

## KENT COUNTY COUNCIL

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### SELECT COMMITTEE - ENERGY SECURITY

MINUTES of a meeting of the Select Committee - Energy Security held in the Darent Room, Sessions House, County Hall, Maidstone on Tuesday, 17 November 2015.

PRESENT: Mr J N Wedgbury (Chairman), Mr D L Brazier, Mr B E Clark, Mr A D Crowther, Mr P J Homewood, Mrs E D Rowbotham, Mr C P Smith and Mrs C J Waters

IN ATTENDANCE: Mr G Romagnuolo (Policy Overview Research Officer), Ms D Fitch (Democratic Services Manager (Council)), Mr D Price (Kent Graduate Programme – Management Trainee) and Mr A Saul (Democratic Services Officer)

### UNRESTRICTED ITEMS

**5. Interview with Robert Jeffery (Government Relations Lead, OVO Energy) and Cian Fitzgerald (Economist, OVO Energy)**  
*(Item 1)*

(1) Both Robert Jeffery and Cian Fitzgerald were welcomed to the Committee by the Chairman. Robert Jeffery introduced himself as the Government Relations Lead for OVO energy. He had been in this post for 18 months and prior to this was advising energy clients as a consultant. Cian Fitzgerald introduced himself as an Economist for OVO energy who had been working there just under a year and had previously been employed by SSE.

**Q - How do you ensure that use of nuclear energy is avoided?**

(2) Robert emphasised the impact OVO energy had on actual energy generation was limited as they are a supplier as opposed to a generator themselves. OVO can however control the fuel make-up of the tariffs they offer customers. For example, OVO pays renewable generators a top up to ensure that a set proportion of their fuel mix comes from renewable sources. Customers can purchase a 100% Green Tariff to ensure that 100% of their electricity comes from renewable sources. OVO's core, and cheapest tariff also has a minimum 33% renewable electricity content. An announcement was made in August 2015 which removed coal from their fuel mix, replacing this with more gas. This ensured that the carbon intensity of OVO's fuel mix was dramatically reduced (gas has half the carbon intensity of coal) and the tariffs remained competitive. OVO believes gas is an essential transition fuel to a carbon free world, acting as a reliable and flexible back up to variable renewable generation.

(3) On nuclear energy specifically OVO believes the one planned future nuclear project, EDF's Hinkley Point C does not represent a good deal for consumers.

**Q - Your USP at OVO energy is ensuring electricity provided has a high element of renewable resources as its source. However, surely all the actual electricity comes off the grid and is the same as any other provider?**

(4) Robert confirmed the physical electrons are the same as this all comes from the grid. However, by paying top payments to renewable and gas generators, OVO can send a market signal to these forms of generation over others (for example coal).

**Q - Is OVO energy essentially a more expensive provider for the customer to ensure more renewable energy in the market? If OVO energy was to be searched on the internet do you believe you would be recommended supplier?**

(5) Robert confirmed the green tariff OVO energy offer is more expensive. But the core tariff at 33% renewable is still one of the cheapest. In the UK OVO is consistently in the top 10 of the pricing list and was the first supplier to offer a sub £1000/year tariff last year. Robert said that a 100% green energy system isn't realistic at this time, at least while some forms of low carbon technology are too expensive and thus not representing a good deal for the consumer.

(6) In regards to the USP mentioned in the previous question; if OVO has a USP it is their emphasis in excellent customer service, evidenced by them being the first and only "Which" Recommended Energy Provider. OVO also recognises that value for money is important

**Q - If as a customer one would be receiving the same electricity as our neighbour would we just be paying more for a better conscience?**

(7) Customers choosing 100% renewable or 33% renewable tariffs are sending a market signal to generators to build more of that type of generation at the expense of other forms of generation. They therefore are indirectly helping to decarbonise the electricity system.

