CORNWALL INSIGHT

CREATING CLARITY

London Borough of Waltham Forest:

Review of the energy TPI market on behalf of London Local Authorities

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About Cornwall Insight

Getting to grips with the intricacies embedded in energy and water markets can be a daunting task. There is a wealth of information online to help you keep up-to-date with the latest developments, but finding what you are looking for and understanding the impact for your business can be tough. That's where Cornwall Insight comes in, providing independent and objective expertise. You can ensure your business stays ahead of the game by taking advantage of our:

- Publications – Covering the full breadth of the GB energy industry, our reports and publications will help you keep pace with the fast moving, complex and multi-faceted markets by collating all the "must-know" developments and breaking-down complex topics
- Market research and insight – Providing you with comprehensive appraisals of the energy landscape helping you track, understand and respond to industry developments; effectively budget for fluctuating costs and charges; and understand the best route to market for your power
- Training, events and forums – From new starters to industry veterans, our training courses will ensure your team has the right knowledge and skills to support your business growth ambitions
- Consultancy – Energy market knowledge and expertise utilised to provide you with a deep insight to help you prove your business strategies are viable

For more information about us and our services contact us on enquiries@cornwall-insight.com or contact us on 01603 604400.

2. Executive Summary

This report presents the findings from energy market research conducted by Cornwall Insight ("Cornwall", "we", "us") on behalf of a consortium of Local Authorities (the "Local Authorities") including the London Borough of Waltham Forest. This research was commissioned to provide insight into the market landscape, trends, key players, and services offered by Third Party Intermediaries (TPIs) - also called brokers and Public Buying Organisations (PBOs) - operating in the energy market of Great Britain (GB). The report aims to assist the London Borough of Waltham Forest in making informed decisions about energy procurement.

Amid a rapidly evolving global energy landscape, the role of TPIs is transforming. Energy users are increasingly motivated by decarbonisation goals, in addition to traditional factors such as budget certainty and risk management. The aim of achieving net zero emissions has prompted a seismic shift across the energy industry, affecting how energy is sourced, distributed, and consumed. Energy brokers traditionally facilitated transactions within conventional energy supply markets, now recognise they will need to play a new role. Some TPIs already offer adapted products, helping energy users navigate the complex interplay of renewable technologies, decentralised processes and dynamic policy frameworks. A common message from TPIs is they expect to make further changes, introducing more products within the next 12-24 months.

Local Authorities have the flexibility to choose their procurement provider or may utilise internal procurement facilities provided they comply with the relevant rules and regulations. This flexibility enables Local Authorities to tailor their procurement approach to their specific needs and strategic requirements.

The number of TPIs offering energy services is substantial with some estimates indicating there to be more than 4,000 companies or individuals engaged in sourcing non domestic energy contracts. The majority of these will be sole traders securing their energy products via one or more aggregators rather than directly from suppliers. Cornwall Insight profiles what we believe to be the most notable TPI competitors in a range of markets on an ongoing basis. This report utilises our existing market knowledge, supplemented by customer interviews and information from the public domain including TPI websites, Companies House, public sector tender notices, TPI marketing material, TPI terms and conditions, social media outlets, trade press and the Utilities Intermediaries Association (UIA).

As each Local Authority has distinct portfolios, objectives, and priorities, what may be suitable for one authority may not necessarily be the best fit for another. Factors such as geographical location, energy demands, budget constraints, sustainability goals, and available resources can vary significantly among Local Authorities. The public sector's collective demand for PBOs and TPIs has remained consistently high given the need to secure energy contracts in a way that ensures value for money. In recent years the public sector has also sought advice from PBOs to facilitate net zero strategies.

Cornwall Insight research indicates that public sector spend with energy intermediaries on fees was £25mn in 2022, an increase from £20mn in 2020. Our research suggests 77% of this was with PBOs, and while this is a high proportion, it is on a sustained downward track as private TPIs win over customers, sometimes at higher commission rates. The tendency to use a TPI rather than PBOs is particularly increasing in the education and care sectors as private TPIs look to target these sectors.

When considering a new procurement partner, a Local Authority must assess the resources needed for transitioning. Moving from one energy supplier to another can be challenging and may deter authorities if the expected benefits are minimal. Changing providers involves costs for transitioning data, training staff, and managing the overall process. These costs vary based on the complexity and support required. Despite these considerations, it is crucial to evaluate the long-term benefits and potential cost savings. This evaluation includes improved procurement efficiency, access to

specialised expertise, and aligning strategies with specific Local Authority needs.

