

Energy Services Companies - Models used by Nottingham City Council

24th October 2017

Rob Purdon

Robin Hood Energy Ltd.



About Nottingham City Council

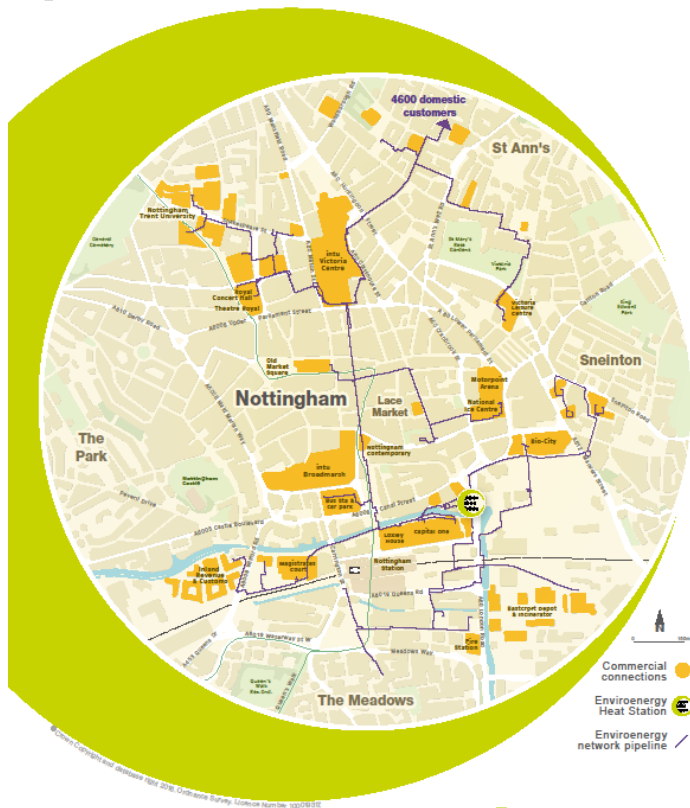
- A unitary authority with a population of 322,000 residents.
- Central to a wider urban areas with a population of 730,000.
- One of eight English members of the 'Core Cities Group'.
- Contains significant energy infrastructure, including an EfW plant in the City Centre, other large-scale CHP and renewable generation.
- UK's 'most energy self-sufficient city' – 20% of the city's heat and power generated locally through CHP and renewables.
- Involved in ESCo operations since the 1970s.



ESCo Model 1 -

Enviroenergy

Nottingham City Council
enviroenergy
●●●●



“Providing
Greener
Energy for
Nottingham
since 1972”

Nottingham City Council
enviroenergy
the complete energy company

ESCo Model 1 -

Enviroenergy

- Now a wholly-owned trading arm of Nottingham City Council
- Continuous operators of the city's district energy scheme since inception
- Board of 9 Directors – also Nottingham Councillors
- Approx. 35 full time employees working 24/7, 365 days per year
- Employs approximately 35 personnel
- Generates a surplus for Nottingham City Council
- Overseen by Nottingham City Council's Energy Directorate
- Full in-house operation covering generation, distribution/network operations, metering and retail/billing

