

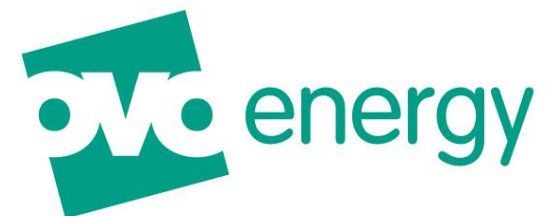


Working in partnership to set up a municipal energy supply company

Reg Platt, Senior Partnerships Manager

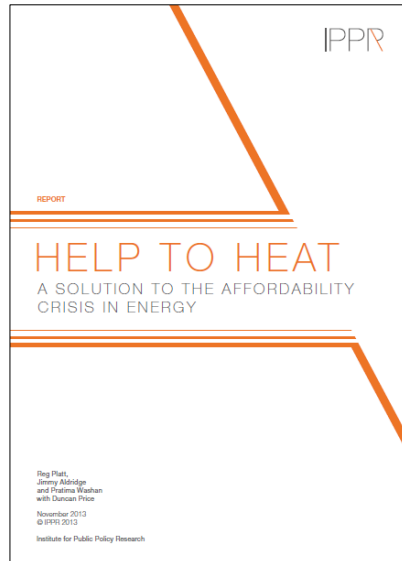
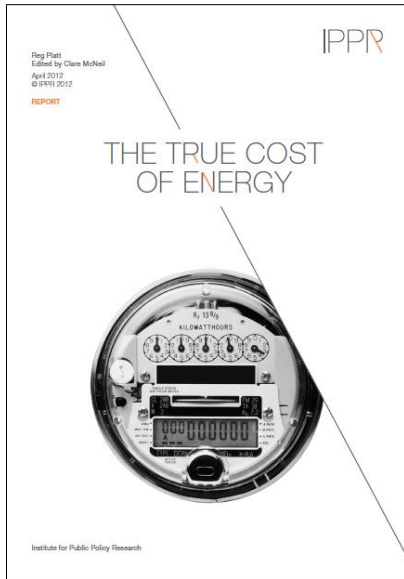
Agenda

1. Who is OVO?
2. Why set up a municipal energy supply company?
3. How is it done?



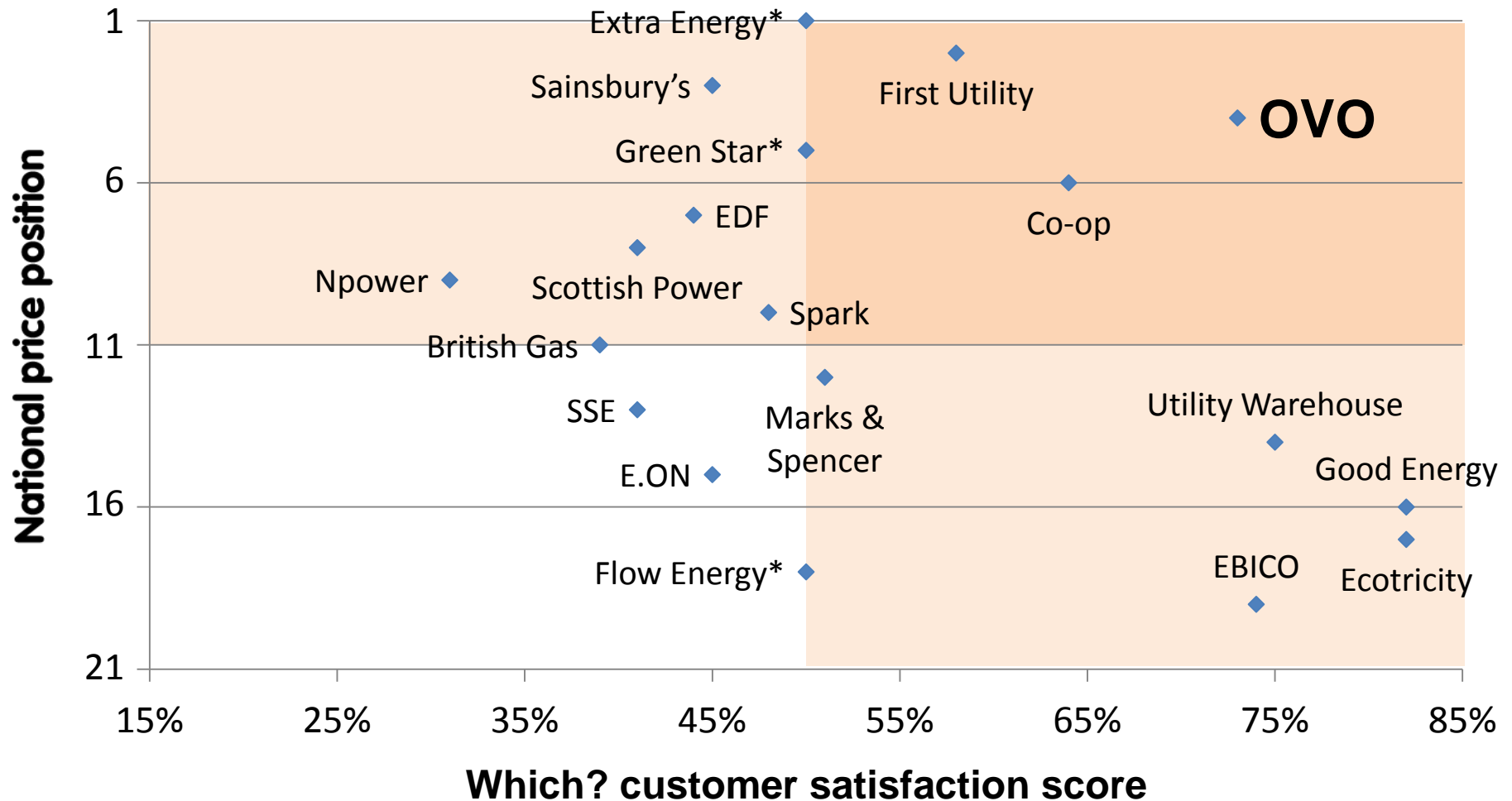
Who am I?

