

## ECONOMY, ENERGY AND FAIR WORK COMMITTEE

### PUBLICLY OWNED ENERGY COMPANY INQUIRY

#### SUBMISSION FROM BRISTOL ENERGY LIMITED

##### Scottish Publicly Owned Energy Company (POEC)

- What are your general views on the idea of a Scottish publicly owned energy company (POEC)?

Bristol Energy is proud to be a trailblazer as one of just two fully-licensed Council-owned energy companies in the UK. It's clear to us that a new energy supply model is needed to shake up the sector.

Negative press, rising bills and poorer services mean the UK's 'big six' energy providers are falling out of favour with the public, so it's the perfect time to make the case for publicly owned energy.

A publicly owned energy company can benefit residents and also provide a new way of making money – at a time when all local authorities are seeing their budgets under increasing pressure.

For us it's about focusing on the value of localism. People care about their community, about their wellbeing, and about keeping things local. Energy suppliers can play a part in that. It's not about competition, it's just putting people first.

- What role should it fulfil and how?

The total number of customers who have switched supplier in the UK so far this year is more than 1.8 million. This is keeping pace with last year's figures, when a record 5.5 million domestic energy customers (one in six) changed provider over the course of the year.

But while this is positive news for smaller suppliers, it's still a tough time in the energy market. Wholesale and retail prices are on an upward trend, squeezing margins and forcing many suppliers to raise prices.

Despite challenging times, suppliers continue to enter the market. Some are investors seeking retail differentiation, looking at energy efficiency, bundling new products, or entering new territory. Some are wholesalers entering the market as retailers. And some are chasing new customers with cheap, likely to be loss-making fixed deals.

There is no lack of suppliers in the market and Bristol Energy is just one supplier offering fairer prices, but it remains that a majority of customers have not switched or found a better deal. This is where a Scottish POEC could fulfil a fundamental role. The funding and risk required to enter the market and establish a fully licensed

retailer could be more effectively targeted at supporting customers to make the right choices for them and facilitating access to renewable energy and energy efficiency schemes.

- What are the key challenges that the POEC should address?

Bristol Energy was established to support the city in its social, economic and environmental goals. We believe that public energy companies are well placed to facilitate a positive impact in all of these areas, both locally and nationally.

Specific challenges that should be addressed include: tackling fuel poverty, encouraging switching and helping consumers find a better deal, enhancing environmental sustainability and ensuring that all consumers can benefit from the technological and digital enablers being delivered in the energy market.

- How might a Scottish energy supply company work best to support the growth of local and community projects, and fuel poverty reduction?

At Bristol Energy, we believe that no one should have to suffer a cold home. We already offer the fairest energy prices we can, but cheaper energy bills is just one solution. That's why we work with local charities and partners like the Centre for Sustainable Energy, to find new ways to tackle this growing issue.

Bristol Energy holds regular pop-up events in community centres throughout the city, with a focus on targeting wards with a high proportion of vulnerability indicators. We've reached more than 10,000 people across the city through our local events, large and small.

We have also shown that working with local advocates is invaluable. Our popularity in one particular Bristol ward, Ashley, is no doubt thanks to a Councillor who organised an event for us in April attracting 200 locals.

Unfortunately, the least engaged with energy are often those that can least afford to be. According to research from the CMA, 8 out of 10 non-switchers earn less than £18,000 a year. We need to work hard to engage these people and will continue working with local advocates to help us.

- How can the POEC be best designed to align with wider Scottish energy policy objectives, and to avoid potential policy conflicts?

Bristol Energy does not have a specific view on this question.

- Should a new Scottish POEC be more than solely a licensed energy supply company? Should it have a direct role in energy generation?

This is a decision for the Scottish Government, but if it only enters the market as a licensed energy supply company, it would need to determine what it would need to offer to convince customers, particularly the disengaged, to switch supplier. It should also understand the limitations that state aid rules impose upon it.

- How might the POEC be designed to promote objectives and functions beyond the retail of gas and electricity (e.g. supporting investment and innovation in new technologies and infrastructure)? What benefits are there to having wider objectives?

The energy sector is continuing to experience rapid change and vulnerable consumers have the most to benefit from some of these changes. The consumer needs to remain at the heart of all decisions and it is crucial to ensure that all consumers are able to access these benefits.

If the Scottish Government progresses with the proposal to create a POEC, Bristol Energy would be very happy to share its experiences to date.

- What governance arrangements should a Scottish POEC have? Who should it be accountable to e.g. Parliament?

This is a decision for the Scottish Government, but Bristol Energy would recommend that a full governance structure is put in place covering areas such as roles and responsibilities, the role of scrutiny and ethics.

In addition to a Shareholder Group, Bristol Energy reports to an independently chaired Board with non-executive directors and appointed Shareholder representatives, including an elected Councillor.

- Should legislation be required to underpin the creation of a POEC?

Bristol Energy does not have a specific view on this question.