

The Future Consumer

Their Needs, Their Wants and What they Deserve

Coming off the price stabilization project requires us to consider a new landing place for consumers

Fit for the Future

The New Complex Energy Experience

B2B

alexia

BIG DATA

PROSUMER
PRODUCERS + CONSUMER

Free Energy

FINANCIAL SERVICES

CLOUD STORAGE

ALGORITHMS

H₂

Data management

Asset optimisation

IOT

Storage

Cybersecurity

Multi-utility

Digitalisation

Multi-vector

Flexibility assets

Mobility

From the 400 to the 100 million

Retail Not Fit
for the Future

Different
Consumers,
Needs & Costs

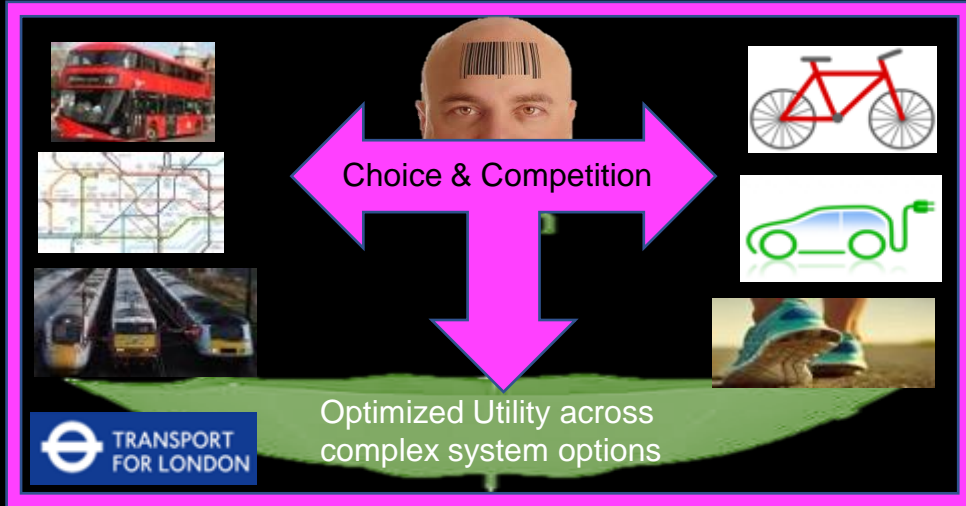




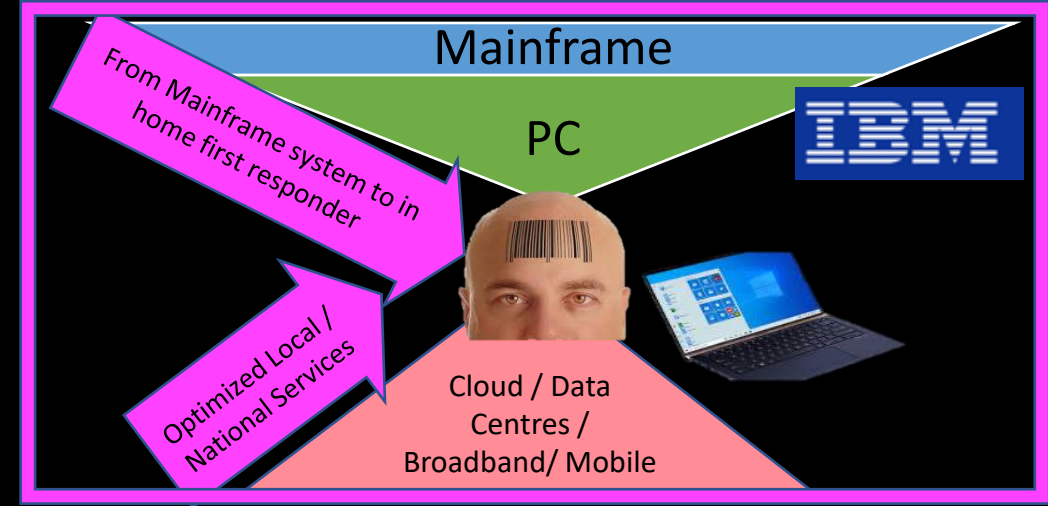
Retail Objectives

- **Customers Dividend:** Deliver Customers what they want
 - Diverse, tailored & great value
 - Reflective of the real cost
 - Appropriate price protection for essential service
- **Decarbonisation Dividend:** Deliver Customers affordable decarbonised solutions
 - Energy Efficiency, heat pumps, Evs, AC
- **Sustainability Dividend:** Deliver more from less
 - Productivity, efficiency and alignment of incentives
- **Successful Businesses:** Build strong & successful customer focused business
 - Ability to make money and invest in their customers decarbonization journey