From ideas to practice



Who is OVO?

We supply energy with a market leading combination of highly competitive prices and exceptional customer service



* New entrant; no satisfaction score available

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

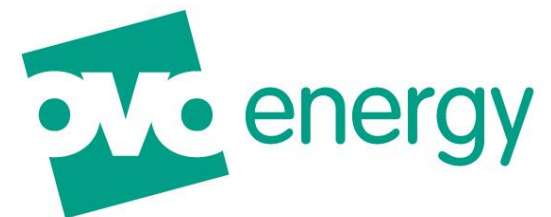
Who is OVO?

- Independent? Yes.
- Small? No.
 - Launched in 2009, have c.420,000 customers and growing. Targeting 1 million customers by 2017.
- Just another energy company? No.
 - Our mission: to be the UK's **most trusted energy supplier**
 - Our DNA: **a technology company**, not a utility company.
 - Our inception: **surely energy can be done better!**

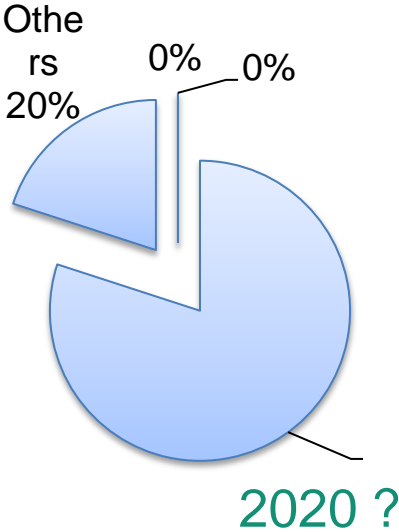
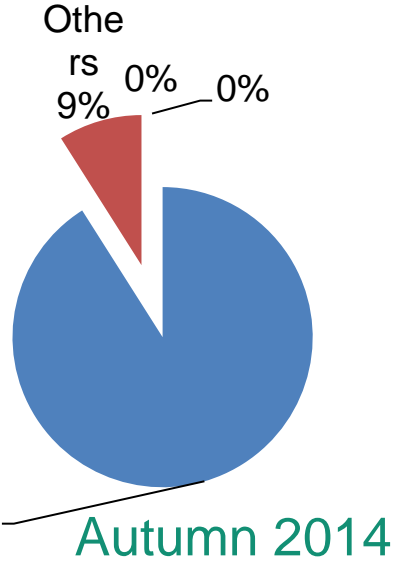
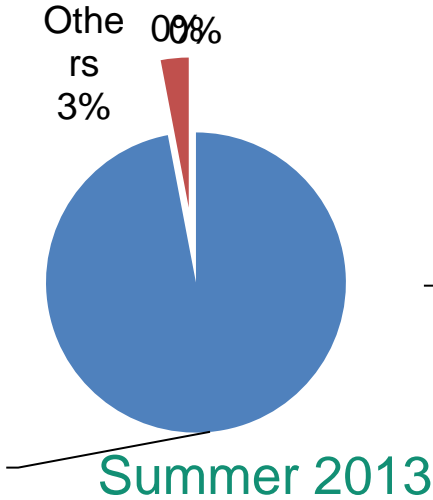
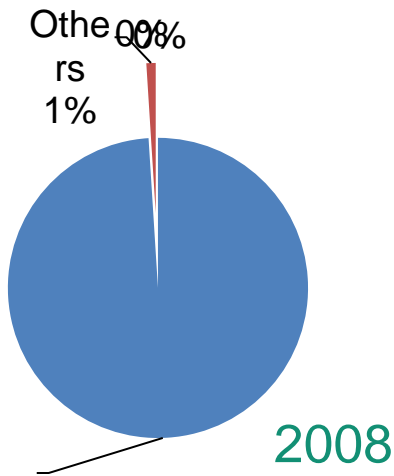
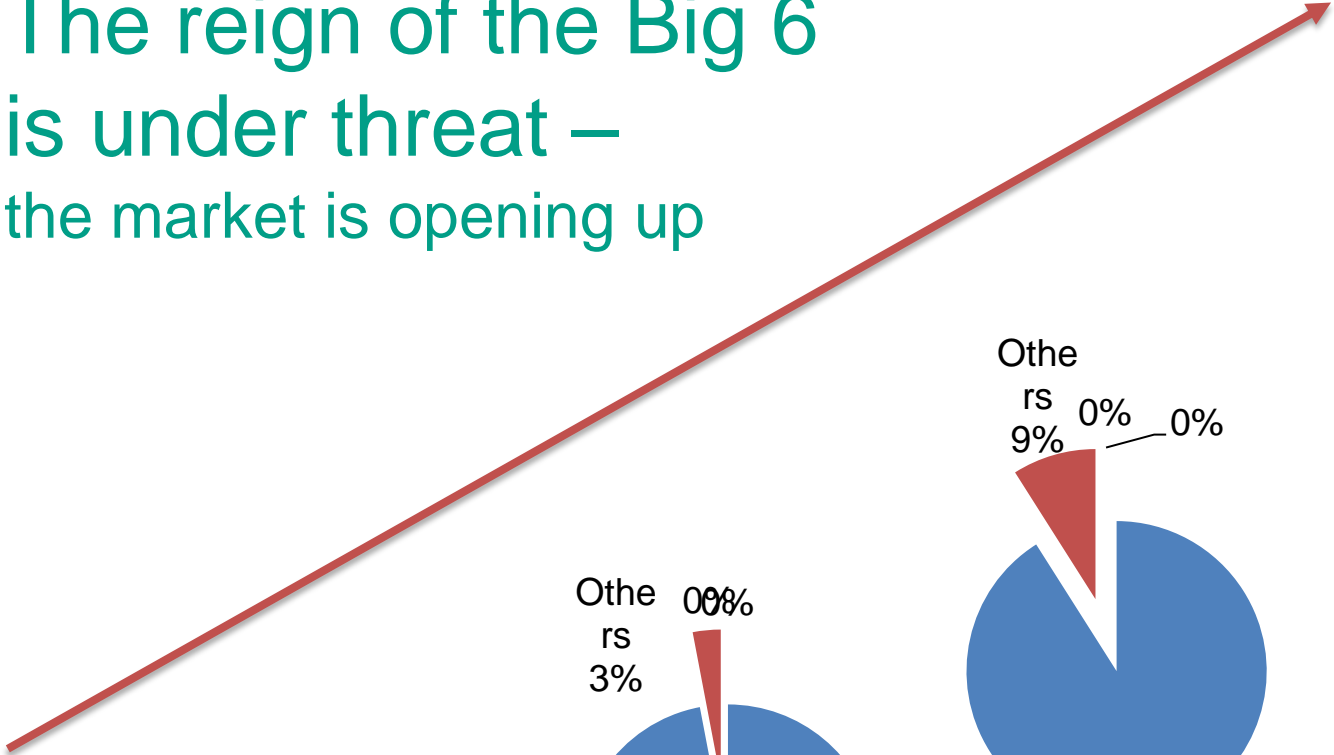