While intended to inform the Local Authority's choices, this report is not part of a formal public procurement process. Local Authorities should conduct a comprehensive cost benefit analysis that incorporates the information provided in this report. This analysis will allow them to compare the expected costs of transitioning with the potential service improvements. By carefully considering these factors, Local Authorities can make informed decisions that balance cost considerations with long-term strategic goals.

The wholesale energy market has seen unprecedented levels of volatility in recent periods, leading to a significant increase in uncertainty surrounding energy prices. This volatility continues to persist in the market, posing challenges for local councils when assessing risks associated with energy procurement and supply contracts. The challenge of securing good value has become increasingly complex due to increased exposure to risks within the energy market, requiring a careful examination of procurement strategies to ensure the best outcomes for billpayers.

Wholesale gas and electricity markets have been dominated by concerns about gas supplies in the EU and Britain following the Russian invasion of Ukraine, with gas pricing for winter 2022-23 rising to all-time highs. Despite Great Britain not being directly connected to Russia via pipelines, the global competition for natural gas and demand from European interconnectors have exposed the country to record-breaking gas prices.

High gas prices have driven up electricity prices, due to the reliance on gas-fired power stations and the marginal nature of the pricing structure. During the winter of 2022-23, the pressure on electricity prices was intensified by nuclear capacity outages in France which meant Great Britain became a net exporter of electricity for the first time. Gas and electricity prices are expected to remain high compared to historical levels, at least until the end of this decade.

Record high consumer bills prompted heightened levels of government intervention across Europe. These range from short-term interventions such as subsidies via bills, to increased support for more fundamental reforms, the impact of which is uncertain. Winter 2022-23 was one of the warmest on record, making it difficult to assess the impact of the short term measures, with the longer term reform in the initial stages.

Selecting a dependable energy buying partner has become increasingly crucial for Local Authorities as it offers the potential to achieve cost savings and valuable guidance. With the complexities of the energy market, having a reliable TPI or PBO can make a significant difference in managing costs effectively and receiving sound advice to support decision-making processes. Overall trends towards improved regulation of the TPI market have yet to materially impact larger energy users, such as Local Authorities, but are indicative of the increased appetite for reliable and well governed energy buying partners in the non domestic market.

The consortium of Local Authorities provided a Statement of Requirements (SoR), creating a framework against which the TPIs services were assessed. When assessing the TPI market we used a multi-step process to filter the most suitable TPIs for selection, creating a long list, developing a shortlist, and scoring the shortlisted offerings against the Local Authorities' SoR. The names of the Local Authorities were not disclosed to the TPIs to avoid any bias or advantage for incumbent providers.

Cornwall Insight is an independent energy consultant and has relationships with parties across the energy market, including TPIs. This research has been designed and carried out in manner to ensure impartiality. The team leading this research is separate to those involved in ongoing service provision in the TPI markets to ensure that the assessment remains objective and free from any undue influence.

- Our research finds that for Local Authorities already supplied by the PBO LASER, there is unlikely to be a material advantage to be gained from moving to another provider
- Several other providers offer similar products, but none with features that would be expected

to outweigh the disruption and cost of resourcing change

- For comparison we have included information about one PBO and two alternative private TPIs who did not match the SoR as closely, but who may provide an alternative approach for a Local Authority seeking a service that differs from the SoR

3. Energy market overview

Wholesale price volatility and shifting macroeconomic conditions have exacerbated energy bill uncertainty over the last 18 months. These conditions, combined with the long-term nature of energy contracts, indicate that wholesale energy prices may not revert to their 2020-21 levels until around 2030, according to our recent forecasts. This projection underscores the need for effective energy management strategies to navigate the ongoing volatility and mitigate the potential impact on energy bills.

Volatile gas prices have had a direct impact on electricity prices, particularly as gas fuelled power stations play a significant role in electricity generation. This dependency means the all-time high gas prices have subsequently driven up wholesale electricity prices.

Just under 40% of the UK's electricity is generated using gas, shown in **Error! Reference source not found.**. The remainder is primarily derived from three different generational sources – renewables, nuclear, and coal. The use of these fuels is determined by several factors, including price (influenced by fuel costs, global markets, and the balance of supply and demand amongst other drivers), weather (influences the ability to generate and level of demand), and policy (some policies drive towards low-carbon fuels for electricity generation).