Regulatory and Operational Model

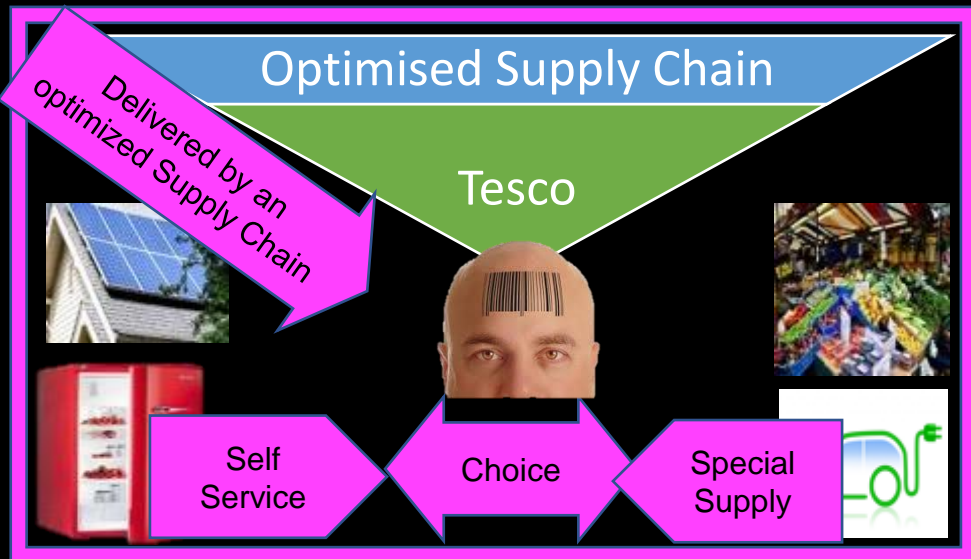


Demand Designed Model

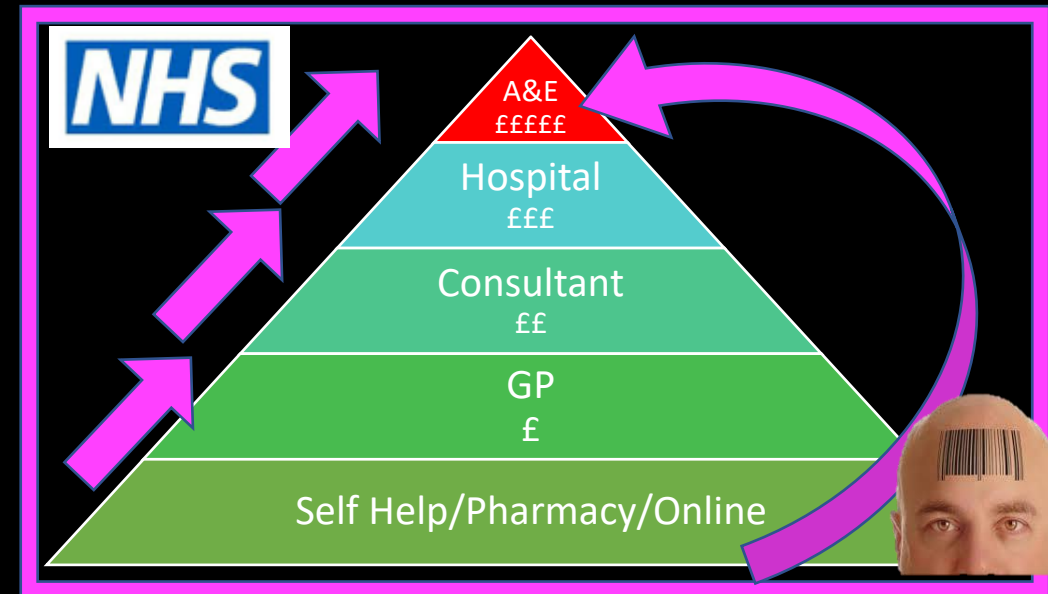


Answers
come
from
other
sectors

Retail Choice & Cost



Roles and Responsibilities

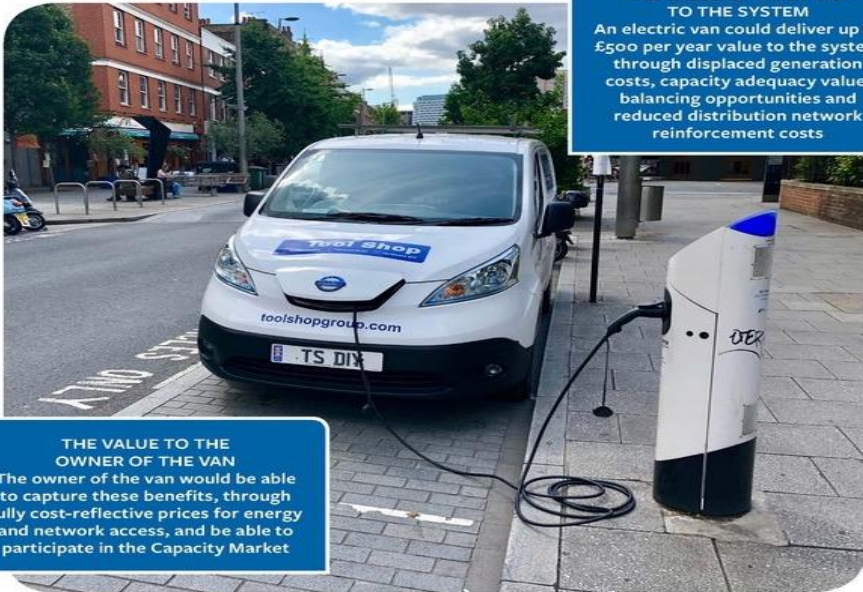




Demand is Equal to Supply

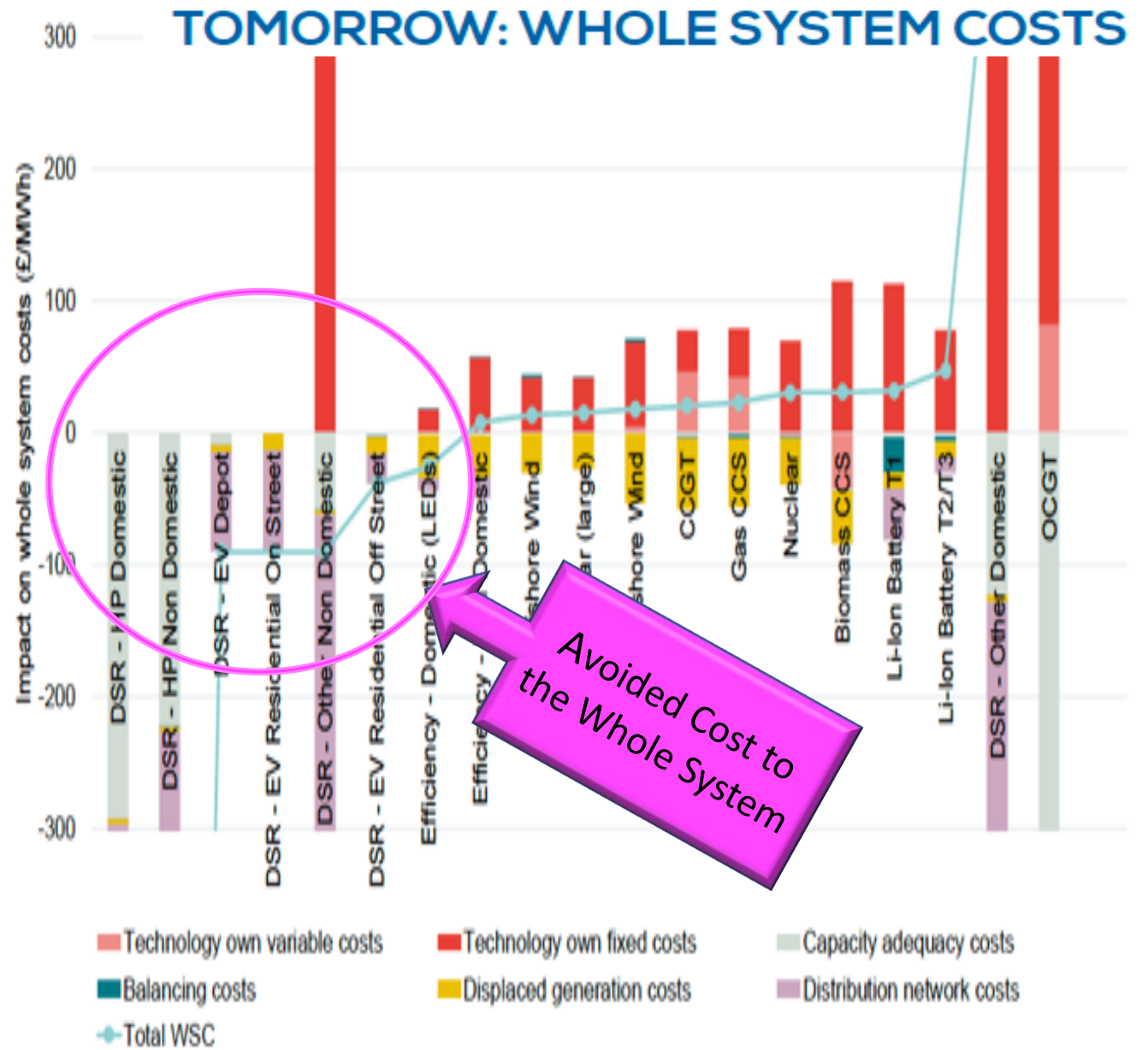


An EV van example



THE VALUE OF AN EV VAN TO THE SYSTEM
 An electric van could deliver up to £500 per year value to the system through displaced generation costs, capacity adequacy value, balancing opportunities and reduced distribution network reinforcement costs

THE VALUE TO THE OWNER OF THE VAN