Agenda

1. Who is OVO?
2. **Why set up a municipal energy supply company?**
3. How is it done?



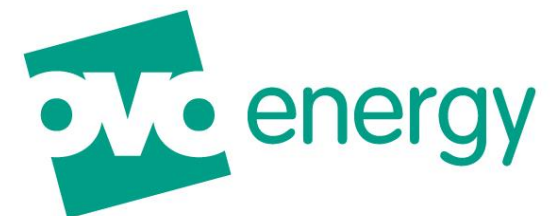
The reign of the Big 6 is under threat – the market is opening up



Charts show energy supplier domestic market share

Why set up a municipal energy supplier?

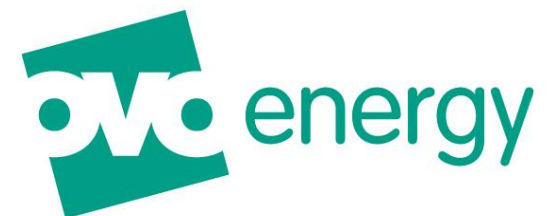
5 reasons:



Why set up a municipal energy supplier?

5 reasons:

1. Ensure people and businesses pay a fair price for their energy; tackle fuel poverty



Why set up a municipal energy supplier?

5 reasons:

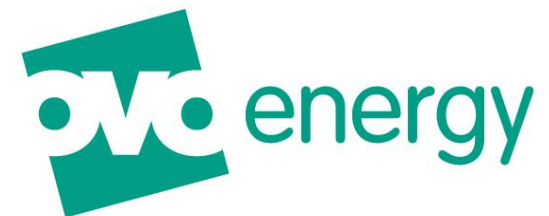
1. Ensure people and businesses pay a fair price for their energy; tackle fuel poverty
2. Integrate other energy activities (e.g. energy efficiency, renewable generation and community energy) to maximise their value



Why set up a municipal energy supplier?

5 reasons:

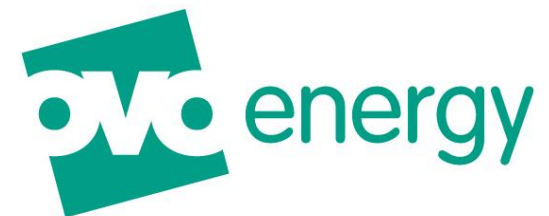
1. Ensure people and businesses pay a fair price for their energy; tackle fuel poverty
2. Integrate other energy activities (e.g. energy efficiency, renewable generation and community energy) to maximise their value
3. It is self-financing, and potentially income generating



Why set up a municipal energy supplier?

5 reasons:

1. Ensure people and businesses pay a fair price for their energy; tackle fuel poverty
2. Integrate other energy activities (e.g. energy efficiency, renewable generation and community energy) to maximise their value
3. It is self-financing, and potentially income generating
4. Be positioned for new opportunities as smart and decentralised energy grows – the future is local



Why set up a municipal energy supplier?

5 reasons:

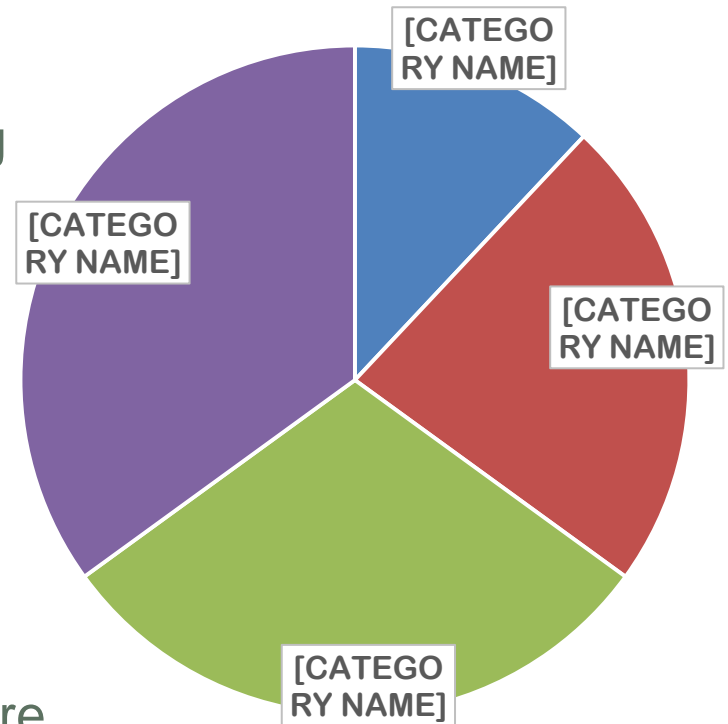
1. Ensure people and businesses pay a fair price for their energy; tackle fuel poverty
2. Integrate other energy activities (e.g. energy efficiency, renewable generation and community energy) to maximise their value
3. It is self-financing, and potentially income generating
4. Be positioned for new opportunities as smart and decentralised energy grows – the future is local
5. Nothing is stopping you – and there is a lot riding in your favour



The first big opportunity

Councils have assets to leverage that can generate competitive advantage and help the most needy

- Around two thirds of households are 'sticky', don't switch, and are often paying £xxxs above the cheapest prices
- This includes high %s of households on low incomes and in social housing
- Energy efficiency schemes show local councils can reach customers where energy companies can't - because they are trusted
- Councils and social landlords can also reach customers through new touch points

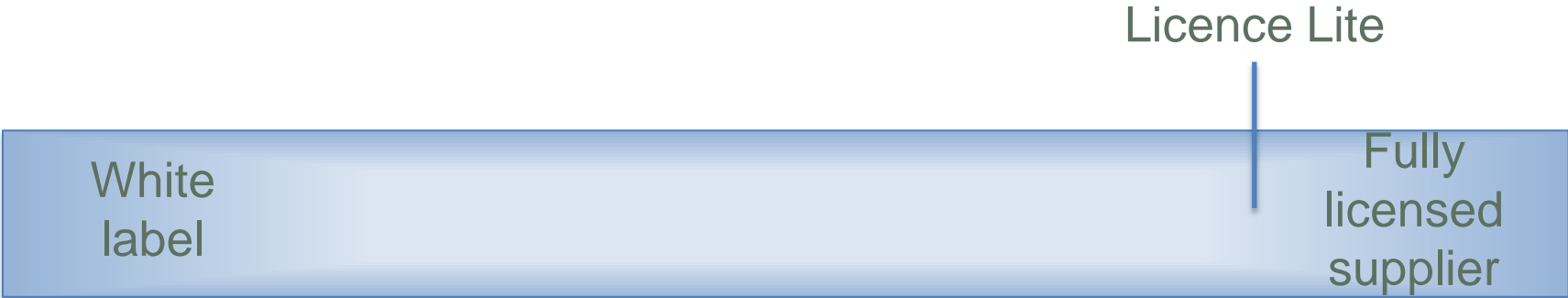


Agenda

1. Who is OVO?
2. Why set up a local energy supplier?
- 3. How is it done?**



How is it done?

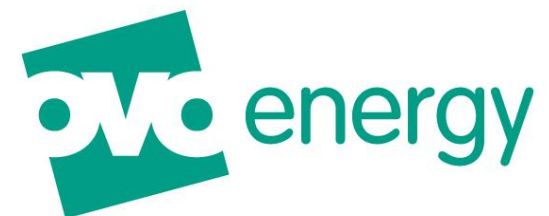


How is it done?

