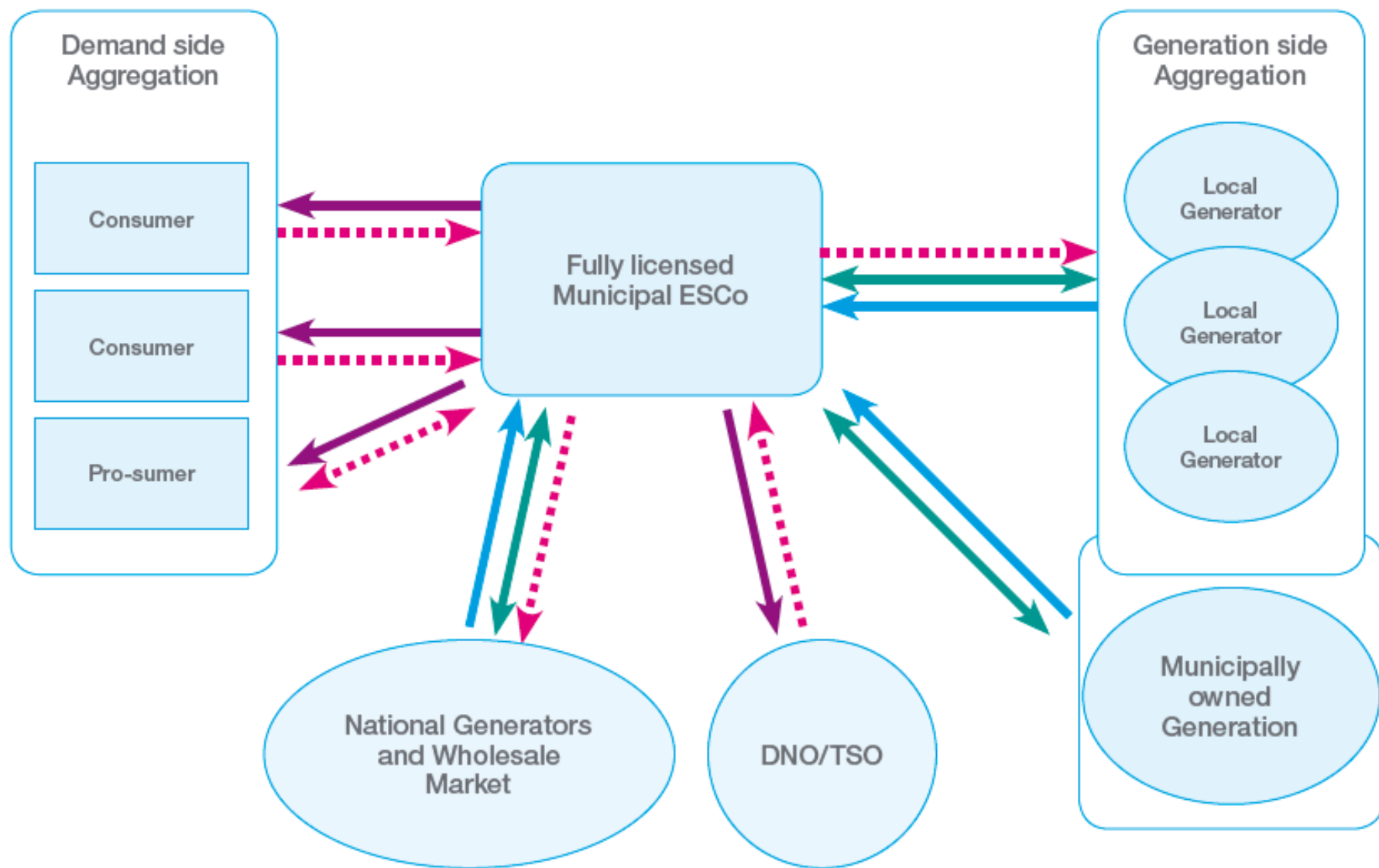


Key

→ Energy      ..... Payments      ↔ Balancing      → Services



Diagram: The Municipal ESCo Archetype



Key



