APSE Energy
Municipal Energy Models

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RobinHoodenergy

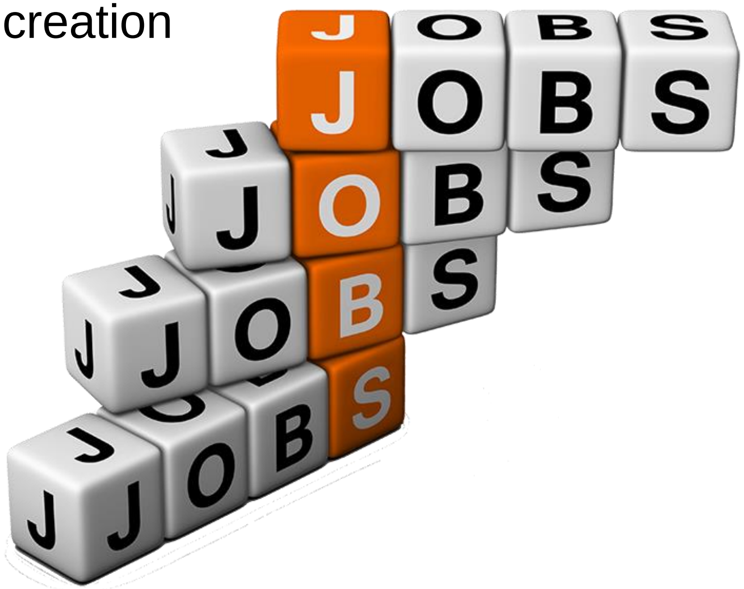
About Robin Hood Energy

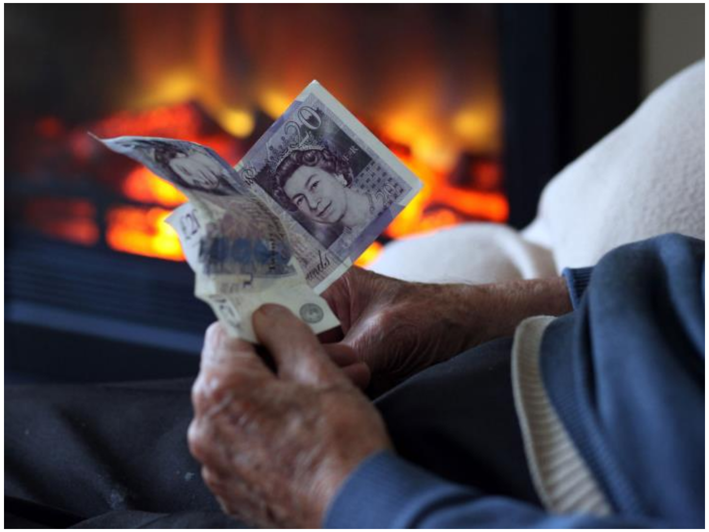
- The UK's first Local Authority-owned fully licensed gas and electricity supplier.
- Wholly-owned by Nottingham City Council, with a board consisting of NCC councillors.
- Bourne from a political manifesto commitment to tackle fuel poverty within the city.
- Run on a strictly **not-for-profit** basis and aimed predominantly at the domestic sector.
- Fully licenced for Commercial supply.
- Fastest growing Feed In Tariff Supplier in the UK
- Operating throughout mainland UK.
- Key drivers around reducing fuel poverty, not disadvantaging those on pre-payment meters, and delivering great customer service.

Robin Hood Energy - Objectives

Social Objectives

- Tackle fuel poverty, by offering affordable gas and electricity to all our customers
- Installing smart meters, prioritising customers who have traditional prepayment metering
- Job creation





Robin Hood Energy - Objectives

Other Objectives

- Enable local ownership of renewable generation
- Support community energy projects
- Match local generation to local demand (via Power Purchase Agreements)
- Act as a vehicle to further support municipal services (e.g. energy efficiency)

Establishing Robin Hood Energy

- Options considered:
  - License Lite
  - White label – OVO communities
  - Fully licensed supply route
- Developing the ethos of the company: customer service high priority, fuel poverty and the prepayment tariff
- In house approach, developing expertise
- Developing the business case
- Competition

Journey to Date

- Feb 2014 – Business case development
- Sept 2014 – Business case approval Executive Panel
- Sept 2014 – May 2015 – Delivery Programme
- May 2015 – Start of ‘Controlled Market Entry’ (CME)
- August 2015 – Exit Audit approval by Gemserv
- Sep 7th 2015 – National launch of company
- November 2015 – Launch of Prepayment tariffs
- February 2016 – Launch of Commercial Gas
- April 2016 – Launch of Commercial Electricity
- April 2016 – Commencement of Smart rollout

