

# **Non-traditional business models: Supporting transformative change in the energy market**

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ofgem

1. Introducing Ofgem
2. Why the discussion paper
3. What was in the paper
4. Who responded and what did they say?
5. Issues arising for social housing
6. Next steps

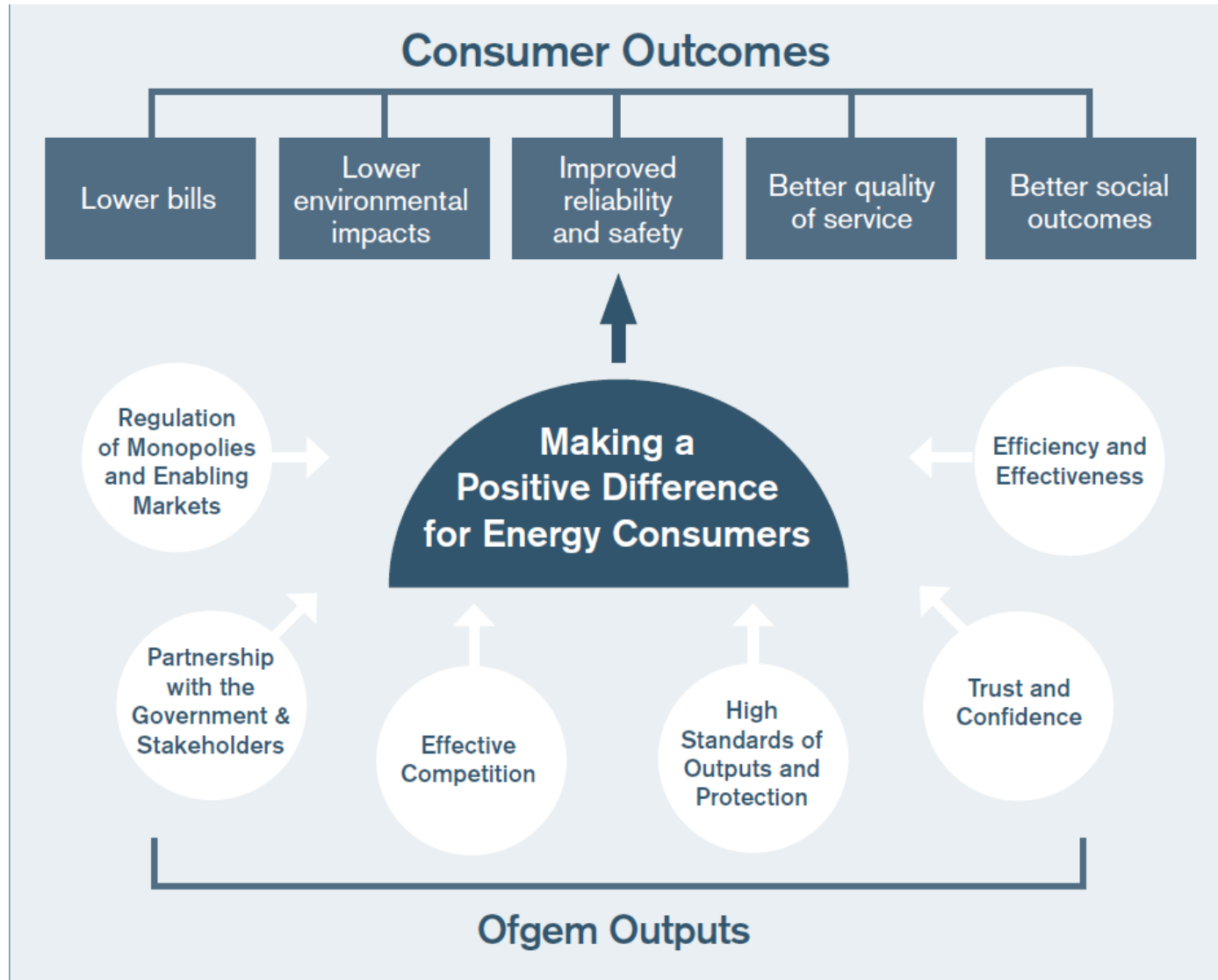
# INTRODUCING OFGEM

**To make a positive difference for all energy consumers, both now and in the future**

**through**

**The independent regulation of the electricity and gas system in Great Britain**

# Our consumer outcomes



# **NON-TRADITIONAL BUSINESS MODELS: NTBMs**

1. Low carbon energy transition
2. Rapid technological innovation
3. Lack of consumer engagement and trust
4. A greater focus on affordability and supporting vulnerable consumers