**Q - Where is the gap in the market for this middle man role? Is there an aspect that adds value over your rival suppliers?**

(10) Robert explained unlike the Big Six suppliers who inherited staff and sites from their state owned predecessors, OVO is much more efficient and dynamic, investing in the latest technology and systems. They have had the freedom to innovate and offer new products in the changing energy market and it is one of the reasons they have grown over recent years.

**Q - Please establish what is Green electricity? I get my gas from Sainsburys and get nectar points alongside that. Can you beat that?**

(11) Robert explained that Sainsbury's Energy was simply a 'white label' of British Gas. White labels enable organisations like Sainsbury's to partner with licensed suppliers and offer tailored products with additional benefits associated with that specific brand.

(12) Through OVO Communities, OVO has offered a local white label service to councils and housing associations. Robert stated that OVO welcomes more players offering innovative products that engage customers in the market.

**Q - I am interested in the scalability of your model, presumably there is a lot of demand. As demand scales up what happens if you cannot provide 33%? How do you audit and confirm you are meeting the 33% customers are paying for?**

(13) Cian explained there is an audit procedure. They are required to show a matching amount of certificates to the amount of electricity consumed from renewable sources. There is an annual calculation to confirm these are matched. Whilst OVO is paying a slight premium for guaranteeing that a set proportion of the electricity they supply comes from renewable sources, they are confident that for the foreseeable future these prices will not fluctuate significantly and they will be able to buy the necessary top certificates from renewable generators.

(14) Robert explained that from the very start OVO has invested in scalable systems. They are very conscious of having the processes and staff in place for growth spurts. OVO is confident that they can meet demand as their community partnerships grow. These partnerships can be tailored to a Council's specific needs to ensure it is sustainable. OVO has been able to cope with growing demand. For example, through their Cheshire East Council partnership, the amount of customers has grown significantly since the launch in March and the systems have coped. (15) Each community partner can choose how they market their tariffs locally – from ward by ward campaigns, to advertising banners, radio adverts, to stalls at community events.

**Q - Could you give us a general outline of projects with other Councils?**

(16) Robert explained since March 2015 the Cheshire East partnership has attracted almost 3,000 customers. Average savings for switchers to Cheshire East are currently around £250 a year. The Southend and Peterborough partnerships have seen similar average savings and a large number of the switchers are over 65.

**Q - Is that average actual customer data?**

(17) It is the average of actual savings from switching, comparing their old tariff with their new tariff.

**Q - In Kent we have had energy champion projects where the public are advised at events by representatives of energy companies. Do you have anything like these projects?**

(18) Robert confirmed that OVO has supported similar events in the past. Southend have also partnered with CAB and other groups that advise the public on energy switching. MPs have also held energy advice surgeries which OVO has attended.

**Q - How have you chosen the Councils you work with? Also how many jobs are guaranteed by the renewable energy sources that you promote compared to nuclear power such as those provided by the Dungeness Nuclear Power Station?**

(19) In regards to which Councils OVO work with Robert confirmed they wrote out to every Local Authority and asked for feedback before launching the offering. Potential partners then approached OVO who ensured they had an appropriate business plan before confirming the partnership.

(20) In regards to the issue with nuclear power it was emphasised OVO is opposed to Hinkley Point C specifically as it is too expensive. Cian said he imagined over time that renewable energy and gas would be more beneficial across the UK and offer more jobs as well as being cost effective.

**Q - Energy champions mentioned earlier, just how qualified are these energy advisers to give this advice?**

(21) OVO doesn't have energy champions that solely attend these external events. Robert explained that as and when local groups or MPs approach OVO to set up one of these events they ensure they send a trained customer service adviser who all know switching inside and out. They undergo an intensive training process before even going on the phones to advise customers.

**Q - What can KCC do?**

(22) Robert stated that Kent could look to building or investing its own local energy with the potential opportunity to link this local generation to local supply. As soon as you can link these two together you can start to realise the benefits for local homes and see the direct impact on people's energy bills. OVO's local supply model is one way that communities can start to do this.

(23) Cian advised that it could also benefit KCC to invest in electricity storage which can be used to generate revenue by buying electricity while it's cheap and selling it when it is in demand.

