

Energy suppliers forum Setting the scene



Nigel Cornwall
18 June 2008

What we will cover....

cornwallenergyassociates

- Purpose of today's meeting and role of ESF
- Benefits of smaller suppliers
- The smaller suppliers in context
- Meet the participants
- Challenges

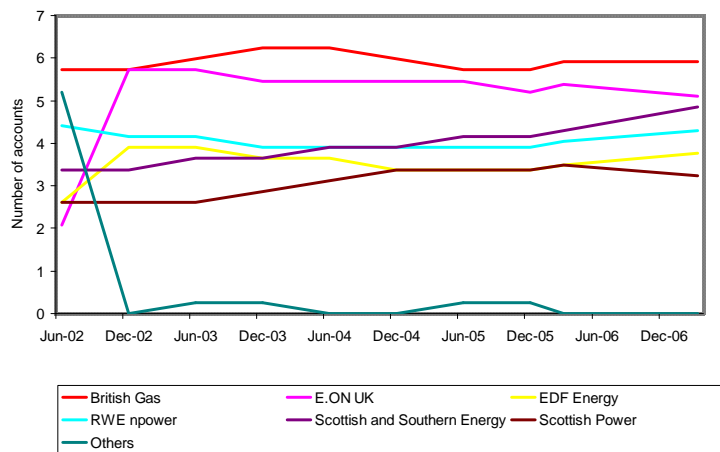
- But first a word about key terms....

Real policy benefits

- Competition
 - now
 - future
- Security of supply
 - diversity
 - centralised vs decentralised agenda
- Environment
- Innovation

A small part of the market

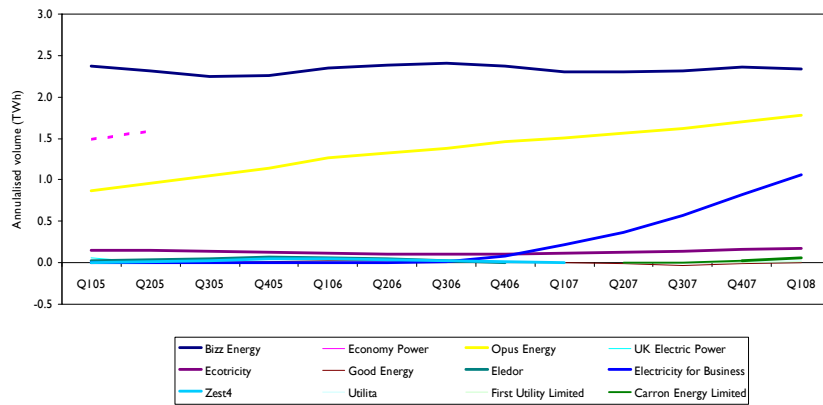
Electricity accounts



Source: Ofgem percentage share data with further calculations by Cornwall Energy

Most related activity is in business markets

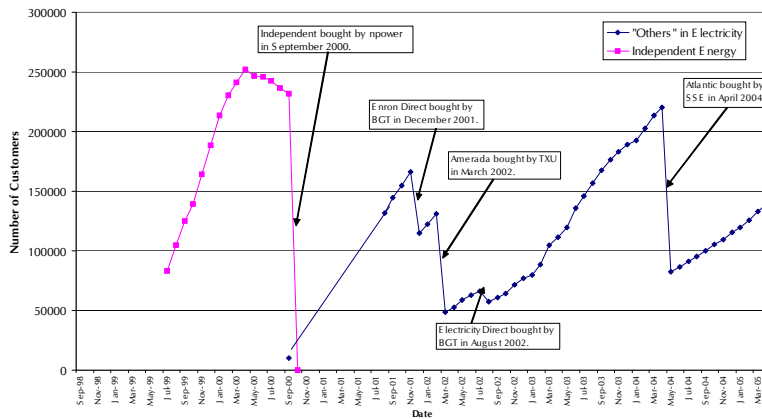
Net SVA volumes supplied by selected independent suppliers



Source: www.netareports.com

Domestic market trends (I)

One good....

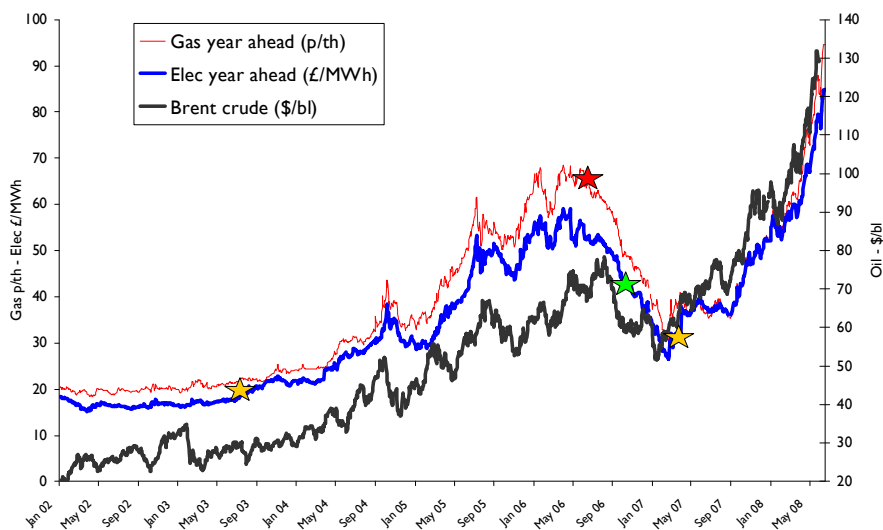


Domestic market trends (2)

