



The rise of local energy companies

Reg Platt, Senior Partnerships Manager

Agenda

1. **Why local energy?**
2. What is happening?
3. Ovo Communities

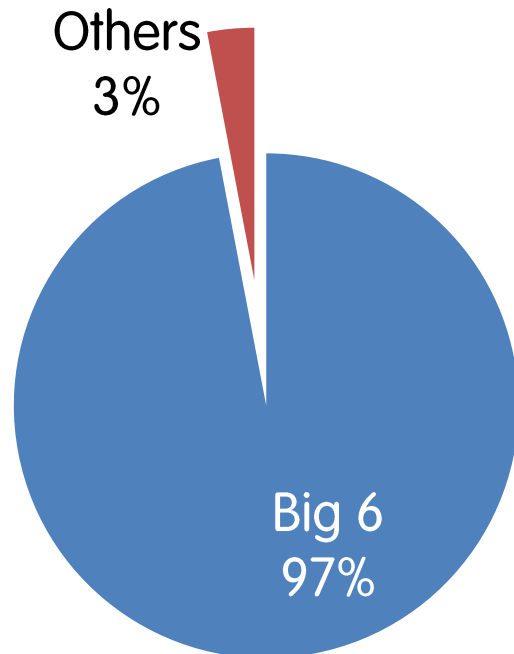


Why local energy?

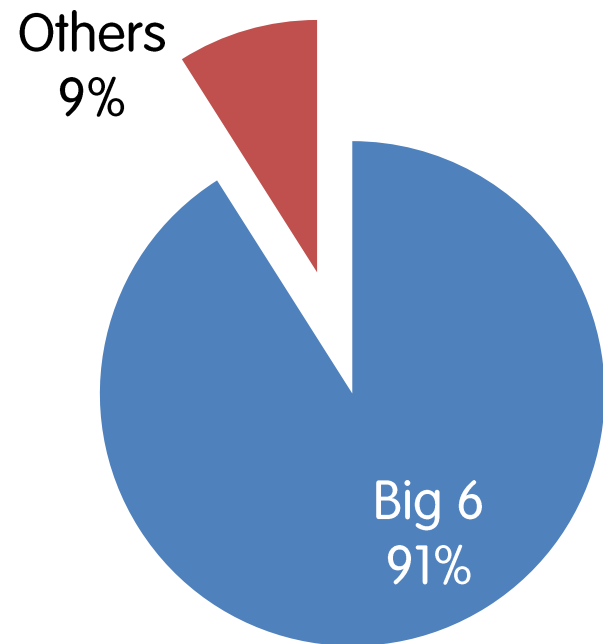
1. Trust:

- The energy industry is the least trusted industry in the UK
- Customers are starting to look for alternatives to the incumbents...

Domestic market share
(summer 2013)



Domestic market share
(autumn 2014)



Why local energy?

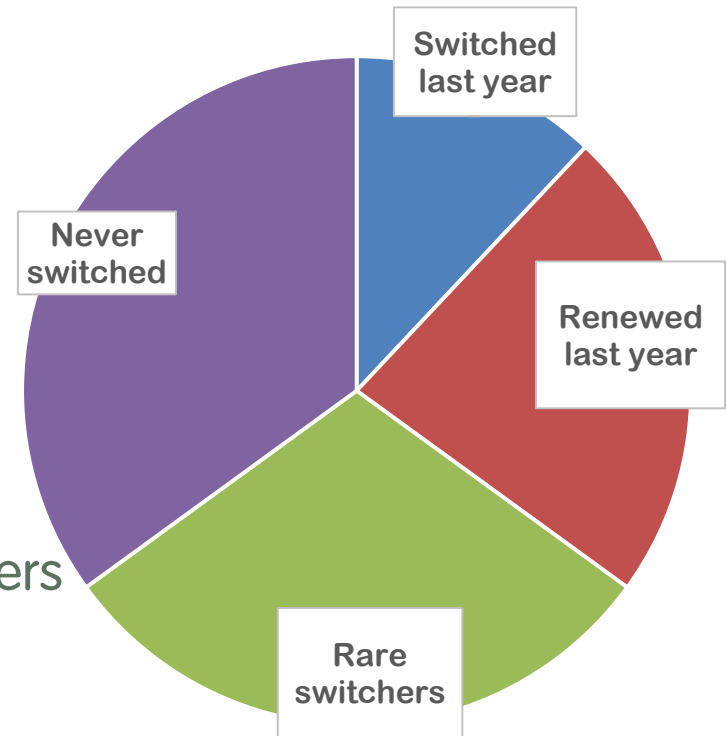
1. Trust:

- ... but many households remain disengaged

Around two thirds of households are 'sticky', don't switch, and are paying the highest bills

- Includes high % of households on low incomes and in social housing

Experience with energy efficiency schemes shows local organisations can reach customers where energy companies can't.



Why local energy?

2. Technology:

- Decentralised energy technologies are developing rapidly
- The era of centralised energy systems is ending



Why local energy?

3. Devolution:

- Local communities want control
- Pressures on public spending creates need for innovation

UK households spend around **£30bn** a year on energy

The problem: High bills...