(24) Robert also advised it would be beneficial to encourage residents to install 'smart meters' that would help them control their energy use. By seeing the cost of energy use customers will be incentivised to control their energy consumption to save money. This will reduce overall consumption.

(24) The Chairman thanked Robert and Cian for attending and answering questions from Members.

**6. Interview with Chris Jelly (Chairman, Elham Valley Going Green)**  
*(Item 2)*

(1) The Committee welcomed Mr Jelly to the meeting and invited him to give a brief introduction before answering questions from members of the Committee.

(2) Mr Jelly referred to the briefing paper that he had provided for the Committee. This set out the background to and details of the Elham Going Green brand and provided answers to the questions circulated with the papers for the meeting.

(3) Mr Jelly explained that Elham was 11 miles south of Canterbury in the Elham Valley. The valley was 21 miles long connecting Folkestone with Canterbury.. Elham was a small village of 620 households with 1500 residents mainly reliant on oil for heating. Elham was essentially a retirement village which comprised 70% of residents over 60 year of age. His role within the Group had been to facilitate a range of projects, such as a community energy saving project, 3 eco fairs and 2 renewable energy feasibility studies. The group had also initiated a sustainable food project comprising 24 allotments now run by the Elham allotment society. Elham Going Green had a website and a column in the "Elham news" which covered government, and KCC energy initiatives, together with energy saving tips.

**Q - What reasons led you to establish Elham Going Green?**

(4) Mr Jelly stated that the Church was well supported in Elham and had organised a Frequently Asked Questions meeting in 2007 held in the local pub with the topic of “how green is our valley” attended by 60 – 70 people. This was the start of Elham Going Green which, following this meeting, resulted in the formation of the Elham Environment Group with the support of KCC. Shortly after its formation, the group was appointed by KCC to conduct a Low Carbon community project targeting a 20% reduction in Elham’s carbon footprint.

**Q – In southern Austria areas use biomass/cooking oil/ pig manure to produce biogas, in the information that you have provided, it is suggested that the momentum has gone out of this movement. Can you explain?**

(5) Mr Jelly stated that the Group had managed to undertake high level feasibility studies of the village in relation to a) biomass b) wind turbine c) solar systems and d) heat pumps. In relation to biomass they had gone so far as to scope a small district heating system driven by a wood pellet fired boiler which could feed the Church/school/homes. When they looked at the idea in more detail the group approached the Church, which was the most in need of an upgraded system. The church was struggling for finance and they made it clear for financial reasons that they were not ready to go down this route so they are still using the existing oil fired boiler for heating.

(6) In relation to houses many of the residents were over 60 and although in the mind-set of being environmentally friendly, value for money and cost effectiveness, including “am I going to be here long enough to recoup the benefit” were also part of their decision making. However, since the introduction of the government feed-in tariff, a significant number of households had installed solar PV and solar thermal panels on roof tops.

**Q – In relation to wood fuel there is a lot of resistance to the idea of wood pellet driven boilers, due to the fear of demand outstripping supply, however there are extensive woodlands in Kent that would benefit from this process. In Kent there is an enormous capacity for the growth of wood fuel would you agree?**

(7) Mr Jelly agreed and stated that Mathew Morris from Kent Downs AONB was an expert in this area, he agreed that there was a misconception about the demise of woodland for fuel which needed to be corrected. Mr Price confirmed that Mr Morris had agreed to be a witness and would be attending a meeting of the Committee to answer questions from Members.

**Q – What are your groups views on shale gas/fracking?**

(8) Mr Jelly stated that speaking on behalf of the Group they had educated themselves on this technology, including attendance by some members at a conference at Canterbury Christchurch University, to hear the conflicting views put forward by experts. However, within the Group there was a split about this issue and as a non campaigning group, decided to remain neutral. As the fracking company’s had now withdrawn their licences’ they had let the idea rest. Mr Jelly expressed the personal view that it was a risky technology which needed to be well controlled with adequate and experienced regulatory resource in place. Mr Jelly noted that fracking

was not mentioned within the Kent Environmental Strategy but he acknowledged the difficulty that KCC might have with this.

