

# Energy Local

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## Innovation and Regulation

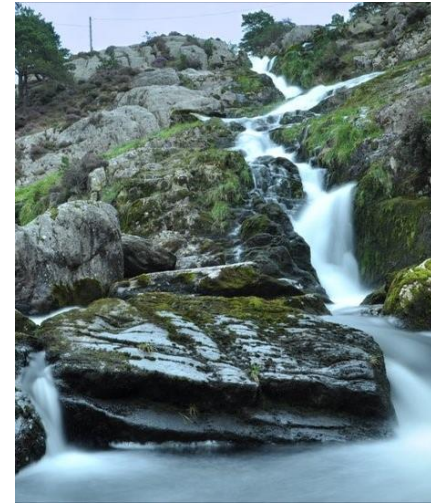
# Our Vision

See the establishment of thousands of local, not-for-profit, Energy Local Clubs (ELCs) that allow local renewable generation to be used locally.

Benefitting communities and local renewables networks and the national system.

# What we do - An Example....

- Local hydro Arfon Berthen near Bethesda is sold for ~14p/kWh and residents still pay up to 27p/kWh.
- Participants and the hydro form an Energy Local Club.
- The supplier will install smart meters which show when power is used as well as how much. Club members can show how much they are using when the hydro is generating.
- Members will agree the price for the local hydro they use when it is generating, e.g. 20p/kWh.
- Households get cheaper power and the hydro plant receives a higher income – more money for the community.



# Network Benefits of the Model – virtuous circles

## Matching demand to generation

- reduces network constraints
- Allows more generation to connect
- Provides means to develop district heating networks, this reduces strain of the electricity network.

- Retention of wealth within the local economy
- Direct action on fuel poverty
- Will enable investment in new, local generation
- Degree of shelter from global energy prices
- Supports action on energy efficiency
- Supports local economy

# Ofgem's remit

We work to protect energy consumers, especially vulnerable people, by ensuring they are treated fairly and benefit from a cleaner, greener environment.

We are responsible for:

- working with government, industry and consumer groups to deliver a net-zero economy, at the lowest cost to consumers
- stamping out sharp and bad practice, ensuring fair treatment for all consumers, especially the vulnerable
- enabling competition and innovation, which drives down prices and results in new products and services for consumers.

# Net zero economy

A reactive regulation wont deliver something that is yet to be developed.

“If you implement that charging regime, it wont encourage half hourly metering and tariffs”

“Well HH tariffs wont happen in the next 10 years”

“Well not if you don't develop a regulatory regime to develop them no they wont”

# Net zero economy

“Our flexibility contracts only last 5 years,  
that heat network to take load of LV is a 20  
year investment at least”

“If flexibility is to be a long term solution  
the contracts/reward needs to change  
then doesn't it?”

# Net zero economy

- siloed regulation wont deliver

2018

“The network regulation must be technology neutral to be least cost”

“But you are supposed to be regulating for least cost for the whole of the system, ‘technology neutral’ favours gas but customers wont thank you for a least cost network with we rely on gas and we fall out with Putin and their bills go through the roof”

Silence

.....2022 Putin invades Ukraine whilst we are highly dependent on gas



# Lowest cost to consumers

“we’re an economic regulator”

“Over what period? I will still be paying my bills in 10 years time - isn’t it time we avoided costly problems rather than paid heavily to solve them? That’s not efficient regulation

“Not done a great job over the last few years have you?”

**Silence**

# Lowest cost to consumers

“Have you considered the cost of ‘doing nothing’?”

If doing nothing has no consequences for the decision makers then this will be the default against trying something new.

# Results in new products and services for consumers.

Ofgem staff have admitted they don't have the technical knowledge to understand the network or energy systems – how can they deliver the above?????.

'Urban myth??'  
"Operating primary transformers at 50% is inefficient"

Turn over of staff – moving from department to department destroys organisation knowledge and the opportunity to build expertise.

# Results in new products and services for consumers.

Elexon – self regulated

Completely siloed from the rest of the system.

Dominated by those with time and money, cross section of expertise or future looking is not achieved.

- I have experience 8 hour meetings of filibustering, war of attrition
- This is not an efficient means to deliver a BSC for the 21<sup>st</sup> Century.

# But....

Innovators turn to Ofgem and Elexon as the only alternative because of

- failure of policy by government.
- failure of engagement of DNOs.

Government and Ofgem ping pong of hot potatoes serves no one.

# But....

Its not all doom and gloom - honest

- I have seen change in both Elexon and Ofgem.

# And lastly thank you

To those who stick it out and are prepared to push for change.

To those prepared to take risks in organisations that would rather reduce their risks than anyone else's.

It's a thankless task and I wouldn't be here without you.

# Contact

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