

# ESCO's: A Strategic Tool for Local Authorities?

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# ESCO's – A Way Forwards

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# Introduction

- terminology
- The importance of being precise
- What do we want to achieve?



# Background

- The UK electricity market
- Fuel poverty
- Economic development
- The position of local government



# Advantages of an ESCO

- Its an intervention in the marketplace
- Controlling the social value of power
- Can be non profit distributing
- Can have a wider role



# Options for a Local Authority

- The fully licensed company
- White label and white label plus
- Licence Lite
- Partnerships or joint ventures
- Single purpose ESCO's eg heat



# Legal Structures

- arm's length or in house?
- Profit making or not for profit?
- Which type of entity?



# Risk

- Its risk management
- There is more risk in fully licensed arrangements
- How can risk be managed?





# Conclusions

- More adventurous arrangements coming forwards
- Still only 3 fully licensed ESCOs
- How ambitious is your authority?



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