(9) A Member explained that KCC is the minerals planning authority for Kent and one of 5 bodies who have to give permission for fracking and because KCC is required to treat any planning application impartially, it was not appropriate for KCC to have a view.

**Q – A legacy of Elham Going Green is the way that you have inspired other groups. A number of rural communities are looking at how they can bring down the cost of oil for residents is this something that Elham is also doing?**

(10) Mr Jelly stated that 5 years ago they discovered a company “boiler juice” which claimed to reduce tanker miles, by delivering to a number of residents in one locality at a reduced rate. The group subsequently found that the tankers were coming further than first thought and this scheme was therefore self-defeating. Subsequently, Elham and a two other local villages had registered with a national organisation “The Oil Club”, an on-line, email based company, Each month or two, club members are invited to place orders with the company. Delivery was not immediate as the company waited until they had a tanker load for the area but the prices were very competitive.

(11) In relation to bulk buying, Mr Jelly stated that a local solar PV supplier in Barham had been approached by the group and had offered a discount of 5% to about six interested households in the village He expressed the view that there was still further scope for bulk buying.

(12) Mr Jelly also referred to the companies offering free loft insulation but stated that one of the barriers for older people in taking up these offers was the problem of loft clearance. The Group were interested in trying to set up an initiative to help older people with loft clearance so that they could improve their loft insulation but had not been successful.

**Q – What is your view of wind turbines and solar arrays ?**

(13) Mr Jelly stated that as a result of their renewable energy feasibility studies they had held a public meeting to inform and debate candidate technologies, including wind turbines. and solar arrays Prior to the meeting a wind turbine opposition group had already formed and were quite vocal in stating their arguments at the enquiry.. In response, it was pointed out that there were three parallel valleys close to Elham which might offer a possible site, essentially out of view from the village with sufficient wind speeds to ensure economic operation. After the close of the meeting results from an exit poll signified a solid opposition of around 20%. However, others were more open to the idea but the overall preference was for Solar PV or Biomass systems.

(14) Following the meeting, the group had approached Elham school and the village hall in relation to roof top Solar PV. However finances were not available in both cases and in the former major repairs were due on the school roof .which was deemed to have priority

**Q – Were the school aware of the economic argument for the installation of solar panels?**

(15) Mr Jelly confirmed that it had been explained to the school that the feed-in tariff could be a good income stream for the school but the capital costs for the roof repairs was a dominating factor at the time.

**Q – Could you elaborate on the ways in which KCC could further support Elham Going Green as set out in your submission?**

(16) Mr Jelly referred to bulk purchase schemes aligned to low interest loans for solar PV panels. He gave an example of solar panels supplied through IKEA via a finance deal. This could be a possible initiative for KCC to pursue or encourage.

(17) In relation to collective utility switching it was understood that KCC had already run a pilot scheme which 2500 residents had taken up. It was uncertain though whether the scheme had been rolled out further across the whole of Kent.

(18) Assistance to establish some form of loft clearance scheme to enable older people who wanted to insulate their loft would be helpful.

(19) Mr Jelly suggested that consideration be given to KCC setting up an environmental roadshow which could be taken out to Parish Councils to showcase KCC initiatives and strategies that would encourage householders to implement more energy saving measures

**Q – What advice would you give anybody who is thinking of encouraging their village to “go green”?**

(20) Mr Jelly advised that it was important to win the hearts and minds of the people. Holding public meetings was a successful way of doing this as well as talking face to face with residents on a door to door basis. Rather than going for a top down approach It was necessary to get grass roots engagement and people on side, i.e. more of a bottom up approach. He would advise anyone to have a go but to do their homework on the technologies first in order to spark interest and to get a core of people really wanting to take part.

(21) The Chairman thanked Mr Jelly for his written response and for attending the meeting to answer questions from Members.