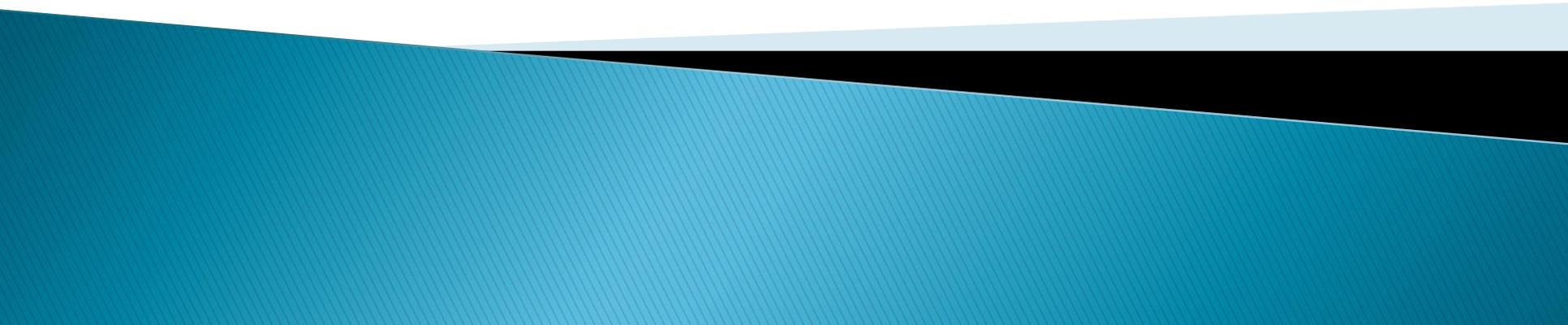


# Introduction to Collective Energy Switching

Rachel Honey-Jones



# What is collective energy switching?

- ▶ A group of households buying their energy in bulk!
- ▶ A group of households collectively switching their energy supplier in a reverse auction (essentially bulk buying) – usually led by one organisation such as a Council, a consortia, or local project.
- ▶ **This organisation procures an independent and completely impartial service provider to deal with all admin / back office functions and switching process for the households**
- ▶ All qualifying energy companies are notified of the reverse auction in the months prior, and the date that the above group will be accepting bids for their energy supplier
- ▶ Invited to put forward their lowest price per kilowatt of electricity and cubic meter of gas on the day of the auction

