

# Briefing Note – Update on Utilisation of Community Energy Schemes and Oil Bulk Buying

## **1. PURPOSE OF THE REPORT**

To update Resources PDG on the potential to utilise a collective fuel switching project and a collective oil bulk buying project.

## **2. BACKGROUND**

The issue of fuel poverty throughout the country is becoming more prevalent. The increased inflation and loss of savings due to the economic crisis and increasing fuel prices have combined to put more households at risk. In addition, other influences, such as energy efficient buildings, under occupancy and isolation from more affordable fuel supplies can all contribute to the problem. One potential, is for households to participate in collective fuel switching schemes or a collective oil bulk buying project.

## **3. DETAIL**

### Collective Switching Schemes

Collective switching schemes offer communities the opportunity to reduce their energy bills by negotiating a group discount with a supplier. Furthermore, collective switching schemes avoid creating direct risk to the Council as interim companies run the overall process and liaise directly with the energy suppliers on the resident's behalf.

A nationwide scheme is now being run by 'iChoosr', which offers greater consumer leverage and attracts larger energy suppliers.

iChoosr is the inspiration behind collective switching schemes in The Netherlands and Belgium and are now used in the UK. iChoosr specialise in collective customer auctions whereby it uses people power as a bargaining chip to negotiate a lower energy deal with power providers.

Householders (social housing tenants, owners and private tenants) interested in taking part are informed by their local authority and directed to the statement-of-interest website run by iChoosr. The bidders are only informed of the number of interested households and the identity of the householders remains anonymous. The lowest offer is relayed to the householders by iChoosr and those who wish to switch are put in contact with the supplier. Regardless of the number of householders in the scheme who accept, the energy supplier must honour its offer.

All energy contracts will ultimately be between the supplier and householder. Householders are only required to sign up once the auction has completed and the price is known.

The schemes run by iChoosr are free to join and iChoosr undertake the necessary setting up processes with the local authorities.

The contribution from the local authority using iChoosr is mainly in officer time to set up the website access for householders and promote the scheme. Experience from Breckland has shown that there are many households who have not switched fuel providers before so there is the need to provide information to householders, as well as

supporting those who do not have any internet access to undertake their registration on to the scheme.

South Holland District Council have already implemented the scheme with iChoosr and at an auction in November 2012, 270 residents in South Holland switched energy suppliers, yielding annual projected savings of £171 per household, an aggregate saving of more than £46,000. In addition, more than 18,000 households have signed up for the second auction.

Similar schemes throughout the country have averaged savings of between £50 and £200 per household, per annum.

### Oil Bulk Buying Project

The Council has 3 properties served by oil. These are located in rural locations.

The benefits of householders joining an Oil Buying Group are:

- Membership is free and without obligation to order
- Transport cost savings are passed to the customer in the form of lower oil prices for all customers
- Regular deliveries
- Advance delivery notice of upcoming delivery dates to enable the customer plan for future deliveries
- Minimum order of 500 litres and no price differential with larger delivery amounts. Everyone benefits from the group prices
- Reduced carbon emissions and 'tanker traffic' in the community
- Monthly budget plan payments available

A local supplier currently has in excess of 600 buying groups between Yorkshire and Northamptonshire and in villages where numbers of oil fuelled properties exist; villages are grouped together for distribution purposes. The villages where South Kesteven District Council own properties heated by oil are covered by this local supplier on the bulk buying group. In addition, many other villages in the district are also supplied by this provider.

## **4. RECOMMENDATIONS**

- That Resources PDG considers opportunities for fuel switching and the associated role of SKDC and the option for bulk purchasing on 3 properties currently served by oil.

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