ESCo Model 1 - Enviroenergy

- A Combined Heat & Power (CHP) scheme



ESCo Model 1 -

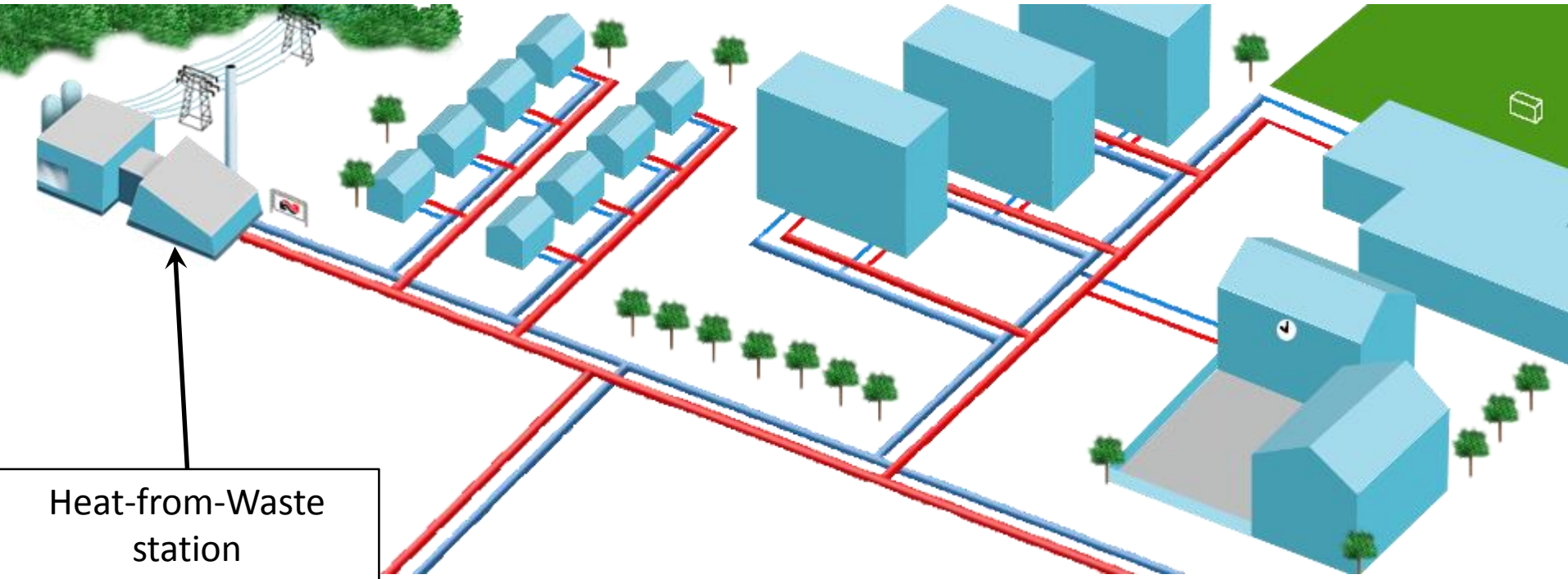
Enviroenergy