Lessons learned

- Size and scale, level of compliance and regulation is the same as Big 6
- Procurement and contract award - 146 contracts
- The industry timescales and obligation thresholds
- Available credit, PCG and credit lodges
- Break-even volume
- Educating non-switchers / disengaged consumers
- Fast moving, competitive market – 40 active suppliers now
- At least 10 more new entrants coming through in 2016
- USP has to be clearly defined, competing on price alone is not sufficient

Challenges

- The perception that the energy market isn't competitive
  - prices have reduced dramatically in recent months
  - More suppliers operating in the market
- Dis-engaged consumers – a real problem 70-80%
- Priority
  - Price
  - Customer Service
  - Trusted Brand
- Local Generation
  - Matching supply to demand
  - Price

Impact on fuel poverty

- East Midlands region moves from 7th to 1st position for price competitiveness
- All consumers benefitting from Robin Hood Energy launch
- Tariffs are now approx. £93 cheaper in East Midlands than when Robin Hood Energy first launched
- Reaching out to communities and completing analysis on fuel poverty at ward level

Combating fuel poverty

Switch from Old Supplier → Robin Hood energy Traditional PAYG → Robin Hood energy Smart PAYG → Robin Hood energy DD fixed

Approx. £120 - £180 Saving

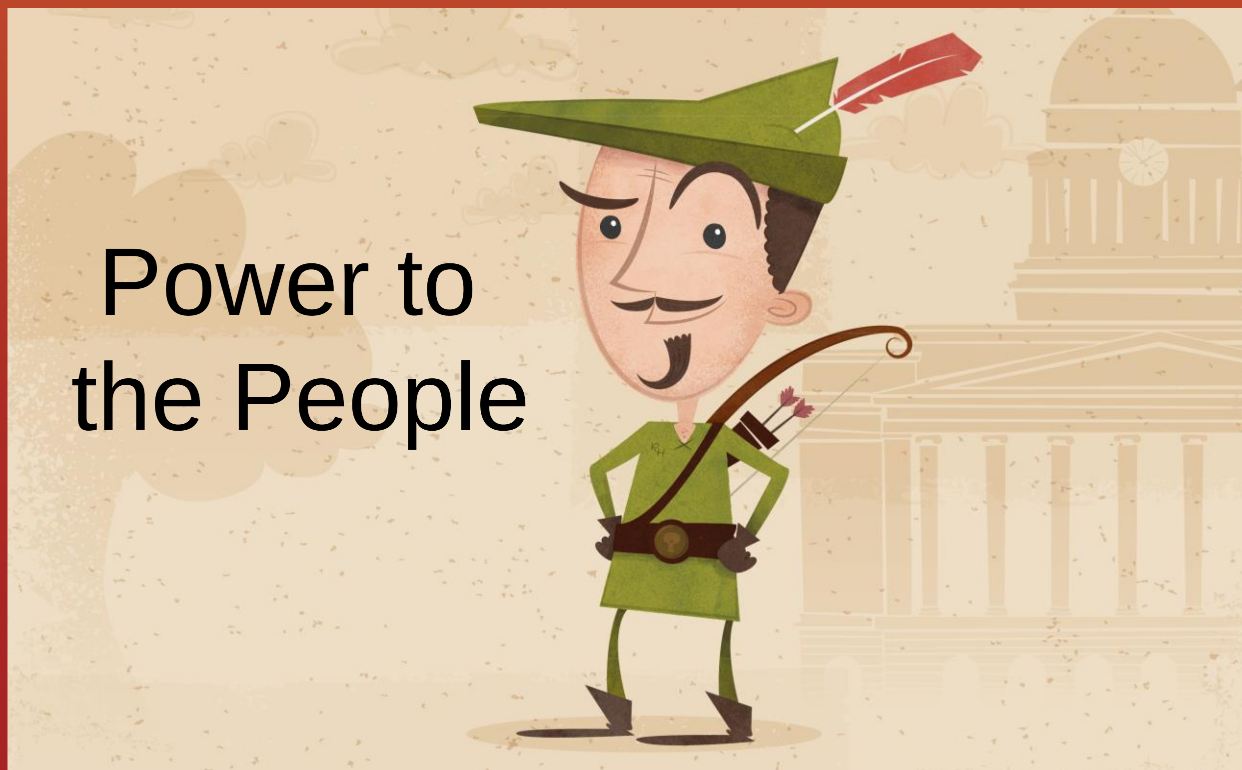
Approx. £150 - £210 Saving

Approx. £200 - £260 Total Saving

- Energy debt advice
- Payment monitoring / frequency
- Progression to Credit tariffs – regular monthly fixed or variable direct debit

Next Steps

- Switching Partnerships
  - Not only for social housing voids, but all residents
  - Quick and easy route to market
  - Tackle fuel poverty on a regional level
- White Label Partnerships
  - Fully branded
  - Managed service
  - Embedded enrolment, quote and online account management portals



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