Figure 1: UK's electricity generation fuels (2021)

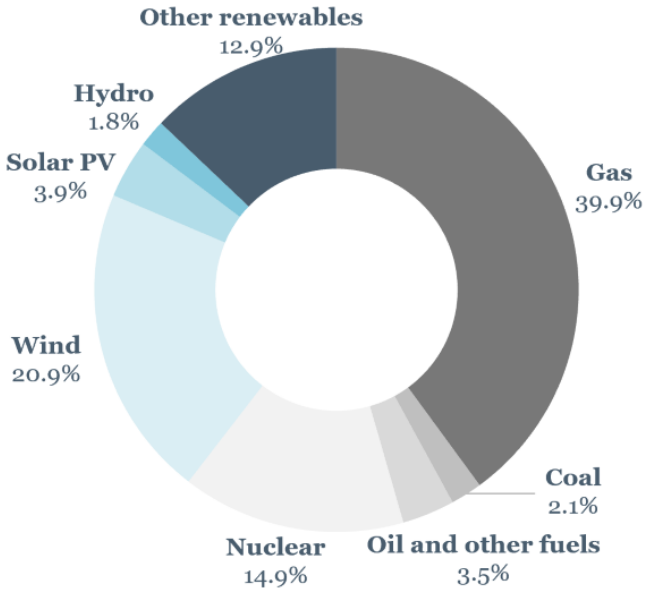
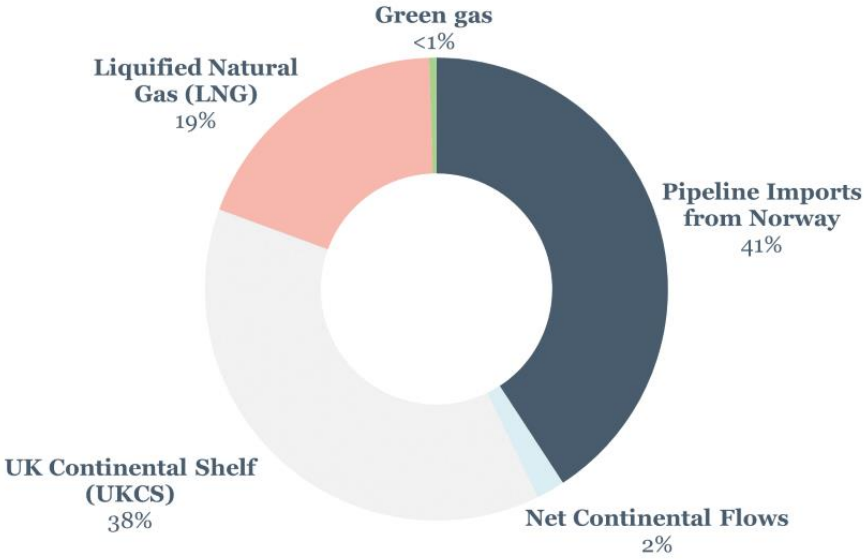


Figure 1: UK's gas supply sources (2021)



Source: Cornwall Insight from *DUKES data*

Gas is sourced from global markets, including pipeline imports from Norway and Liquified Natural Gas (LNG), alongside gas from the UK Continental Shelf (UKCS). The sources of gas used in the UK are shown in Figure 1. The locational range of sources means prices faced by Local Authorities in the UK are influenced by factors such as geopolitical events, weather conditions, demand dynamics and policy impacts. The fluctuations in energy prices have implications to a supplier's risk management activities, in turn affecting a Local Authority's risk assessment and decision making processes, particularly for Local Authorities involved in flexible supply contracts.

3.1. International impact on energy supply

Wholesale gas and power markets have been dominated by concerns about gas supplies in the EU and Britain following the Russian invasion of Ukraine, with gas pricing for winter 2022-23 rising to all-time highs. While GB is not directly connected by pipeline to Russia, the increased global competition for natural gas and demand from European interconnectors has seen record high gas prices to which Britain is exposed.

