

# APSE ENERGY BIG ENERGY SUMMIT 2018

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# Local Authority Energy Services Companies

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# Introduction



# Local Authority Involvement in Energy

- APSE Energy paper – Investing in Electricity
- Generation, Distribution or Supply?
- Generation is the favourite



# The Supply Option

- Supply is about social gain
- But will make money over time
- Are different options



# Options for the ESCO

- Own fully licensed ESCO
- Fully licensed ESCO with other local authorities
- Standard white label
- White label 'plus'
- Purchase an energy company



# Fully Licensed ESCO

- Advantages
- Working through what you want
- Protecting the authority



# Going About It

- Have a plan
- Don't jump until you are sure
- Work up an evidence base





# Early Work

- Name
- Premises
- Staffing
- Type of company



# Governance of the Company

- Its role and purpose
- Goals, financial and non financial
- Budgets, powers and operation



# Data Collection

- Average energy prices in the area
- How many kWh are supplied on average
- The main players in the local market
- Levels of customer service



# Appointment of Internal and External Resources

- Consultancy
- Recruitment
- Legal and procurement
- Accountancy



# Personnel

- Managing Director / Chief Executive
- Regulatory Director
- Energy Trading and Markets Director
- Customer Service Director



# Personnel (continued)

- Business Development Director
- Social Director



# Business Development Strategy

- Domestic
- Commercial
- White label



# Brand and Communications

- What is your brand?
- Developing a comms strategy
- Public support
- Advertising and promotion





# Financial Modelling

- Need to work up a financial model
- What figures are input eg how many customers?
- Start up costs



# Key Decisions

- Who leads?
- Timescales
- Company role and purpose
- Brand
- Financial basis



# Key Decisions (2)

- Model of company
- Pay structures
- Tariffs to be charged
- Green energy or not
- Data collection



# Key Decisions (3)

- Whether to take wider role
- Appointment of internal resources
- Appointment of external resources
- Business development strategy
- Communications strategy



# Time Frames

- This is not a quick job
- Two years minimum requirement
- Early part of work at low cost
- Spend grows as confidence grows that it will happen
- Putting in the resource, both internal and external



# Conclusions

- The fully licensed ESCO is the best solution
- Only for the committed though
- Keep in touch with reality
- Take it step by step



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