



Supplier briefing: A Devon renewable electricity tariff

Purpose

Our goal is to establish a 'first of a kind', county-wide electricity tariff that supports the development of new renewable generation projects in Devon, engages customers and contributes to achieving net zero.

Our main objective is to get a better price for local renewable generators and ultimately enable more renewable energy developments to be built in Devon. Therefore, we are looking for a licensed supplier willing to provide a Devon electricity tariff and share the cost of a PPA uplift* with the customers in return for support in setting up the scheme and the recruitment and retention of 'sticky' customers.

The Devon renewable electricity tariff

We have been exploring a range of smart and non-smart tariff options and, in the absence of market-wide half hourly settlement, we are suggesting a flat-rate tariff that is marginally higher than the average fixed tariff in return for 100% of annual power consumption matched with local renewables. However, we would also be interested in discussing smarter options.

Proposition for customers:

- 100% of your annual power matched with local renewables
- Keep more of the money you spend on power in the local economy
- Support new community and public sector owned renewable energy generation to be built
- Commercial customers to receive an annual report to demonstrate carbon savings from purchasing renewables along with digital logos/window stickers.

Proposition for a supplier:

- Recruitment and retention of sticky customers
- Endorsement and marketing support from Devon County Council and local community energy groups
- Be at the forefront of providing innovative local supply solutions
- Story to tell around supporting new, preferably community-owned, generation projects
- Complete transparency on the REGOs.

The role of the licensed supplier:

- **Agree PPAs** with a pool of generators in Devon, with a preference for community and public sector owned, and made up of a mix of technologies to reduce the variability of supply. The PPA price will need to be competitive with the FiT export tariff to encourage generators to sign up. **The PPA uplift** is not expected to be the same across different technologies or projects with or without a subsidy. However we do expect that the average PPA uplift will have a positive material impact to encourage investment in renewable energy projects. It is expected that the average PPA uplift will be agreed before the tariff is launched.
- **Setting the tariff** - Our modelling suggests that an average PPA uplift of £5 per MWh would add approximately £20.60 to the average domestic customer's annual bill and £82.50 to a commercial bill. If this cost is shared between the supplier and customer, this would increase the current average domestic tariff from 15.01p/kWh to 15.25p/kWh and the commercial tariff from 12.74p/kWh to 12.99p/kWh.
- **Tariff launch** - Once PPAs are agreed, the tariff could be launched to a limited number of customers. As an illustration, if 1 MW of wind and 2 MW of solar is secured, the tariff could open to approximately 1,000 domestic customers. As the pool of generators grows, the tariff could be made available to more customers.
- **Balancing** - The amount of generation included in the scheme will need to match 100% of the customers' annual electricity consumption. We estimate that 40% of the half hour periods will have a surplus and 60%

* A PPA above the current market rate. This is likely to vary by project according to technology and ownership (with a preference for community and public sector owned)

will have a deficit. Therefore, the supplier will need to cover the shortfall and sell the surplus (the example tariffs above do not take into this cost). The REGOs from these generators should not be traded. The mismatch between generation and demand could be reduced by providing alerts when there is excess generation to encourage load shifting.