Energy



Payments

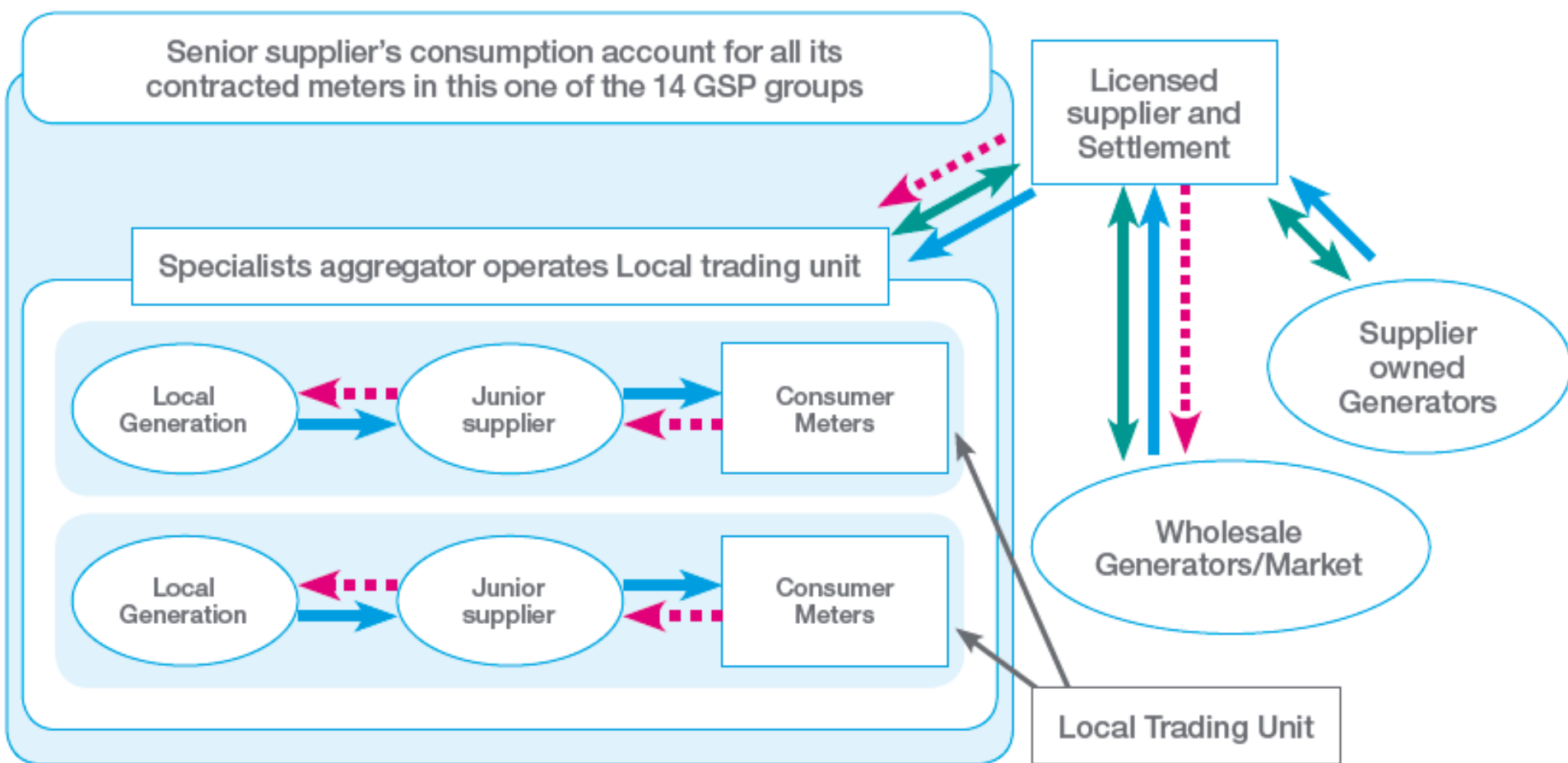


Balancing



Services

Diagram: Peer to Peer with Local Balancing Unit

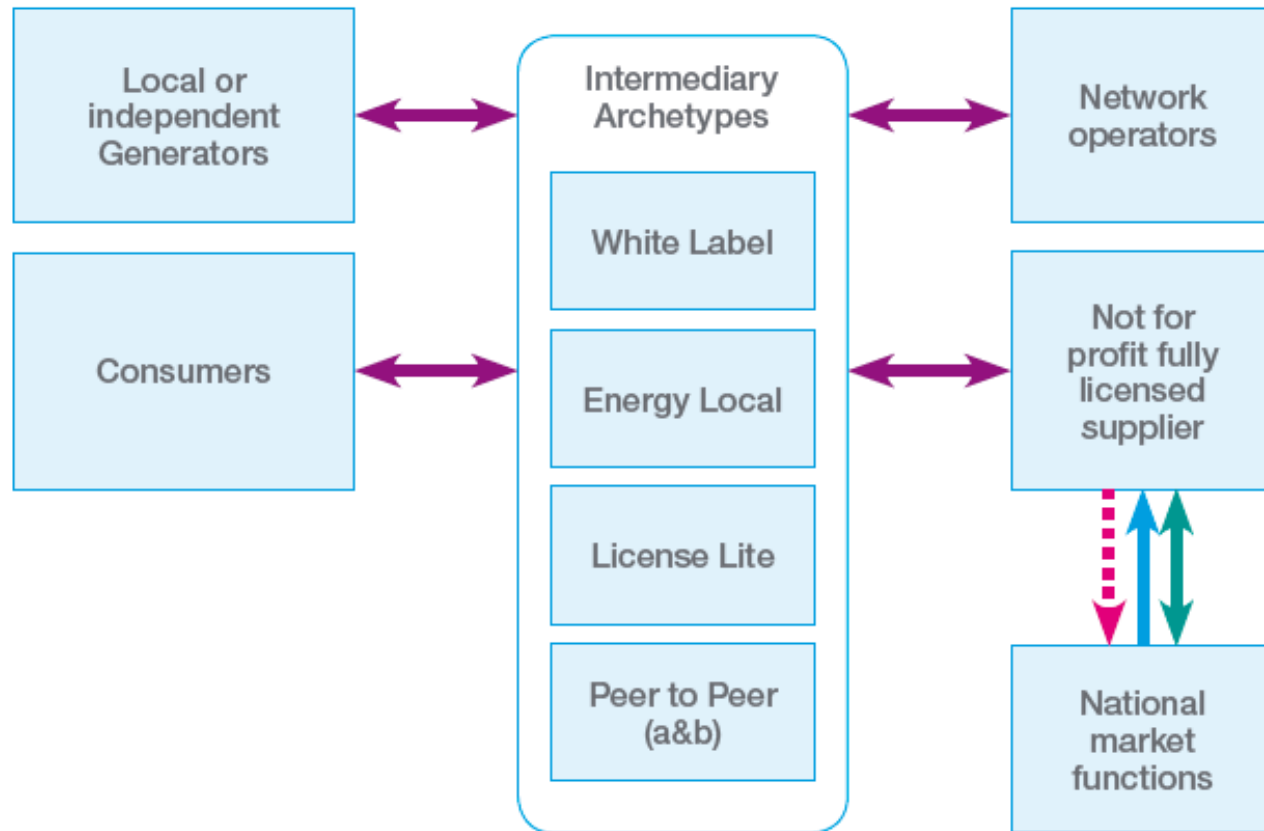


# Archetypes – NFP national administrator



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Diagram: Not for Profit National Supplier



