

SCRUITINY COMMITTEE NAME	Corporate Scrutiny Committee
DATE OF MEETING	15.01.15
TITLE	Cheaper Energy Procurement
CABINET MEMBER	Councillor Peredur Jenkins

## **BACKGROUND**

In the meeting on the 11<sup>th</sup> of March 2014 I gave an update on the Council's plans to arrange cheaper energy procurement for the county's communities.

In that report I explained that the most cost effective option for the Council would be to join the Cyd Cymru initiative. But at the time the project panel were not confident enough that their plans were significantly mature to be recommended to Gwynedd residents.

By today, following further consultation and more certainties regarding the Cyd Cymru scheme, I am of the opinion that the scheme is of value to Gwynedd residents, and have therefore authorised officers to support the scheme by joining Step 3. Last year, by switching supplier, Cyd Cymru helped households across Wales to make an average per year saving of £185 on their energy bills.

## **OVERVIEW**

Cyd Cymru is a collective energy switching scheme that has been developed to offer people in Wales an opportunity to save money by coming together to buy fuel "in bulk".

Developed initially by Cardiff Council and the Vale of Glamorgan, with support from the Regional Collaboration Fund, Cyd Cymru was launched during 2013 and is open to everyone across Wales.

Because the more people that take part the better the deal likely to be we are keen to ensure that everyone across Wales is in a position to join in. The Cyd Cymru Project Board has benefited from input by representatives of an all Wales Stakeholder Group. However to ensure that everyone is fully aware of the work done to date, and what the next steps are, we are circulating this document to help answer many of the questions that have been raised with us.

### ***What is Collective Energy switching?***

The idea behind collective energy switching is similar to bulk-buying products in order to get a better price. However, in a collective switch those interested in receiving a better deal group together as a 'collective' before approaching the energy suppliers. The larger the number of people that get involved, the more attractive the group of customers are likely to be to the energy suppliers.

### ***How Does it Work?***

How it works is simple. There are 5 key steps.

- **Registration:** The first step is to register interest, providing as much detail about the household's energy use as possible. This information will be used by our partners Energy Saving Trust and energyhelpline to manage the switch process and negotiate a deal with the energy suppliers. Households should register online at [www.cydcymru-energy.com](http://www.cydcymru-energy.com) . We recognise that for some individuals this is not suitable and a helpline number is also available for the registration on 0800 0935902. Householders should have a recent energy bill to hand.
- **Forming a collective:** After the registration period closes all of the data from those who've registered will be collated and presented for an energy auction.
- **Energy Auction:** An energy auction will then take place with a variety of energy companies offering their best prices to the people who have registered their interest
- **New tariff offered:** A personal offer will be made to those who have registered and projected savings will be calculated based on the information provided by individuals in the registration phase. Householders will also be able to see how this offer compares to existing market tariffs. There is no cost and no obligation to switch supplier(s). The period for accepting the offer ("Switching") from the switch is normally open for two weeks.
- **You decide?** If, after the individual offer is issued, a decision is made to accept the offer then support will be available to accept and switch. For those households on a pre-payment meter the householders current supplier will advise whether or not the current credit or debt can be transferred to the new supplier (generally debt up to £500 can be transferred). If anyone decides not to accept, and there is no obligation to accept, information will be made available about the next opportunity to switch.

## **Background to the Scheme**

Early in 2013, Cardiff Council and the Vale of Glamorgan successfully applied to the Welsh Government Regional Collaboration Fund for support to develop a collective energy switching scheme for Wales.

The Cyd Cymru Project Board brought together officers from across Cardiff and the Vale to develop the work. To ensure that the scheme would be open and appropriate for people across Wales, an All Wales Stakeholder group was established consisting of organisations interested in collective switching. The All Wales Stakeholder Group has observed the development of Cyd Cymru and provided input at various stages of development.

## **How is Cyd Cymru being delivered?**

Cardiff and the Vale of Glamorgan council's Cyd Cymru collective energy switching scheme, is being delivered in partnership with the Energy Saving Trust in Wales.

The Energy Saving Trust is a social enterprise with a charitable Foundation.

Energy Saving Trust gives impartial, accurate and independent advice to households, communities and organisations on how to reduce carbon emissions, reduce fuel bills, use water more sustainably and drive smarter.

Energy Saving Trust works with governments, local authorities, communities, third sector organisations and businesses. Their activities include:

- delivering or managing government programmes
- testing low-carbon technology
- certification and assurance for businesses and consumer goods
- developing models and tools to gain further insight into energy efficiency.