 The owner of the van would be able to capture these benefits, through fully cost-reflective prices for energy and network access, and be able to participate in the Capacity Market



These example figures should not be interpreted as "generic" estimates of the whole system impact of a class of technologies. Whole system impacts are dependent on the wider electricity system and when technologies are assumed to be built.

Powering Up Customers

Demand is Equal to Supply

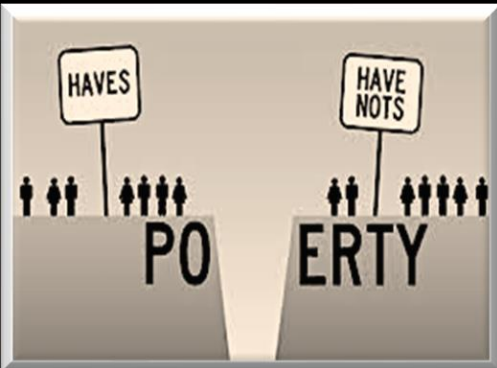


HM Treasury

Net Zero Report

“Liquidity constraints occur where people are willing to make an investment that is cost saving but do not have access to the capital to pay for it”

10s of millions of assets “required” by hard pressed consumers



HOMES?

Maximize all Capacity on the system

Reward Customers' Actions & Assets

Reduce Whole System Costs

Capacity Market
Increase access for efficiency, all storage types, self-supply & DSR

All Markets
Equal access for demand & flexibility assets & actions

Mini Contracts for Difference
Contract for Difference miniaturized

Energy Efficiency
Fully loaded value of Avoided Cost of Energy & Carbon

Flexibility Purchase Agreement
Suppliers, DNOs, ESO and generator buying Demand as they do Supply

Services

Why Services for Customers?