# What is collective energy switching?

- ▶ The energy supplier who offers the cheapest tariff is chosen for each type of energy
  - ▶ Energy supplier then offers personalised no obligation quote in writing either via email or post to each household
  - ▶ Households then choose to switch or stay with current provider of energy
  - ▶ The usual switching process take place
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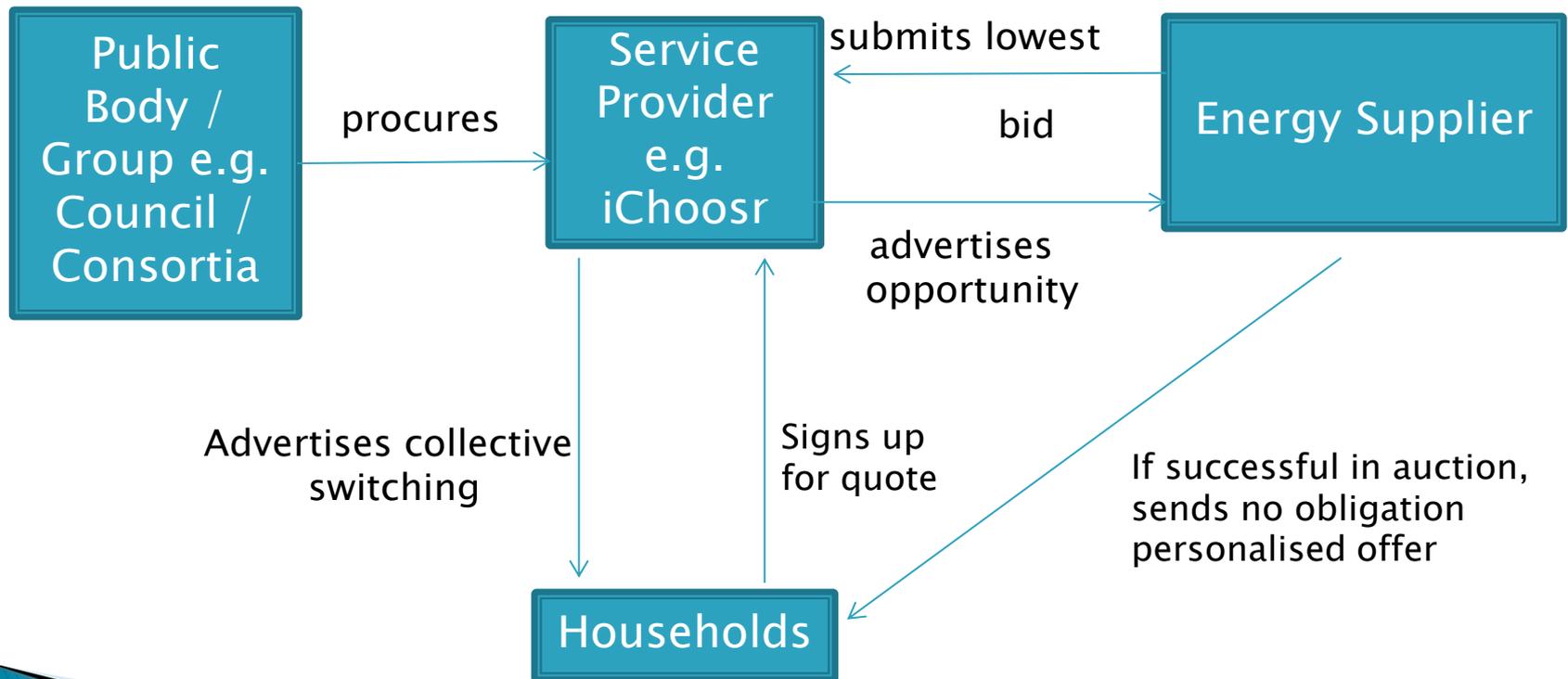
# Why do people get involved?

- ▶ People are afraid to switch;
  - ▶ They don't have the time to compare suppliers;
  - ▶ They don't trust the suppliers;
  - ▶ People think it involves a lot of hassle.
- 
- ▶ Collective switching schemes tend to help with these problems as a large well known organisation is backing the scheme – i.e. a Council

# “iChoosr” Model

- ▶ iChoosr is one of the many (but most popular) service providers for independent and impartial service between large organisation i.e. Council / Consortia of households and the energy supplier
  - ▶ They deal with all of the advertising on behalf of the organisation, contact the energy suppliers, set up the auction day and evaluate the bids to produce the cheapest supplier
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# How does it work?



# How to procure?

- ▶ Approach one provider?
- ▶ Approach local companies?
- ▶ Written quotations from all identified providers?
- ▶ OJEU notice?
- ▶ PQQ / ITT – to include social clauses i.e. % of profit to go into fuel poverty initiatives? Job creation?
- ▶ Sell 2 Wales advertising?

Your choice...but seek legal advice!

# Why procure?

- ▶ Any public sector body who is undertaking commissioning are required to comply with OJEU procurement rules
  - ▶ Case law that this applies to RSLs (although not technically a public body), or any other body predominantly funded by the public purse via grants/contracts...
  - ▶ Therefore there may be a requirement for EU procurement compliance due to risk of challenge by other providers if this is not carried out
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# Examples – UK Together

- ▶ Localised deals such as Cornwall Together, Scots Together, Exeter Together, Birmingham Together and Solihull Together – all part of UK Together – therefore much larger in terms of bulk buying
  - ▶ UK Together is an Eden Project, managed by community energy platform energysshare, working with uSwitch, the independent price comparison and switching service, as a delivery partner.
  - ▶ UK Together aims to help the residents and businesses of the UK get the most out of their energy consumption.
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# Example – Cornwall Together

- ▶ Eden Project backed by Cornwall Council, Community Energy Plus, Age UK, Citizens Advice Bureau, uSwitch, energysshare, Unison, St Austell Brewery, and the NHS.
- ▶ Cornwall Together is free for consumers to use.
- ▶ An organisation with a social purpose, but looks to cover costs by charging a fee to suppliers when customers switch energy tariffs.