## Key

→ Energy      - - - - - Payments      ↔ Balancing      → Services

# Mapping archetypes to opportunities



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Archetypes	Enabling Mechanisms	Opportunities of local supply			
		Better routes to market for local generation	Fulfilling the potential of the demand side	Real energy efficiency gains	Re-localising energy value
Current Archetype	Full Supply License	--	-	--	---
Local White Labelling	Third Party Licensed Supplier Partnership (TPLSP)	+	-	-	-/+
Local Aggregator	TPLSP	++	+++	+	+
Local 'Pool and Sleeve'	License Lite with TPLSP	+	-/+	-	+
Municipal Utility	Full Supply License	+++	+	---	++
Municipal ESCo	Full Supply License	+++	++	+++	+++
MUSCo	Full Supply License	+++	++	+++	+
Peer to Peer	TPLSP	+++	-/+	-/+	+
Peer to Peer with Local Balancing Unit	TPLSP With local settlement unit	++	++	-/+	++

Archetype	Regulation	Capacity	Experience and risk
White Label	Low	Low	Low
Local Aggregator	Medium	Medium	High
License Lite	Low	High	High
Municipal Utility	Medium	High	High
Municipal ESCo	Medium	High	High
Multi Utility Service	High	High	High
Peer to Peer	Medium	Medium	High
P2P with Local Balancing Unit	Medium	Medium	High
NFP national supplier	Low	Medium	Medium

## Short-term

Local supply innovation fund

A 'portal of power'

Resource Local Supply Working Group

## Medium Term

Exemption from requirement for national supply

Amend tariff limits for local supply archetypes

Allow for 'local balancing unit'

## Long term

Exempt service-oriented models from switching requirements

Investigate treatment of demand reduction centred business models in regulation and policy

4.9. In collaboration with Leeds University<sup>9</sup> and through engagement with other stakeholders interested in 'local' energy issues, a number of business models have been identified. Some are already operating, others are in development and others are ideas for potential future approaches.

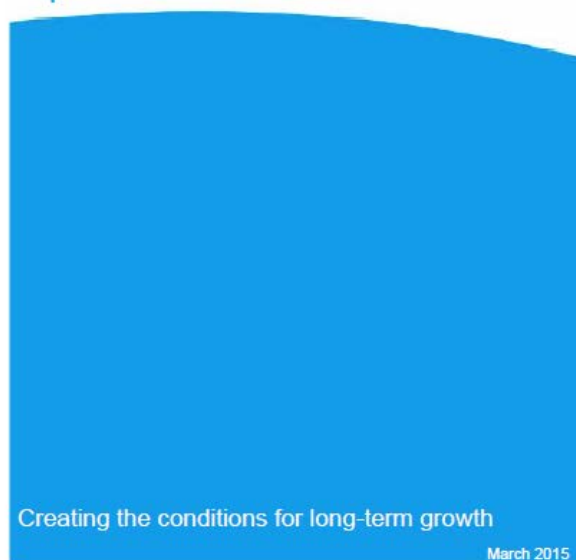
4.10. The business models are diverse, including locally-focused partnerships (see Case Study 8), local pooling and aggregation, peer-to-peer supply and a range of municipal level activities including licensed suppliers, energy (and other utility) service providers, community energy, etc. In the regulatory environment, the business models typically require a licensed supplier to ensure that necessary industry, system and safety protection measures are discharged. Stakeholders also identify the need to establish a bespoke licensed community energy supply company to undertake the requirements on behalf of small community energy schemes.

## Case Study 8: OVO Communities

In April 2014 the independent energy supplier OVO Energy launched a programme with local councils, housing associations and community groups called "OVO Communities". The platform is an innovative solution that provides the tools they need to roll out integrated packages of energy services including affordable tariffs, smart metering, energy efficiency installations and distributed generation.



## Community Energy Strategy Update



<sup>9</sup> Hall, S., Roelich, K., (2015) Local Electricity Supply; Outcomes, Opportunities and Archetypes, Draft independent report to DECC, iBuild Consortium.



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# Thank you for your attention!

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