

Non-traditional generation and supply arrangements: *in the interests of consumers?*

Exploring the implications of non-traditional, innovative and disruptive energy models

Sustainable Development Advisory Group
Thursday 26 June 2014

ofgem

Orientation and defining terms

Topics

- Current landscape
- 'Community' energy
- Distinguishing innovative from 'disruptive'

Ofgem is currently engaged on several major agendas:

- **Costs to consumers**
- **Market competition**
- **Security of supply**
- *Making it easier for independent suppliers and generators to compete*
- *Reducing regulatory burdens (Better Regulation)*

Within this context, Ofgem is aware of increasing levels of interest from small, aspiring new entrants interested in 'non-traditional' generation and supply arrangements.

Defining terms: Community Energy

Communities of place

- CHP networks
- Local tariffs

- Local Co-operatives, Renewable Energy bond/share issues

Communities of interest

- Long term contracts for low carbon power
- Collective switching / purchasing
- Green tariff certification

Demand side response (DSR)

*DECC definition:
community ownership, leadership or control where the community benefits*

	High engagement	Low engagement
High ownership	Community-owned RES	Commercially-owned RES
Low ownership	Collective switching	Average consumer

Orientation and defining terms

Questions

- Are the terms and definitions we use recognisable / consistent externally?

Volume and type of enquiries

Topics

- 'Non-traditional' generation and supply enquiries – *increasing volume*
- Typology of enquiries

Volume and type of enquiries

Views

- What other forms of 'non-traditional' model exist?
- What is the reaction of SDAG members to these enquiries?

Nature of the issues and our current activity

Topics

- Alignment of issues and actors over: (1) Network access, (2) licensing regime and (3) local balancing
- Current Ofgem context / activity

Nature of the issues and our current activity

Questions

- Have we identified the 'right' 3 issues? Others?
- If additional issues exist, are they for Ofgem or others (e.g. DECC CE Strategy)
- How might we contribute further (within the existing arrangements)?

Future context: how might we act differently?

Topics

- 'Disruptive' developments
- Alternative pathways to 2050 ('Thousand Flowers')

Ofgem is the Office of Gas and Electricity Markets.

Our priority is to protect and to make a positive difference for all energy consumers. We work to promote value for money, security of supply and sustainability for present and future generations. We do this through the supervision and development of markets, regulation and the delivery of government schemes.

We work effectively with, but independently of, government, the energy industry and other stakeholders. We do so within a legal framework determined by the UK government and the European Union.