

Supporting innovation in the electricity retail market: exempting small suppliers from the Universal Service Obligation (USO)

Response from Emergent Energy Systems Ltd

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About Emergent

Emergent Energy brings low-carbon technology services to households — financing and installing technologies such as rooftop solar in a way that brings residents' bills down. Our largest scheme, with the London Borough of Hackney, is 47 solar microgrids across three council estates. It is the site from which the Secretary of State launched the Warm Homes Plan, and a 2025 Ashden Award Breaking Barriers winner.

Q1. Do you agree with our proposal to exempt suppliers with fewer than 50,000 domestic customers from the USO?

Yes. We support the proposal, and it is a route we would be interested in using.

We have generally worked through the supply licence exemptions, and certain of their provisions are important to how we work: they let us serve specific customers, in specific premises, with an offer built around their needs, without having to be set up to serve everyone.

That is how we have built our business to date — targeting a niche market segment where we have identified a very specific need we can solve to the benefit of customers and the energy system at large. We expect to keep extending what we do in the same way, reaching other customer niches with very specific offers.

Energy supply is a hard sector to operate in. The complexity is considerable and the costs can be prohibitive. Requiring a business with a niche offer to set up to serve the entire national domestic market — a market it has no intention of supplying — is out of step with the needs of the customers it actually serves. A licence without a universal obligation below a limited number of customers would give businesses like ours a much more manageable way to extend high value services and products into new niches.

50,000 domestic customers seems a reasonable threshold: enough volume for a specialist supplier to grow, while limiting the risk to consumers and the wider market.

Q2. Do you agree with your assessment of risks, and proposed mitigations?

Yes. At the proposed threshold we think the risks identified are manageable and the proposed mitigations proportionate.

We would be glad to discuss any of this, and to host the team at our Hackney scheme.