LCN Fund Full Submission

Supplementary Answer Form

Tick if this answer is Confidential: ☐

Tick if this answer has been provided verbally: ☐

Project code:	SPT2005	Question Number	14
Question date	12th September 2013	Answer date	16th September 2013
Submission section question relates to	Technical Consultants Meeting		
Topic	Financial		
Question	The Menter Mon business plan allows for 1800 customers paying £99 Energy Club Membership Fees. Who will pay the £99 Energy Club Membership Fees during the trial? Do you expect Social Housing tenants to pay their own membership fees?		
Notes on question			
Answer	The business plan presented at part of the ACE proposal aims to illustrate how in the future benefits could flow between participants, creating a win-win-win scenario for customers, Menter Mon and SPEN. The "Energy Club" component is included to represent a realistic level of expenditure required by the customer in order to realise their potential energy savings. For the business case we chose to represent the customer expenditure as a club membership fee rather than as a direct purchase of equipment or as a levy on the electricity bill. The important point is that the savings will be greater than the cost to the customer. For the ACE trial project , we need to build confidence from the community towards Menter Mon to deliver savings and manage a network constraints service back to SPEN. In years 0 – 2.5 Menter Mon will first monitor the level of 'normal customer energy usage' to enable a benchmark to be set. Mentor Mon will then demonstrate the efficiency measures applied and the use of constraint management techniques is a saving. In years 2.5 – 4 and beyond we will transition to a share in the savings (the "Energy Club" payment) that is demonstrable as a percentage of use to ensure if customers usage changes so does the value of savings. Initially the cost of the equipment is essentially covered by the project budget, but we are likely to explore options of "customer willingness to pay" and "what is the best mechanism for the customer to acquire the necessary control/automation equipment" as part of the project, especially as part of the Bangor University work plan, looking at customer behaviour, and the		

	Durham work, looking at the business model. With respect to the social housing both public and private groups have indicated they are willing to explore the most appropriate way to share in the energy efficiency savings and network constraint payments. This may be a split between tenant and service overhead. Again, this is all part of the need for the project to explore and optimise the business models. The figures provided in the business plan have been arrived at using sensitivity analysis to ensure we have a solid starting position for these payments and the project can then optimise based on the different variables that we have at our disposal. From research already completed the social housing has much potential for energy management savings. There is also an element to ensure that Menter Mon is incentivised to get the right portfolio of communities (e.g. I&C, residential, social housing, new developments, RAF Valley, Colleg Menai, etc). in the right locations with respect to network requirements.
Attachments	
Verbal Clarifications (Consultants)	