- Power generation of up to 11.4 MW, supplying a private wire network



ESCo Model 1 - Enviroenergy

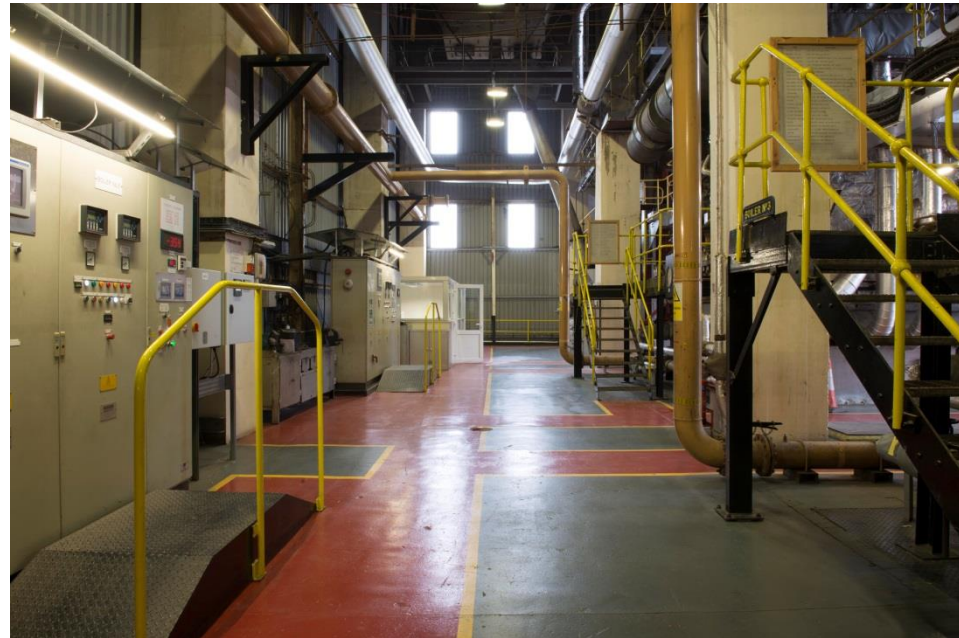
Heat:



ESCo Model 1 - Enviroenergy

Heat:

- 68km of pre-insulated pipework
- 4,900 domestic dwellings connected for the provision of space heating and hot water
- Over 3,000 domestic customers social housing tenants
- 115 commercial metering points
- 120,000 MWh annual thermal output
- Back-up provided by gas boilers
- Approximately 70% of heat units sold to commercial clients.



ESCo Model 1 - Enviroenergy

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NOTTINGHAM
TRENT UNIVERSITY 


HM Revenue
& Customs

John Lewis


BIOCITY
NOTTINGHAM


Nottingham
City Council

e.on



Hilton

Coca-Cola®

TESCO

JURYS
INN

CapitalOne™

THEATRE
ROYAL
CONCERT HALL

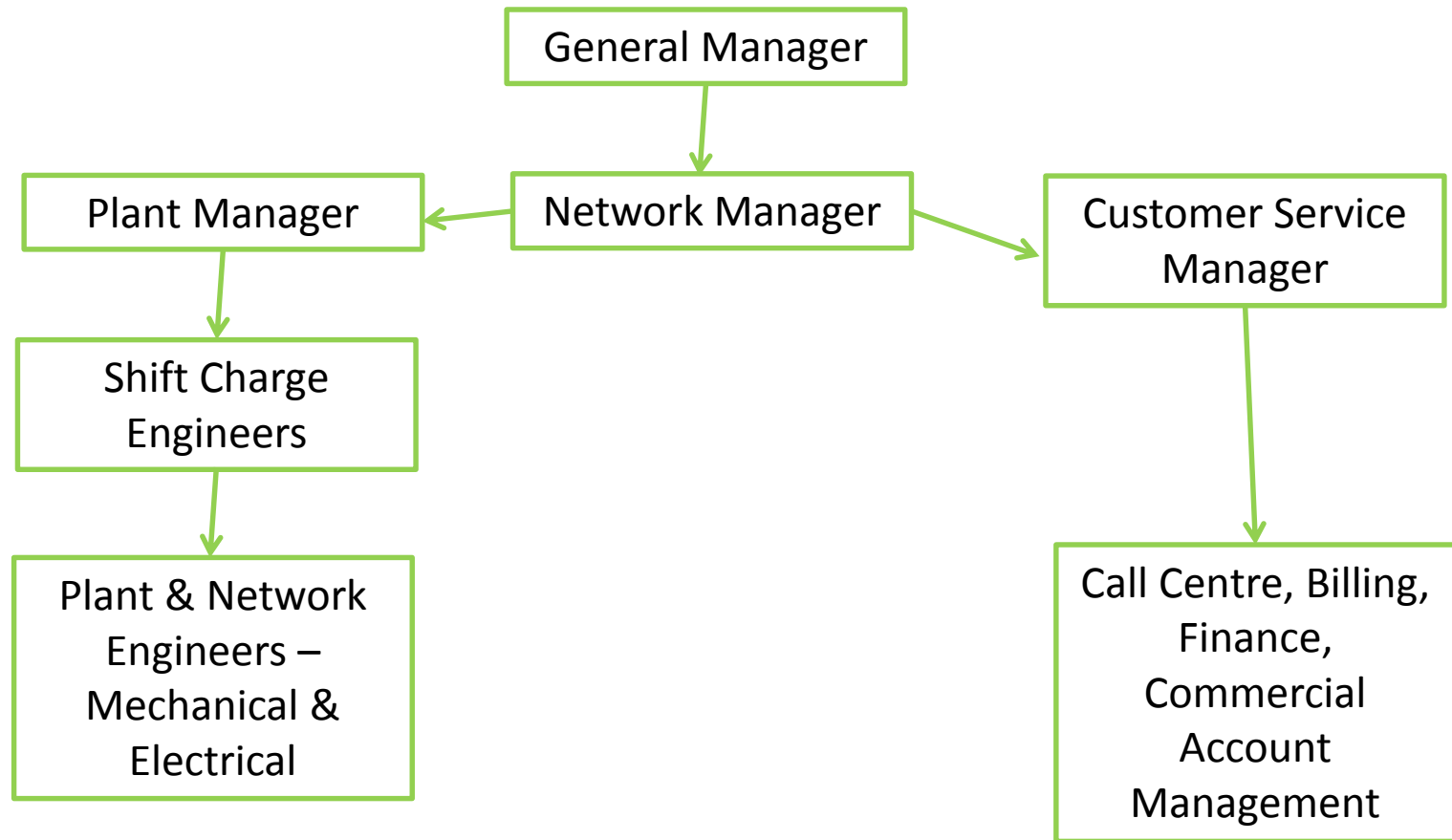
 Nottingham
City Homes

THE
CAPITAL FM
ARENA

NOTTINGHAM

ESCo Model 1 - Enviroenergy

Staffing Structure – 35 FTEs:



ESCo Model 1 - Enviroenergy

Revenue opportunities:

- Non-domestic heat
- Non-domestic power
- Domestic heat
- Export contract
- TRIADs
- ROCs
- REGOs
- Metering services