*Business models offering new products or services, or new ways of delivering these, that are different to those traditionally provided in the existing energy market. Those offering such services have diverse motivations (technological, financial, social and environmental) and ownership arrangements, and operate at various scales.*



## Characteristics of NTBMs

- Value proposition
- Motivations
- Organisational arrangements

# What sort of NTBMs?

## Local services

Community Energy  
(1000s organisations)

Municipal Energy  
(London,  
Nottingham, Bristol)

Housing Associations  
(eg Carbon Savings  
Alliance, Our Power,)

## Bundled services

Energy service  
companies (ESCOs)

Multi-service  
providers

Market services (eg  
supplier-in-a-box  
provider)

## Customer participation

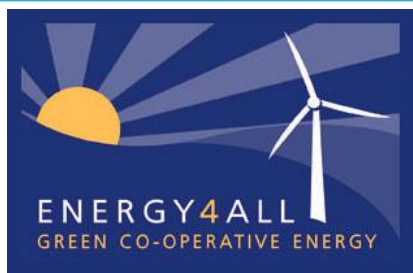
Peer-to-peer energy

Demand-side  
flexibility

Prosumers

Next generation  
intermediaries

# Examples of NTBMs



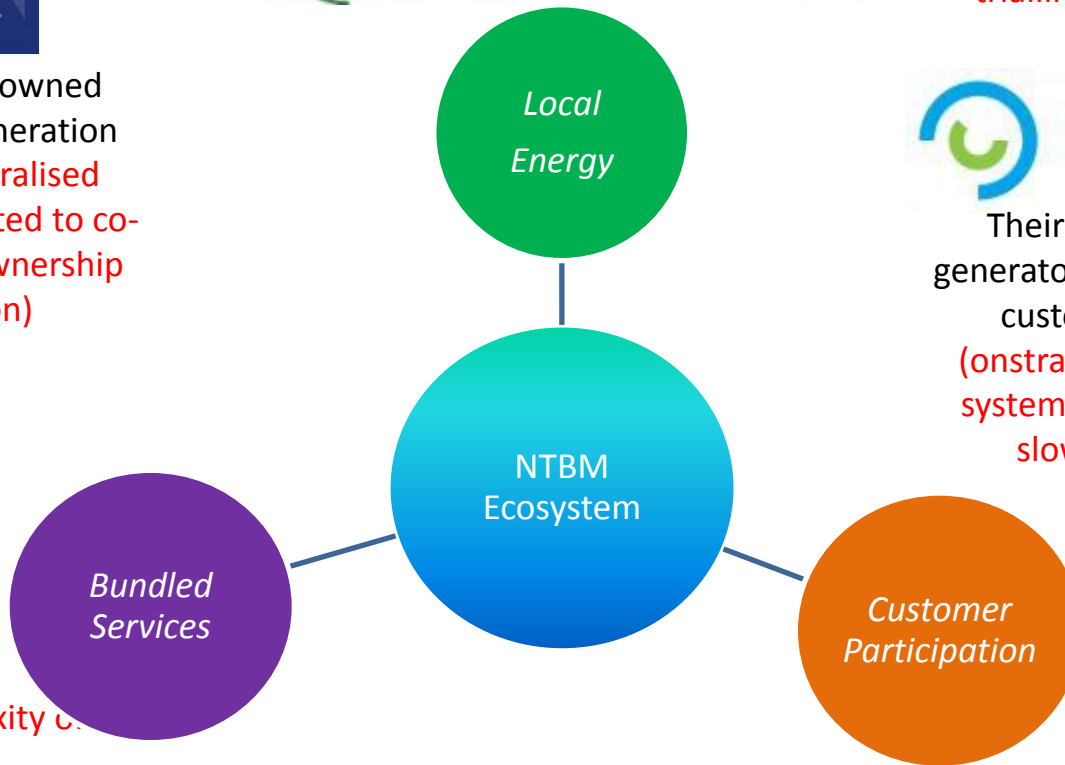
Delivers community owned renewable energy generation  
(constrained by centralised system not being adapted to co-operative model of ownership and consumption)



Aggregates smart meter data so customers benefit from Time of Use tariffs  
(constrained by lack of mechanisms for trialling new data flows)



Their 'Piclo' service allows generators to sell directly to local customers: peer-to-peer  
(onstrained by national use of system charges, tariff cap and slow movement to HH settlement)



Sells electricity in packs of power  
(constrained by complexity of regulation)