... and one bad

Name of licensee	Licence issued and qualification	Status
Renewable Energy Co (Ecotricity)	24 Jan 1996; 02 Nov 1999	Active supplier
Utility Link	15 Jan 1999; 21 Oct 1999	Failed January 2006
Opus Energy	28 Aug 2002; 14 Oct 2002	Active SME supplier
Good Energy (formerly Unit [e])	22 Jan 2003; 19 Mar 2003	Active supplier
Telecom Plus	26 Mar 2003	Customers acquired by RWE Npower
Zest4 Electricity	9 May 2003; 19 Feb 2004	Failed December 2005
Utilita Electricity	6 Nov 2003; 19 May 2004	Exited market but has since re-entered

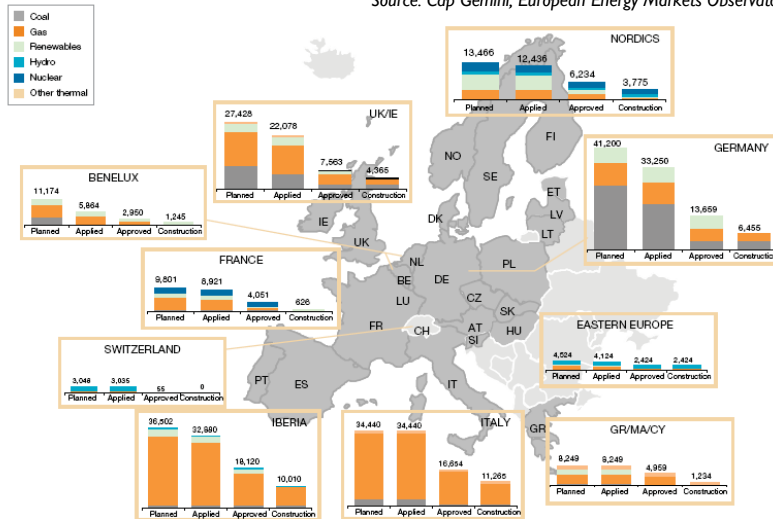
Challenges: dealing with volatile markets



Price tends to new entry cost, and in absence of new entry ..

Challenges: deliver secure, diverse supplies

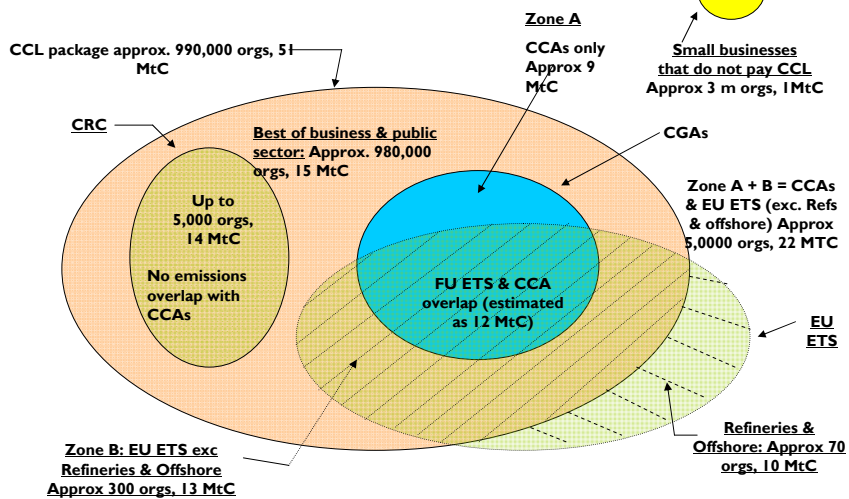
Source: Cap Gemini, European Energy Markets Observatory 2007



Diversity of supply requires diversity of participant

Challenges: integrating carbon

Emissions covered by Climate Change Instruments



Carbon abatement delivery can only be done in tandem with energy markets, specialist suppliers and Escos

Energy markets in flux

- Current Berr committee and Ofgem inquiries have a long way to run
- Drivers of change:
 - pressures to open up trading will increase
 - political concerns about barriers to entry
 - complex trading arrangements not widely understood
 - concerns about lack of transparency
 - many customers want low carbon
- Will markets as they are currently designed support the government's agenda and what role should smaller parties play in that?