- Squeeze living standards
- Affect vulnerable customers
- Undermine local economies

The opportunity: Lower bills and local energy services:

- Boost living standards
- Boost local economies
- Tackle fuel poverty
- Create sustainable revenue streams



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What is happening?

Locally-based initiatives are growing in the UK...

- Local authorities engaged in energy efficiency and collective switching schemes, and investing in local generation
- Hundreds of community energy initiatives now operating across the UK

... but the sector is being held back

- Large-scale municipal energy companies common in other countries but don't exist in the UK
- Sector is reliant on government subsidy and Big 6 funding
- Lack of a co-ordinating framework



That's why we created OVO communities



You know how Amazon has evolved into a platform that retailers can use to sell to customers?

We're applying that business model to the energy sector:

- our technology, expertise, and supply license are available for local organisations to use

We enable local organisations to establish self-financing local energy services companies



Our partners decide what they want to achieve

Set fair tariffs for residents and tackle fuel poverty

Generate income

Local Energy Company

Connect people to local generation and use it to bring down bills

Have a stake in the new, smarter energy system

Two partners are on board and there are more to come

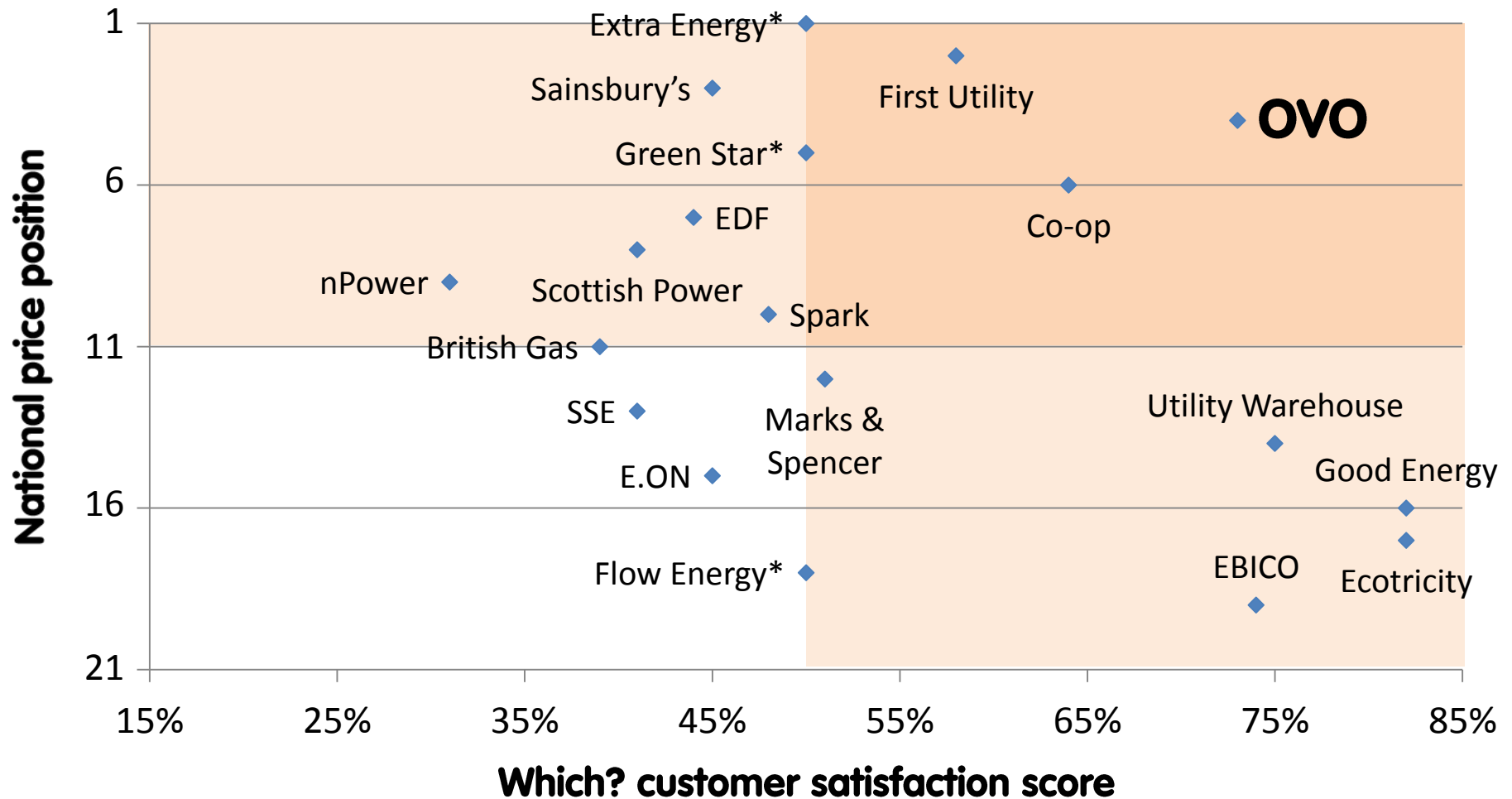
Plymouth Energy
COMMUNITYTM



ovc energy

What's in it for us?

We want to beat the Big 6. Not become one of them.



* New entrant; no satisfaction score available

Sources: Which? Energy Satisfaction Survey 2014, EnergyLinX 16th September 2014

We think this is just the beginning.
What do you think?



Thank you

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