ESCo Model 1 - Enviroenergy

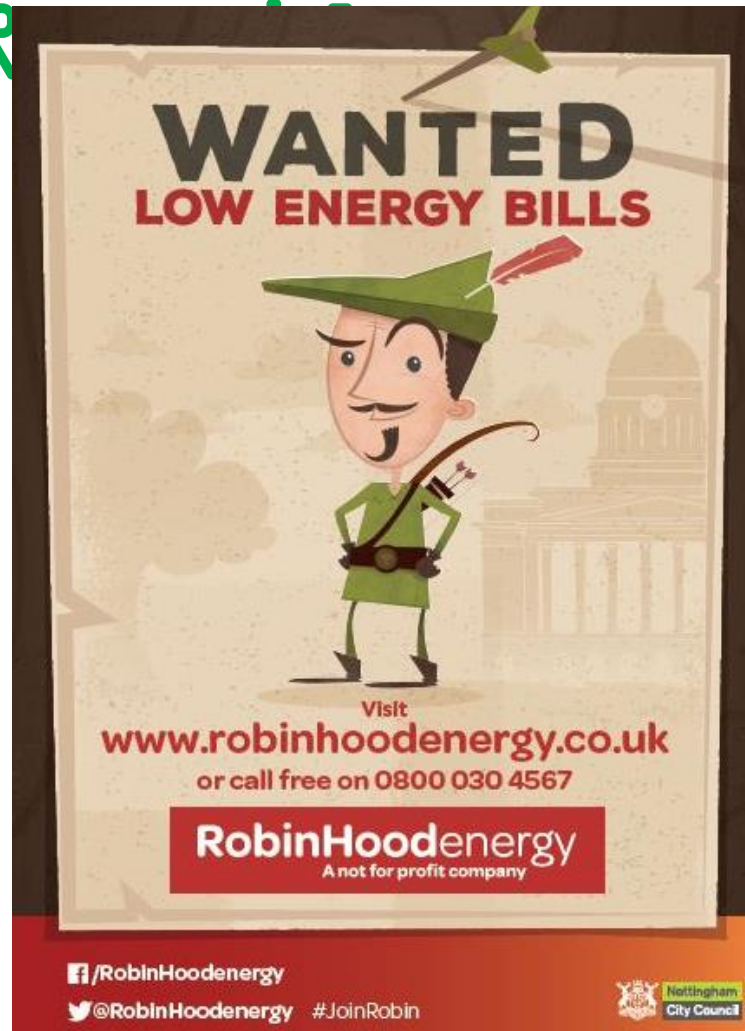
Benefits

- Generates a surplus for Nottingham City Council
- Supports energy self-sufficiency and lower carbon generation
- Supports skilled jobs within the city
- Longevity of customer base
- Has the potential to support development

Risks and Restrictions

- Ageing, high-maintenance network requiring ongoing capital investment
- Limited scope for expansion
- High cost of expansion
- No direct benefits for most city residents

ESCo Model 2 - Gas and Power Reduction

A poster designed to look like a 'Wanted' notice. At the top, the word 'WANTED' is written in large, bold, black letters, with 'LOW ENERGY BILLS' in smaller red letters below it. In the center is a cartoon illustration of Robin Hood, wearing a green hat with a red feather, a green tunic, and a brown belt with a quiver. He is holding a bow and arrow. The background of the poster is a light brown parchment texture with a faint illustration of a building with a dome. Below the illustration, the text reads 'Visit www.robinhoodenergy.co.uk or call free on 0800 030 4567'. At the bottom of the poster, the 'RobinHoodenergy' logo is displayed in white on a red background, with the tagline 'A not for profit company' underneath. The entire poster is framed by a dark brown border. At the bottom of the slide, there is a red and orange gradient bar containing social media icons for Facebook and Twitter, the hashtag #JoinRobin, and the Nottingham City Council logo.

WANTED
LOW ENERGY BILLS

Visit
www.robinhoodenergy.co.uk
or call free on 0800 030 4567

RobinHoodenergy
A not for profit company

[f /RobinHoodenergy](https://www.facebook.com/RobinHoodenergy)
[@RobinHoodenergy](https://twitter.com/RobinHoodenergy) #JoinRobin

 Nottingham City Council

ESCo Model 2 - Gas and Power Retailer

Licence Lite

- A Sustainable approach
- Inclusive economic growth
- Management of risk
- Shareholder priorities

Fully Licensed Supply

- A Lean Operating Model;
- Flexibility;
- Social Value;
- Inclusive Economic Growth,
- Management of Risk;
- Shareholder Priorities

