

Energy Markets and Affordability Team
Department for Business, Energy and Industrial Strategy
3rd Floor, Area Abbey 1
1 Victoria Street
London

16 September 2019

To whom it may concern,

Flexible & Responsive Energy Retail Markets: Consultation Response

Scottish Renewables is the voice of Scotland's renewable energy industry, working to grow the sector and sustain its position at the forefront of the global clean energy transition. We represent around 260 organisations across the full range of renewable energy technologies in Scotland and around the world, ranging from energy suppliers, operators and manufacturers to small developers, installers and community groups, as well as companies throughout the supply chain.

Our energy system is experiencing a period of transformational change as we move away from centralised fossil-fuelled plants and embrace distributed low-carbon technologies. In order to meet both the UK and Scottish Government's net-zero targets it is critical that we have retail market arrangements in place that support our transition to a smart and flexible energy system. A suite of renewable resources will be required for this smart system to become a reality and as such we are particularly interested in retail market transformation that not only facilitates the deployment of renewables but also provides a diverse range of potential routes to market for these technologies.

We support BEIS and Ofgem in working towards creating a more flexible and responsive energy retail market that creates a level playing field for all. We are particularly interested in simplifying current arrangements to provide a clearer regulatory framework that will encourage more innovation to come forward. We are supportive of the future vision outlined within this consultation and welcome the references made towards the net-zero targets. We would emphasise however that it is critical that decarbonisation remains a central focus throughout any reforms to the energy retail market and as such should be included within the key challenges.

6th Floor, Tara House, 46 Bath Street,
Glasgow, G2 1HG
☎ 0141 353 4980 📧 @ScotRenew
www.scottishrenewables.com

Scottish Renewables Forum Limited.
A company limited by guarantee in Scotland No.200074
Registered office: c/o Harper Macleod,
The Ca'd'oro, 45 Gordon Street, Glasgow G1 3PE

The way in which consumers interact with the energy market is already changing and will continue to do so as our energy system evolves. We have seen that the market is responding to this and many innovative new products have already started to emerge, however non-traditional business models such as peer-to-peer trading are still blocked by the existing regulatory framework. It is vitally important that regulation can keep pace with the current rate of change within our energy system and enable industry to come forward with new innovations with confidence. We are supportive of the possibility of licensed suppliers being allowed to specialise in a particular area and believe that this could be beneficial to the future retail market, however at this point we are not clear on how this will fit with the need for universal service. We recognise that any amendments to this may have unintended consequences on competition and leave certain consumers at risk of being discriminated against unfairly. This should be fully considered in any future reforms to ensure that there are adequate protections in place.

We recognise that implementing a more radical approach to reforms would require a considerable amount of time and resource. We would welcome a modular approach being fully explored as this could enable more rapid regulatory reform in the long term. Incremental reforms to regulation can be beneficial in the short to medium-term but any changes would have to be implemented rapidly and be consistently designed to support a flexible energy system that will continue to evolve as we move into the future. Throughout any reforms it is key that the aspects of the energy retail market that work well in the interest of consumers are maintained.

Scottish Renewables would be keen to engage further with this agenda and would be happy to discuss our response in more detail.

Yours sincerely,

A handwritten signature in grey ink, appearing to read 'CDalziel'.

Cara Dalziel

Policy Manager

Scottish Renewables