

The Licensed Supplier Model

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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.



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Why we created an ESCo (in 2015)

- Political manifesto commitment
- Low levels of switching / High levels of fuel poverty
- Lack of choice for customers with pre-payment meters
- No government price intervention
- Slow adoption of smart metering nationally
- Local job creation
- Existing energy experience



Options appraisal

Licence Lite

White Label

Fully Licensed
Supply

Fully Licensed Supply Model - Core Initial Requirements

- ✓ A range of competitive tariffs nationally
- ✓ A Nottingham-only tariff for local residents
- ✓ An offering for all common meter types, including pre-payment and Economy 7
- ✓ Capability to bid for Nottingham City Council's corporate supply contracts and other non-domestic
- ✓ Feed-in tariff licensee
- ✓ Early adoption of domestic smart metering
- ✓ Customer growth targets
- ✓ Break even within three years

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

Key considerations

- Commercial model - for profit or non profit?
- Initial cost
- Working capital
- Credit requirements
- Staffing /recruitment
- Compliance
- Regulatory change
- Trading risks
- State Aid
- Procurement approach



Main 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 soft
 - Counterparties
- Gas shipping
- Debt collection

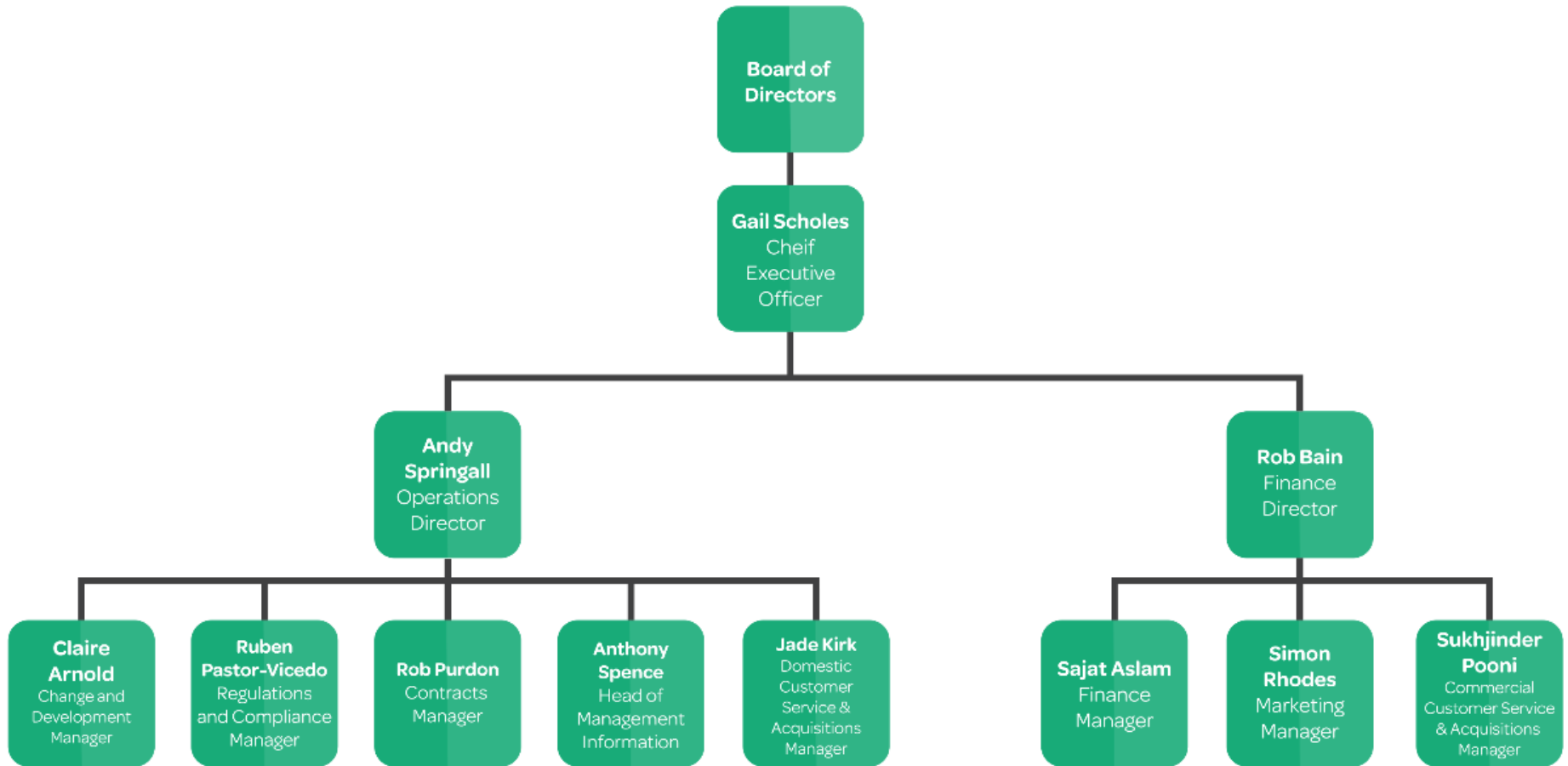


Other industry partners

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



Staffing Structure - 160 FTEs



Showstoppers

- Clarity of business objectives
- Strong political and corporate support
- Management of risk (financial and regulatory)
- Skills and capacity
- Market understanding
- Innovation
- Continuous improvement



We never thought that would be a problem!

- Remaining competitive
- Size of back office operations
- Propensity for customers to
- Billing platform capabilities
- Managing change
- Smart metering uncertainty
- Pay model
- Government price intervention
- Small supplier reputation



Impact to date

- ✓ Over 170,000 domestic meter points now supplied by Robin Hood Energy
- ✓ Over 20% of customer base have pre-payment
- ✓ Tariffs consistently amongst the most competitive available
- ✓ 22,000 smart meters installed
- ✓ Sustained growth since launch
- ✓ 160+ FTEs employed in Nottingham
- ✓ An accredited Living Wage Employer
- ✓ Non-domestic offering now launched
- ✓ Seven white labels now live
- ✓ Social housing void management contracts in place with fourteen RSLs
- ✓ Dedicated voids team of five personnel
- ✓ Renewable electricity offering
- ✓ Within-year break even now achieved



Further Information

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