White Label

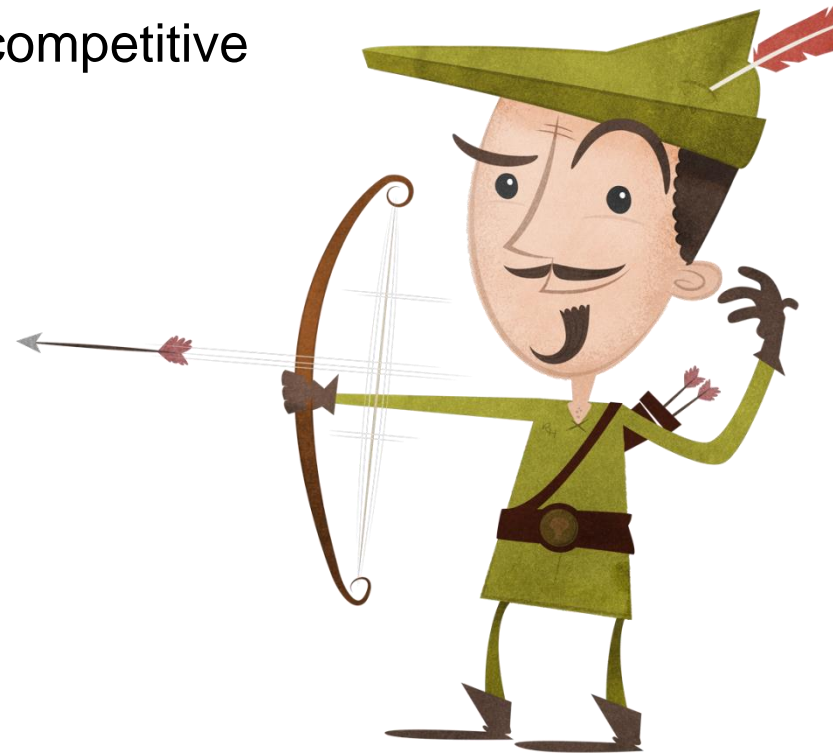
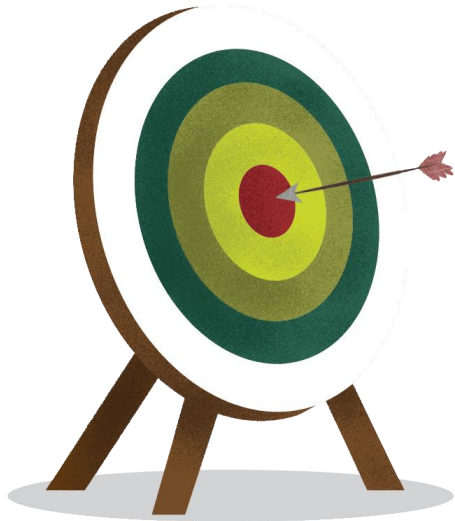
- A Lean Operating Model;
- A Cost-effective approach;
- A Sustainable approach;
- Flexibility;
- social value;
- Inclusive Economic Growth;
- Management of risk;
- Shareholder priorities.

Robin Hood Energy - Timeline

- ✓ 2011 - Political manifesto commitment to create local energy company
- ✓ 2014 – Options appraisal followed by business case development
- ✓ Nov 2014 – Purchase of ‘supplier in a box’
- ✓ Dec 2014 – Dedicated premises sourced
- ✓ Jan & Feb 2015 – Recruitment of initial management team
- ✓ May to Jul 2015 – ‘Controlled Market Entry’
- ✓ Sept 2015 – Domestic launch
- ✓ Nov 2015 - Pre-payment launch
- ✓ Mar 2016 – Non-domestic gas launch
- ✓ May 2016 – First smart meter installation
- ✓ Sept 2016 – First white label partnership
- ✓ Oct 2016 – Non-domestic power launch

Robin Hood Energy - Current Status

- ✓ Over 100,000 domestic customers now supplied by Robin Hood Energy, either through our own brand or through white labels
- ✓ 30% of customer base have pre-payment
- ✓ Tariffs consistently amongst the most competitive available
- ✓ 8,000 smart meters installed



Key considerations

- Initial cost
- Working capital
- Credit requirements
- Staffing /recruitment
- Compliance
- Regulatory change
- Trading risks
- State Aid
- Procurement approach



Key procurement items

- Licence in a box/supply licence
- CRM and billing platform
- Data flow management software
- Metering
 - MAP/Asset Financing
 - MOP/MAM
 - DC/DA
 - DR
 - DCC Adaptor
- Outsourcing
 - Printing and fulfilment
 - Back office operations
 - Customer services
- Telephony
- Brand development
- Website
- Support services i.e. legal, finance, HR
- Energy trading
 - Strategic advice
 - Market insights
 - Forecasting software
 - Counterparties
- Gas shipping
- Debt collection