# Cornwall Together

Transparent about costs and is revealing the total amount of commission received once the supplier process has been completed.

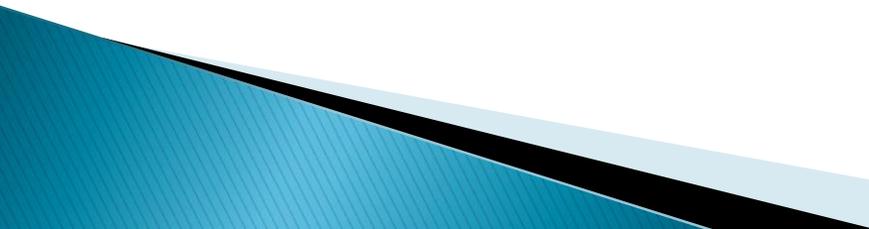
As well as covering costs:

- ▶ Cornwall Together is re-investing 10% of the switching commission into a fund to help alleviate fuel poverty in Cornwall
- ▶ Seeking match-funding for this sum

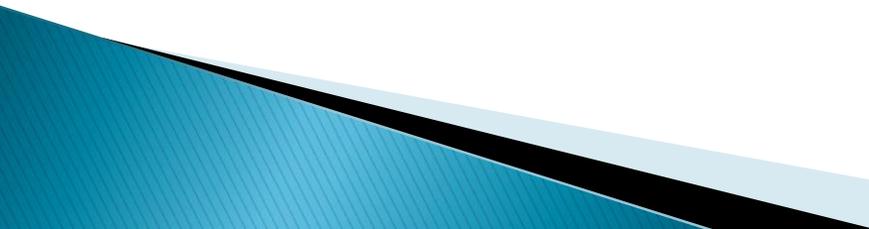
# The results

- ▶ 16,500 have registered their interest (nearly 10% of Cornish households)
- ▶ 2,326 households have changed their supplier (over 1% of Cornish households)
- ▶ £285,000 has been saved across both rounds
- ▶ In round 2, Cornish households saved £131,536 with an average saving of £112, with some saving as much as £715.

# Advertising the scheme?

- ▶ Announcement in the leaflet that accompanied the council tax bill
  - ▶ Leaflet drop to all Cornish households,
  - ▶ Advertising in press, radio and outdoor
  - ▶ Series of community drop-in sessions and town-centre road-shows.
  - ▶ Social Media – Facebook, Twitter
  - ▶ Local networks used to promote the campaign
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# Examples – The Big Switch

- ▶ 38 degrees and Which? procured the reverse auction company
  - ▶ More than 50,000 people signed up to The Big Switch within the first 48 hours
  - ▶ 287,365 people signed up in total
  - ▶ Five suppliers took part in the auction
  - ▶ Over 36,000 have now begun the process of switching
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# The results

- ▶ Two entirely new market-beating deals and one market-leading deal were put forward by Co-operative Energy
- ▶ Average savings of £223 a year for those that went on to switch

# Did Which? make a profit?

- ▶ Which? is a not-for-profit organisation.
  - ▶ Looked to receive a commission from energy companies, as Which? Switch and other switching services do, in order to cover costs and help fund future campaigns.
  - ▶ The switching revenue would pay back the investment made in technology, software, publicity, expert advice, legal resources and extra staff
  - ▶ Surplus after covering costs was re-invested in our broader Which? Affordable Energy campaign.
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# Thank you

## Any questions?

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