

A regional approach to managing assets – a north east ESCo

APSE Event 7th September 2018



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NEPO led Energy Services Company (ESCo) Project

Purpose

To examine the benefits and risks associated with the development of a regional, Local Authority owned Energy Supply Company (ESCo), and to determine whether a commercially sustainable company could be setup that has a sufficiently positive impact on reducing fuel poverty.

Fuel Poverty in the North East

Sub-Region	Local Authority Area	Est. number of domestic properties	Fuel Poverty Rate	Estimated no of domestic properties in fuel poverty
Durham	Durham County Council	233,000	14.00%	32,620
Northumberland	Northumberland County Council	143,000	12.80%	18,304
Tees Valley	Darlington Borough Council	48,000	13.70%	6,576
	Hartlepool Borough Council	42,000	14.70%	6,174
	Middlesbrough Council	59,000	17.00%	10,303
	Redcar and Cleveland Borough Council	61,000	14.30%	8,723
	Stockton-on-Tees Borough Council	83,000	13.40%	11,122
Tyne and Wear	Gateshead Council	92,000	12.80%	11,776
	Newcastle City Council	126,000	14.40%	18,144
	North Tyneside Council	96,000	11.20%	10,752
	South Tyneside Council	69,000	13.20%	9,108
	Sunderland City Council	124,000	15.30%	18,972
		1,176,000		148,259

Four Key Project Strands (draft)

- What positive impact could a Local Authority owned ESCo have in reducing fuel poverty in the region?
- What type of organisation could an ESCo take and what activities could it engage in?
- What are realistic customer numbers and over what time period could they be obtained?
- What are the initial and ongoing costs of an ESCo and is the model commercially sustainable?

My current view on Critical Success Factors

- We need to develop a clear view of what we mean by an ESCo.
- We need to keep reminding ourselves of the primary objective – fuel poverty.
- We need to challenge the perception that Local Authorities are well placed to make an intervention in the energy market and supply power and gas (customer engagement).
- We need to combine public sector values with commercial acumen.
- We need to test the Business Plan and be as clear as possible on project costs.
- We need to clearly set out the commitment required to develop an ESCo.



Stephen Roberts

Energy Category Manager
stephen.Roberts@nepo.org



@NEPOprocurement



NEPO (North East Procurement Organisation)



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