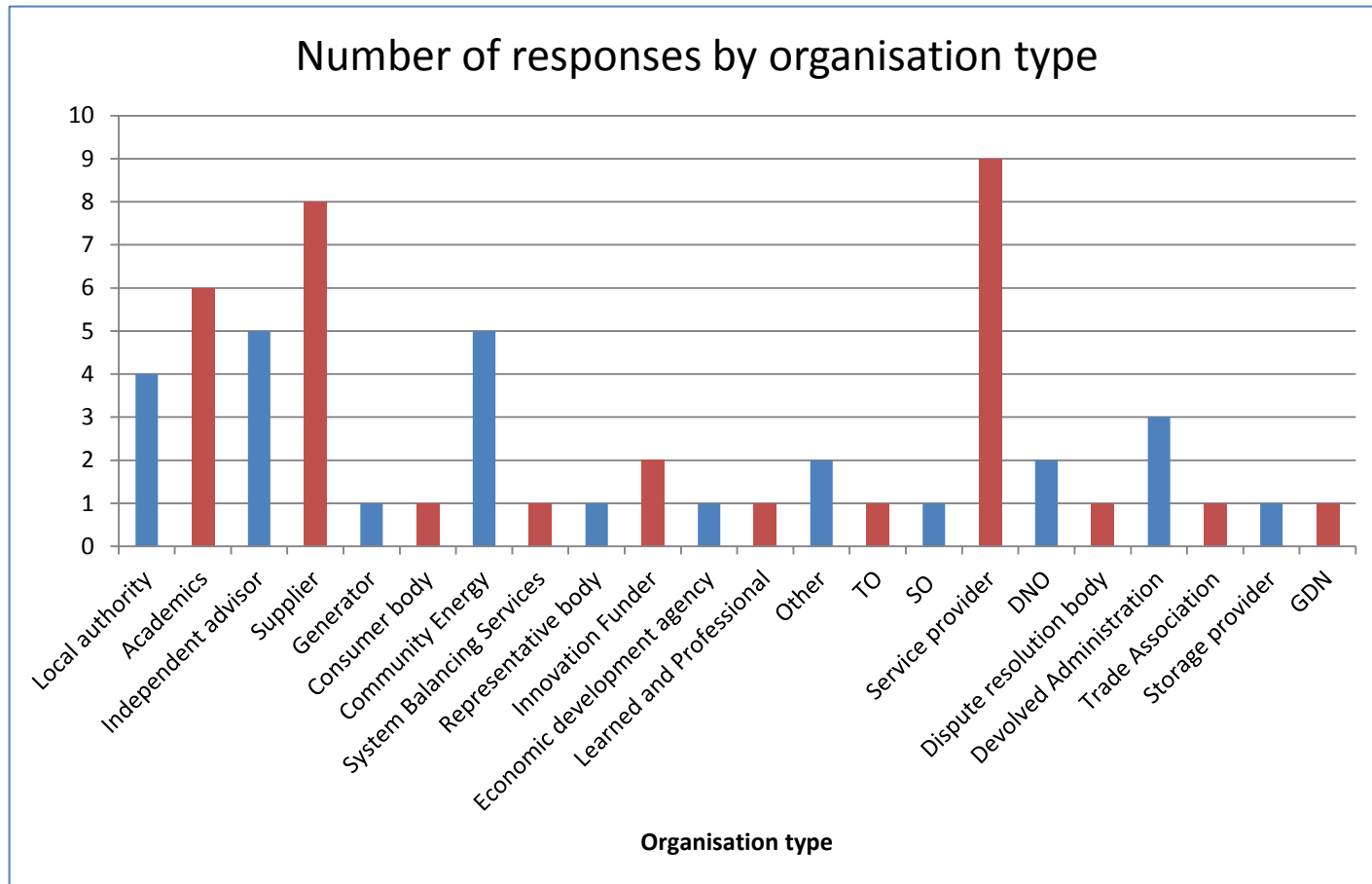


Using smart technology to provide demand flexibility for customers



# **WHO RESPONDED AND WHAT DID THEY SAY?**

**Total number of responses = 59**



# Emerging themes



# **ISSUES: NTBMs AND SOCIAL HOUSING PROVIDERS**

- Providing bespoke energy services (generation and supply) to customers
- Supporting fuel poor & consumers in vulnerable situations
- Acting as ‘agents’ for consumers: mobilising collectives, flexibility & behavioural change
- Actors for broader local and community development (social, economic, environmental)
- Current regulatory system too technical, complex and burdensome – not suited to smaller groups



# NEXT STEPS

- **Summary of responses** published today (alongside flexibility & quicker/efficient connections docs)
- Number of linked **strategic projects** already underway looking at different elements of energy system change
- In light of NTBM responses, we're also considering whether we should **examine the implications for our wider work on regulation.**
- **Next steps** publication by end of year

**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.**