The Energy Saving Trust will support the delivery of Cyd Cymru with specialist knowledge and expertise, and enhancements to the promotion of the scheme. They have developed a detailed implementation plan until March 2015, which includes the procurement of the switching provider, delivery of a local engagement plan and project evaluation methodology.

The support provided by the Energy Saving Trust will ensure that cost saving and behaviour change messages are combined with energy saving advice and signposting to existing schemes such as Nest and the Energy Saving Advice Service to maximise the potential savings to residents. But more specifically the Energy Saving Trust will bring specialist knowledge and expertise on the energy market and how to engage with customers.

Key deliverables for the Energy Saving Trust are:

- the procurement of the switching provider, now named as energyhelpline
- undertaking a variety of engagements across Cardiff and the Vale to promote the scheme to vulnerable residents in particular
- working with partner organisations, such as housing associations, charities etc across Cardiff and The Vale to ensure we can support reaching their residents
- capturing and co-ordinating the data for the final project evaluation

In 12-13, the Energy Saving Trust Wales attended over 400 events, across a variety of projects, to provide energy saving advice and support to the public. For the Cyd Cymru scheme, the Energy Saving Trust will manage a team of 3 dedicated engagement officers, who will focus on outreach activities in Cardiff and the Vale of Glamorgan as these areas are covered by the regional collaboration funding bid submitted by the Councils. Their expertise and advice however will be shared with everyone participating in Cyd Cymru across Wales.

### **Rationale for Selecting a Switching Agent**

It is important to demonstrate best value in procuring a switching agent and to ensure a high level of customer service. Working with the Energy Saving Trust we have developed a range of evaluation criteria for the Cyd Cymru switching agent. In September 2013, a tender for a switching agent was ran on Sell2Wales and the winning bidder was the 'energyhelpline'.

Many of the common questions about switching are covered by Ofgem regulations, for example:

- Standard and Pre-payment meter customers with debts of up to £500 can switch supplier (Ofgem's Debt Assignment Protocol)
- Suppliers must provide information on customer bills showing usage for the corresponding period last year, usage over the last 12 months and an illustrative projection of costs for the next 12 months using this data.

### **Selecting the Switching Agent**

Working closely with the Energy Saving Trust we released a tender to procure a switching agent for Cyd Cymru. The successful bidder was energyhelpline.

### **Who will conduct the negotiation and the switch?**

A formal tender exercise has been undertaken and a contract is held until March 2015 with the 'energyhelpline'.

During October 2013, Cyd Cymru tendered for a switching provider to negotiate energy deals, and support customers through the switching process. We have chosen to partner with 'energyhelpline'.

In 2012, 'energyhelpline' ran the 2nd ever collective switch in the UK and have experience of running numerous collective switches since then, saving UK households millions of pounds.

'Energyhelpline' have powered collective switches for:

- Bristol Switch and Save
- Big Wight Switch (Isle of Wight)
- Peoples Power / Cheaper Energy Together
- Liverpool City Region Collective
- Their own brand 'Huge Switch' campaigns
- as well as partnering with numerous large employers across the UK to run staff collectives

In addition to the collective switching offer, '**energyhelpline**' provide a **free full market comparison service**. This means that everyone who joins the switch receives an offer and householders don't have to make a separate comparison of current market offers.

The 'energyhelpline' are accredited by the Ofgem Confidence Code, which means you can be sure that when presented with options and prices, they have been calculated and displayed in an accurate, fair and unbiased way.

The 'energyhelpline' are not funded by Cyd Cymru and will re-cover their costs from the referral fees (or commission) resulting from each customer who actually switches to a new tariff. The 'energyhelpline' will provide a share of this to Cyd Cymru. Cyd Cymru will trace the number of switches in each Local Authority area and as a result will be able to share any funds generated proportionally with each Local Authority in Wales. The entitlement for each local authority will be based on the number of successful residential switchers in their authority area. If you agree to be part of Cyd Cymru you agree to share the proceeds of the Community Fund allocated to your local authority area locally as agreed with the Cyd Cymru Project Board. The share of the community fund will be paid to the local authority at the end of each financial year.

### **How can people register for the Cyd Cymru collective switch?**

Householders should register online at [www.cydcymru-energy.com](http://www.cydcymru-energy.com) . We recognise that for some individuals this is not suitable and a helpline number is also available for the registration on 0800 093 5902. Householders should have a recent energy bill to hand. Support will be provided to help participants understand what information is needed once full registration opens.

**Key Dates****The Registration period for the third Switch opens from:**2<sup>nd</sup> January 2015**The period for accepting the offer (“Switching”) will be open from**2<sup>nd</sup> March – 16<sup>th</sup> March 2015**It is anticipated that the fourth switch will run later during 2015/16**