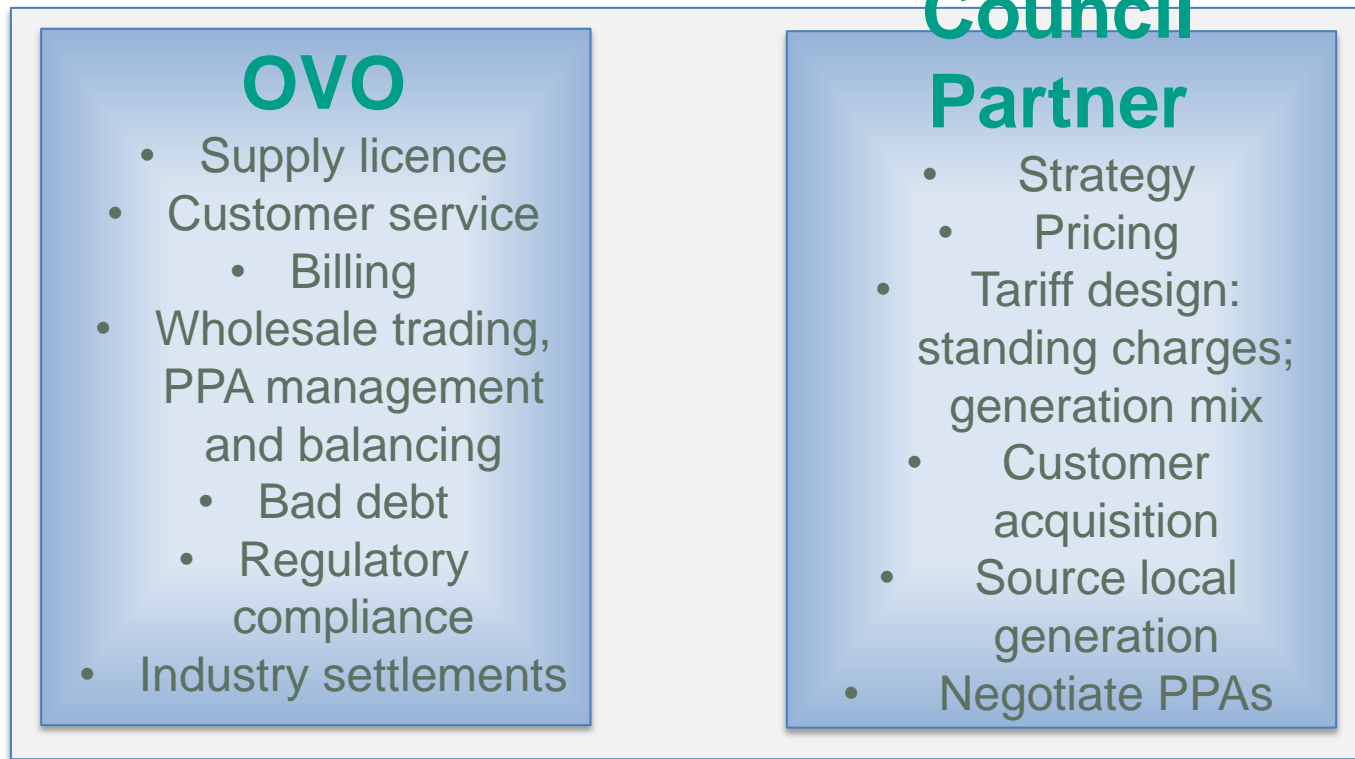


Council builds an energy supplier using OVO's supply licence and back office functions