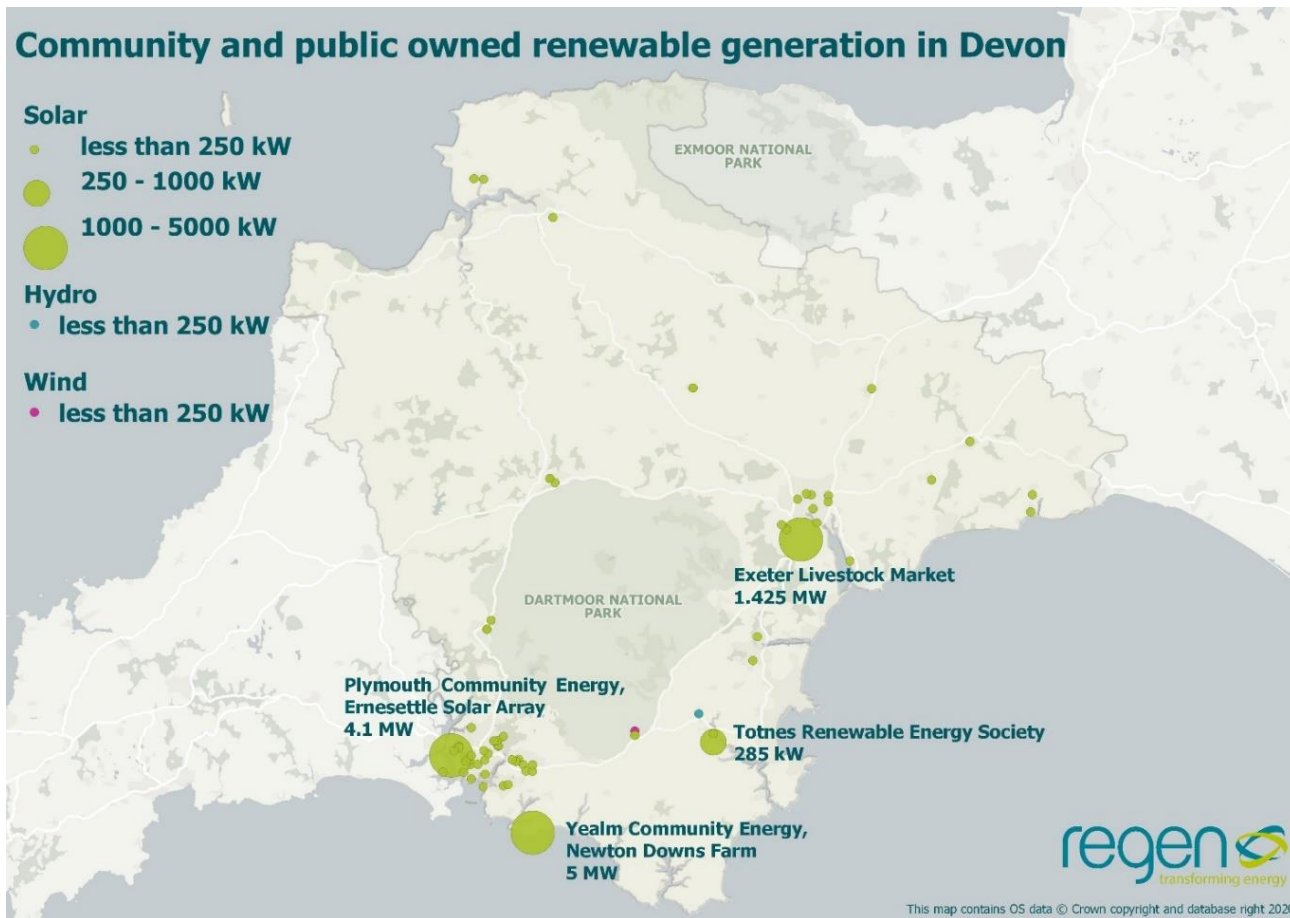
- **Future-ready** - As we move towards market-wide half hourly settlement, the supplier will be well placed to consider offering a time of use or more dynamic tariff to incentivise greater matching with local generation to the existing Devon electricity tariff customers.

Market potential

On the demand side, there are over 550k domestic customers and 60k commercial customers in Devon that purchased a total of 4,680 GWh of electricity in 2018. Out of the commercial customers, 70% are micro-businesses with less than 5 employees.

On the generation side, there is currently 840 MW of renewable capacity in Devon, of which 603 MW is solar PV and 134 MW is onshore wind. When you include all the small projects (mainly rooftop PV) there are nearly 27,000 projects. However, only 352 are over 50 kW (amounting to 736 MW), of which 26 are publicly or community owned.

Size	Community owned		Public sector owned		Private sector owned	
	Number	Capacity (kW)	Number	Capacity (kW)	Number	Capacity (kW)
>50 kW	52	1,496	1	2	26,612	103,418
50-4999 kW	22	7,049	3	6,039	279	267,286
5000+ kW	1	5,000	-	-	48	450,185
Total	75	13,545	4	6,041	26,939	820,889



If you are interested in providing a Devon renewable electricity tariff and would like to discuss this opportunity further, please get in touch with Tamar on tbourne@regen.co.uk by 10 March.