In response to the invasion of Ukraine, demand for liquified natural gas (LNG) imports significantly increased. Liquefying gas enables the fuel to be easily transported across larger distances by ship, and accounts for roughly one fifth of British gas supply. In 2021, Britain sourced its LNG from nine countries, primarily from Qatar with smaller volumes from the USA and Russia. According to reported energy trends, the UK has since ceased imports of Russian LNG, with the last cargo arriving in March 2022. Instead, the UK has increased imports of LNG from other countries and provided gas via pipeline to continental Europe. Overall British imports of LNG in 2022 rose by 37% compared to 2021. This included a sharp rise in imports from the USA. Gas exports from GB through gas interconnectors to mainland Europe reached a record high in 2022 and the production of UKCS natural gas increased by 55% compared with 2021 according to data published by the Department for Energy Security and Net Zero (*DESNZ)*. Despite this increase in British production, prices remained high as sanctions on Russian limits global access to a historically key exporter.

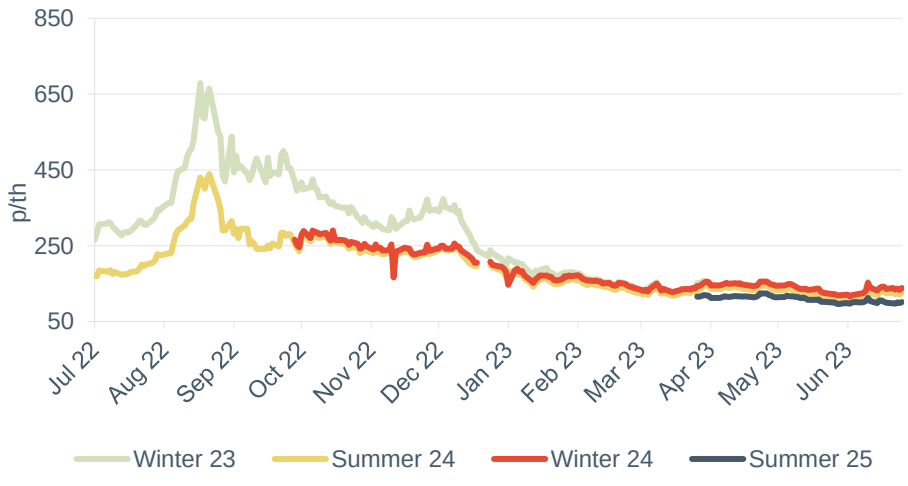
High gas prices have driven up electricity prices, due to the marginal nature of the pricing structure and the reliance on gas-fired power stations. Gas power stations can quickly respond to fluctuations in electricity demand and generation. Until alternative sources of dispatchable generation and storage are developed at scale, gas powered electricity generation will be used alongside variable renewable sources like wind and solar.

Great Britain is connected to other countries through a series of interconnectors, which are large cables linking electricity transmission across countries. Britain and France are connected by interconnectors and electricity flows to and from the two countries. Previously, France was a net exporter to Britain because of the large volume of electricity generated by its nuclear power stations. However, in 2022-23 there were significant outages across the French nuclear fleet. Several reactors were offline for overdue maintenance and checks related to corrosion issues in older reactors. Over the 2022-23 winter, this created a large generation gap in France and impacts capacity coming into Britain. In Britain, this increased upward pressure on electricity prices, as there was uncertainty around the reduction of electricity imported via the interconnector. The reactors are now back online but the event raised concerns about security of electricity supply in Britain.

3.2. Short term pricing view

Gas prices have continued to fall as Winter 2022-23 passes and proved to be relatively mild, alleviating concerns over security of supply. EU gas storage levels are currently above 80% (August 2023) which is higher than usual for this time of year, bringing down prices in the short term.

Figure 2: seasonal gas prices (July 2023)



Source: Cornwall Insight Benchmark Power Curve

Despite this, traded prices for upcoming winters remain elevated as Britain and the EU have become more dependent on the international gas markets via LNG shipments. This elevated price compared to pre-pandemic levels is the result of economies recovering from the pandemic and from the EU diversifying supply away from Russia which has led to an increase in demand for LNG products globally.

EU countries have increased the volume of LNG capacity available in particular with the use of floating storage regasification units in Holland, Spain, Germany, Italy and France so that import capacity, which was an issue last year, is no longer a real concern.

Gas storage is often used across Europe to meet peak demand during the winter period, and plays an influential role in energy security and the energy price. Injections of gas into storage usually occurs during the summer months when demand (and therefore prices) are lower, and withdrawn during the winter period when demand for gas rises. For this year, in general EU gas storage stocks are ahead of filling schedules and above the five-year average.