Think Amazon's retail platform model applied to energy

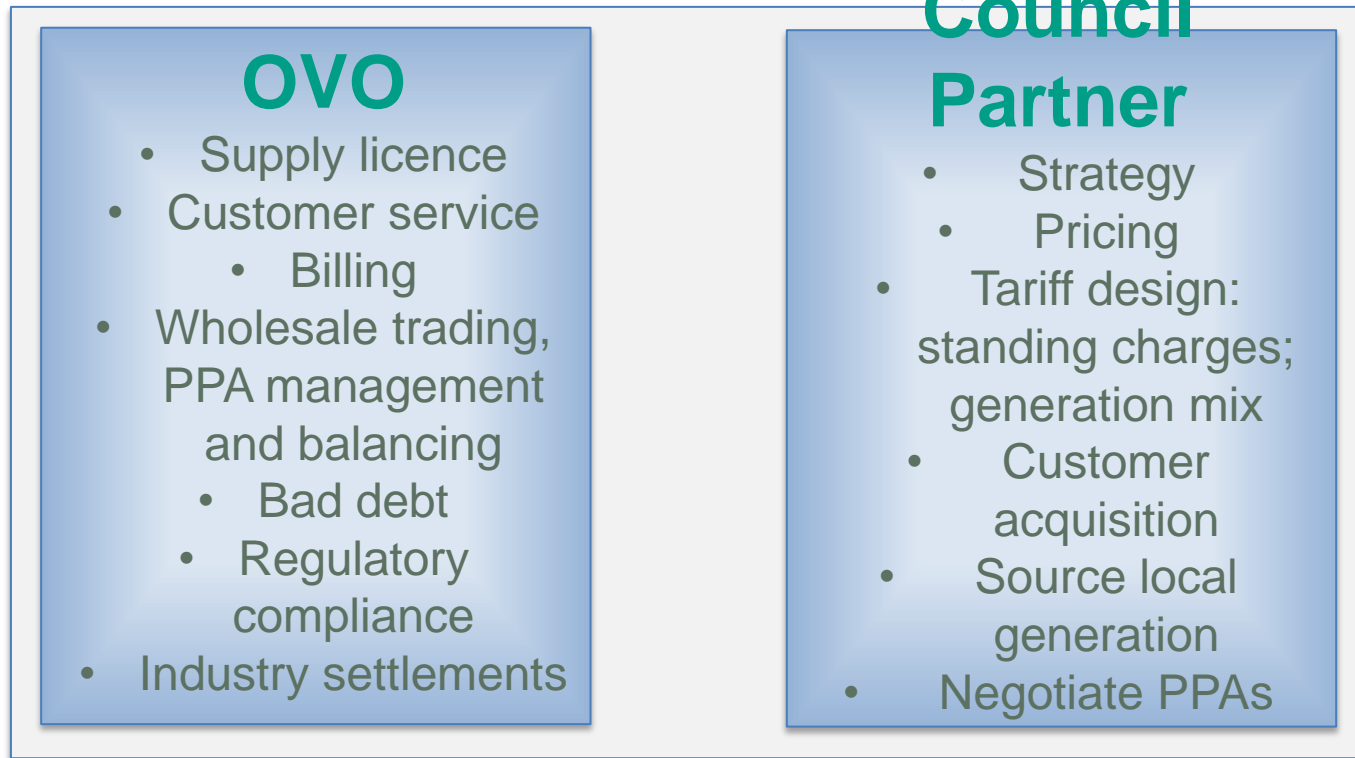


An OVO Communities partnership



- All customer facing services branded as Community Partner (or co-branded)
 - All OVO services provided at cost +3% margin
 - Partner incurs no set-up costs

An OVO Communities partnership



Both parties are similarly incentivised to make the business a success

We only get paid if our partners' business succeeds

What we would provide to our partners:

Our partners get access to:

1. Our highly efficient and scalable operations enabling them to offer highly competitive tariffs for consumers and businesses
2. Our ECO funding
3. Our state of the art smart meter technology and data that is produced
4. Our market leading Pay As You Go tariffs
5. Our capabilities in delivering Power Purchase Agreements
6. The ability to offer crowd funding opportunities to local customers

OVO has the cheapest Pay As You Go tariff for average consumers in every region of the UK

A snapshot of prepayment tariffs on 30th Oct (SW region)



Opportunities for developing local generation



Roof top solar:

Spread the bill savings from installations across your customer base

Route to market:
Sign power purchase agreements and give local developments a secure route to market at fair prices

Crowdsourcing:
Offer your customers investment opportunities in local generation through our platform



Onshore wind:

Reward customers for supporting developments through their bills

The model has been design to suit local needs:

- We will only partner with organisations set up to deliver community benefit:
 - i.e. Local Authorities, Housing Associations and community groups
- The platform is fully customisable

We can work with different approaches to procurement – as our first partnerships show

Our first partners:



A community energy organisation set up by a council

Council, soon to be announced

Won through an OJEU tender



A community energy group with council backing

What's in it for
OVO?

This is just the
beginning

Thank you

OVO Communities website:

www.ovoenergy.com/communities/

Reg Platt OVO Communities email:

regplatt@ovoenergy.com

07877 684312