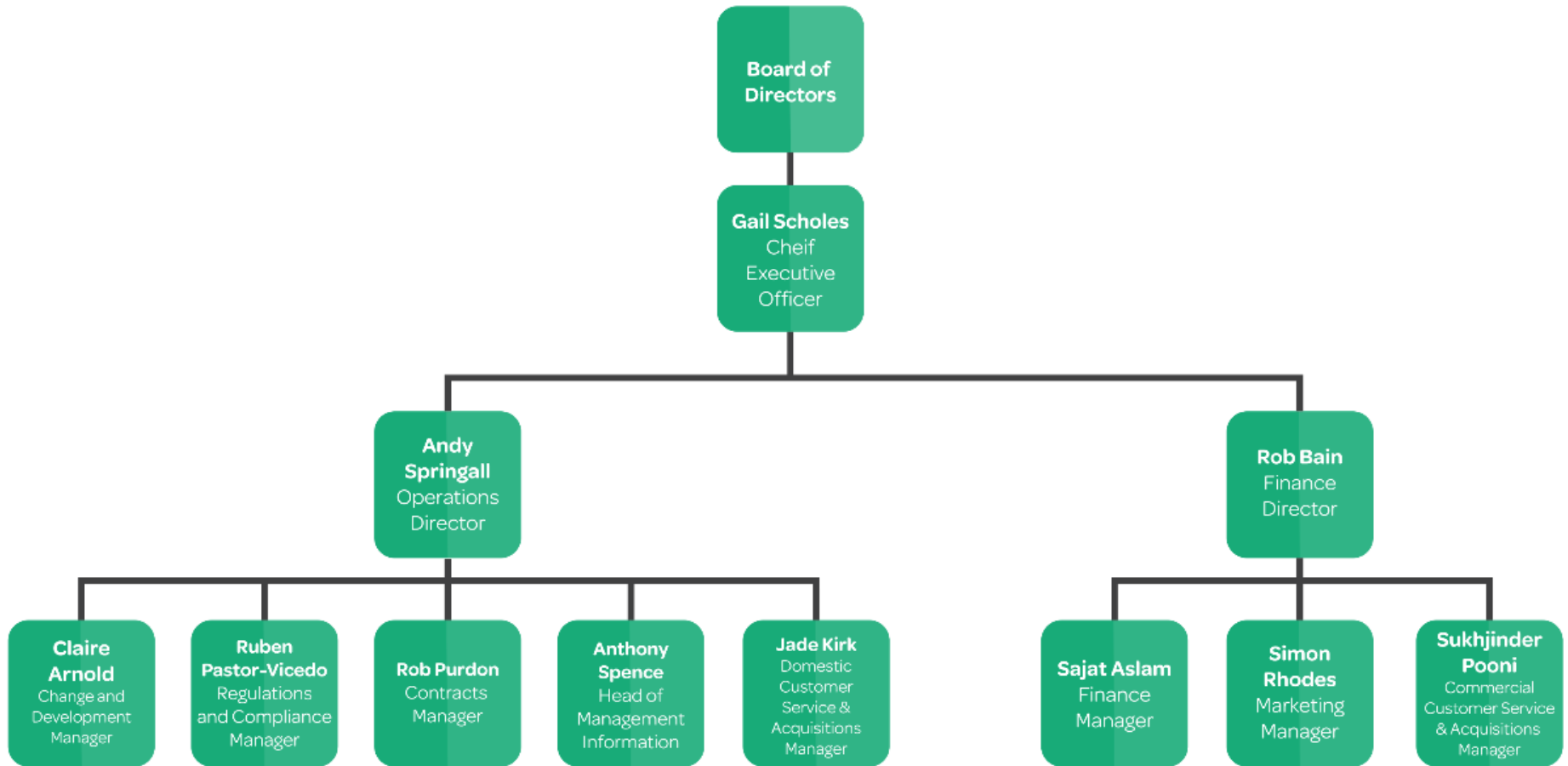


Other industry partners

- Transmission and distribution networks.
- Gas transportation.
- PEMS.
- Industry administrators e.g. Elexon, Xoserve, Mrasco, DCC.



Staffing Structure - 130 FTEs



Critical Success factors

- Clarity of Business Objectives
- Political and Corporate Support
- Management of Risk
- Skills and capacity
- Market understanding
- Innovation



Further Information

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www.facebook.com/robinhoodenergy/



twitter.com/RobinHoodEnergy