



Llywodraeth Cymru
Welsh Government

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Smart Living Development & Non Traditional Business Models

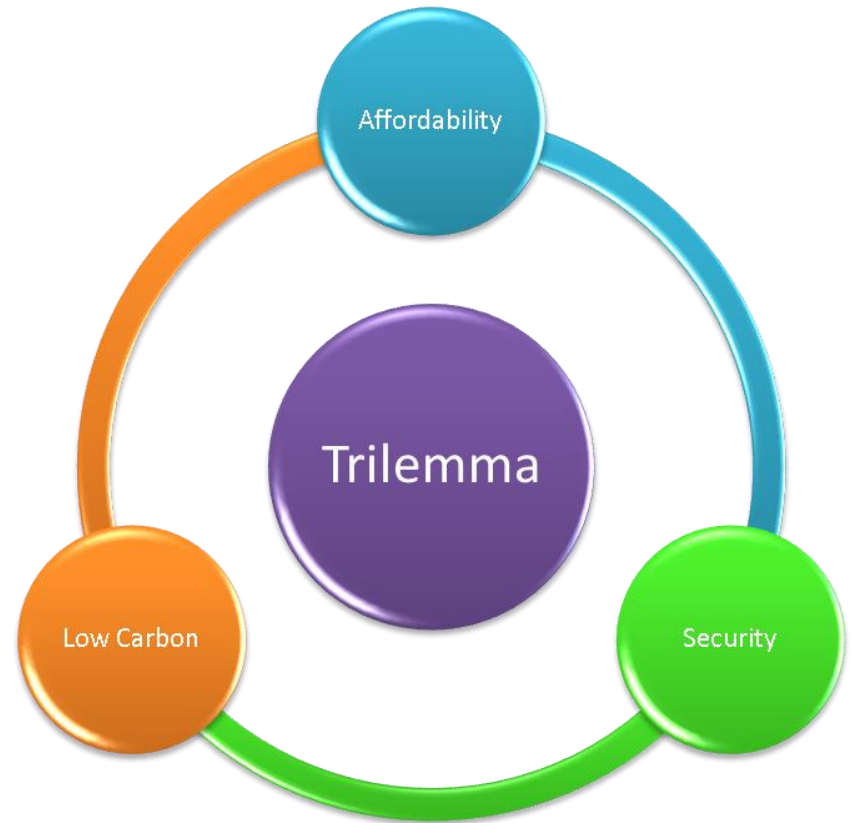
Eleanor Knight

Drivers of Change

Energy Paradigm

The energy world is changing dramatically with much greater focus on the **local** and less on big centralised electricity generation – an enormous paradigm change

Energy Trilemma



Smart Living Development

Vision

Wales has the opportunity to influence how we live with energy and resources in the future through demonstrators that will innovatively transform homes, businesses and communities providing multiple benefits for all

Framework and Demonstrators

- Outline guide for officials to use for discussion with potential sponsors of demonstrators
- First Wave of demonstrators being facilitated

INTEGRATE

INTELLIGENT

Smart Living Scope

Smart
Users

- Homes - generate and use energy
- Businesses
- Public Sector

Connected
Assets

- Sourcing new/novel Generation
- Creating Smart Energy Enterprise
- Developing Smart Corridors & Valleys

Smarter
networks

- Utilise multi vectors
- Active Network Management
- Resilience & Security
- Optimise Networks

INNOVATIVE

INTERACTIVE

Identified

Trying to match the new localised distributed world to the current one without radical changes in regulatory frameworks would not always realise the proposed benefits.

Non traditional business models

- Feedback to Ofgem – key points
 - Consider adopting a principle based governance structure
 - Provide stable policy direction for non-traditional models to flourish.
 - Allow disruptive models to evolve and be tested
 - Acknowledge cultural change may be needed for organisations affected by the new models

Non traditional business models

- Designate localised innovation areas for demonstrations.
- Assess impacts of changes on living fuel bills.
- Clarify industry and regulation responsibilities for new entrants.
- Note the market is not uniform - the impact in rural areas may differ
- Strategic reform must balance flexibility and capability of organisations.

Some aspirations

- Use short-haul tariffs and local consumption as a way of connecting local generation with local demand and **help alleviate network congestion**
- Introducing **innovative disrupters** - will affect current status quo
- Establish **more independent local energy companies** without the degree of costs and regulatory requirements that currently exist.
- Communities **sell to local people** so that benefits of cheaper prices with some income generation is kept within locality
- **Existing or new suppliers encouraged to help** develop models and understanding of how wider benefits can be achieved

“Sleeving” demonstrator

- Change was sought to move energy around local networks through developing different and simpler models of “sleeving” arrangements.
- This was considered a positive opportunity for Wales if barriers/issues could be removed to support.



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