Control and Choice and Convenience

Enabling Customers to own / deploy decarb products

Tailoring to customers diverse needs

Unlocking Value to Customers – and the System

Distancing them from complexity

Providing longer term predicable bills

Incentivising energy providers to sell less energy

Significant System Wide Benefits

Nothing we are proposing is new in other markets



iCloud



Example for EV's (Mobile phone model)

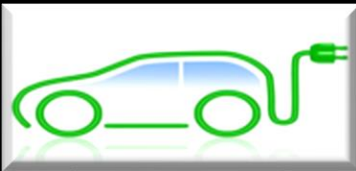
Works for Heat Pumps / PV / Energy Efficiency



Leasing Contact



Agrees to optimize charging



Reduce price for car

Very cheap miles

Car Plus x Miles per Week



Adding Capacity at Peak
Micro Capacity Market Payment reducing the asset costs

Flexibility Purchase Agreement
Flexibility Purchase Agreement or Traded DSR

Lowest Cost Commodity
Leasing company incentivized to buy energy at very lowest price

Reduces overall system costs
Positive impact on available capacity, local constraints, balancing, peaks and curtailment from an asset already purchased for a non-energy purpose

Recognition of new Business Models by Regulation
Appropriate protections for consumers
Linkage between leasing arrangements, financial services regulation and energy regulation

Essential Service Slab Tariff

- Lower cost for lower income families who use much less energy
- Higher consumption consumers supporting the investment required in system costs and networks
- Driving greater energy efficiency as all consumers will aim to stay below the bands
- Evidence showing that all consumption is reducing
- Provides Treasury with flexibility and control over the cost of living for the poorest by being able to flex the green tariff
- Provides the tariff structure for special cases to be allocated to the lowest tariff

Time Value

Once you go above the lowest tariff then you can the layer time values too but the core base tariff would be static at all times during the day

Consumption (kWh)/ month		Slab tariff (fils/kWh)
G	0-2000	23
Y	2001-4000	28
O	4001-6000	32
R	6001 & Above	38

<https://www.dewa.gov.ae/en/consumer/billing/slab-tariff>

Retail Reform Options



- **Reward Customers for their actions**
 - Whole System Rewards: moving beyond the commodity and accurately rewarding customers
 - Unlocks Cost of Hardware: accelerate access to Decarbonised Products
- **Open up retail market to different business models**
 - Choice: Services, Product led options with the commodity embedded & vanilla commodity provision
 - Diversity: Allow for multiple suppliers to serve customers – you will find that they will start developing whole customer services – with the choice of who you trust the best – your EV company or an energy services company or a vanilla supplier
- **Decouple Essential Service from Premium Service**
 - Social Tariff covered by the price cap: Current service at 1-2kW
 - Premium services for consumption above 2kW – prices not capped and have fully loaded costs

The Citizen Decarbonisation Dividend

From Fossil to Decarb

From Silo to Whole System

From Supply to Demand

From Commodities to Services

From Spreading Risk to Owning Risk

Cost Reduction

Enable customers to benefit from low-cost marginal renewable energy

Cost Reduction

With total visibility of the Whole System Costs action will be taken to reduce whole system costs

Customers Benefits & Rewards

Access to all markets, rewards and support mechanisms for customer assets and actions

Unlocks Access to Assets

Business Models enable customers to access expensive capital decarbonization assets

Cost Reduction

With businesses owning their own risk they will be incentivized to manage the risk as cost effectively as possible

The image features a central graphic with a white background. The graphic consists of a horizontal band of colorful splatters in shades of purple, blue, cyan, green, yellow, orange, and red. Overlaid on this band is the text "Thank You!" in a bold, white, 3D sans-serif font. The text is centered horizontally and has a slight shadow, giving it a three-dimensional appearance as if it's floating above the splatters. The entire graphic is set against a plain white background.

Thank You!