Asian gas demand has been weak over the summer leading to spare LNG volumes, further aiding the re-filling of EU gas storage inventories and creating opportunities for floating LNG storage. This is where, subject to shipping availability, an LNG cargo is loaded and kept offshore (I.e. floating) until needed usually in the months of October and November. Comparatively Great Britain (GB) has low national gas storage available. Instead, there is a diversified range of gas sources, including longstanding bidirectional interconnector pipeline capacity and LNG import terminals. Price dynamics for the remainder of the summer will be largely driven by EU gas storage re-filling considerations with prices rising if constraints are anticipated (unlikely in our opinion) and otherwise if the re-filling programme remains on track.

Concerns will remain for the upcoming winter period, which will be expected to be colder than last year and more in line with seasonal normal temperatures. Currently annual prices are forecasted to remain relatively flat in the short term as a result however the risk of UK prices rising is real and will depend on outturn winter weather.

Figure 3: Near term drivers for gas prices

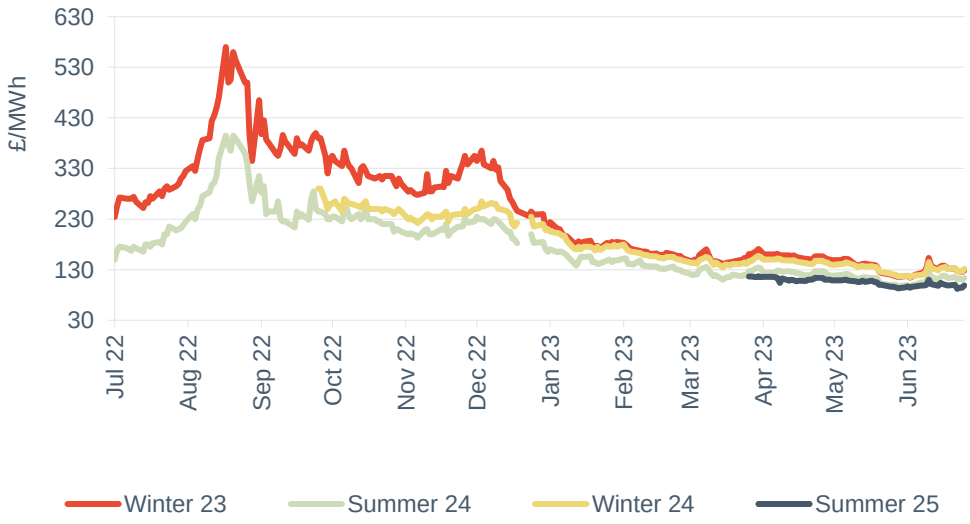
Drivers over the next quarter	Impact on prices
High European gas storage and mandated targets in place ahead of November 2023 to avoid price spikes during the winter.	↓ Decrease
Increased reliance on global LNG market to meet demand, with increased competition as China returns to pre-COVID economic growth	↑ Increase
Warmer weather will act to reduce heating demand into the summer 2023 period even after allowing for additional air con demand in case of a hot summer	↓ Decrease

Source: Cornwall Insight

In the short-term, electricity prices are expected to remain elevated following the Russian invasion of Ukraine, and are susceptible to market shocks and pricing volatility.

High gas prices and expectations of a low supply surplus have kept electricity prices high compared to pre-2022 levels; traded prices for winter 2023-24 have fallen as we get closer to delivery, but remain elevated compared to historical averages. By winter 2024, prices will remain above historical levels but are expected to fall to between £104/MWh and £150/MWh.

Figure 4: seasonal power prices (July 2023)



Source: Cornwall Insight Benchmark Power Curve

Figure 5: Near term drivers for power prices

Drivers over the next quarter	Impact on prices

Developments in gas & commodity markets will continue to be the main driver of prices. Gas prices could rise in the winter but are lower than winter 2022.	→ Neutral
Natural drop in demand in summer, but energy crisis could weigh further in the winter 2023/24 period	↓ Decrease
Interconnectors to export lower levels than seen in summer 2022, but still higher than historical rates	→ Neutral
High prices and supply uncertainty related to conflict in Ukraine will make the export pattern across Europe potentially unpredictable	↑ Increase

Source: Cornwall Insight

3.3. Long term pricing view

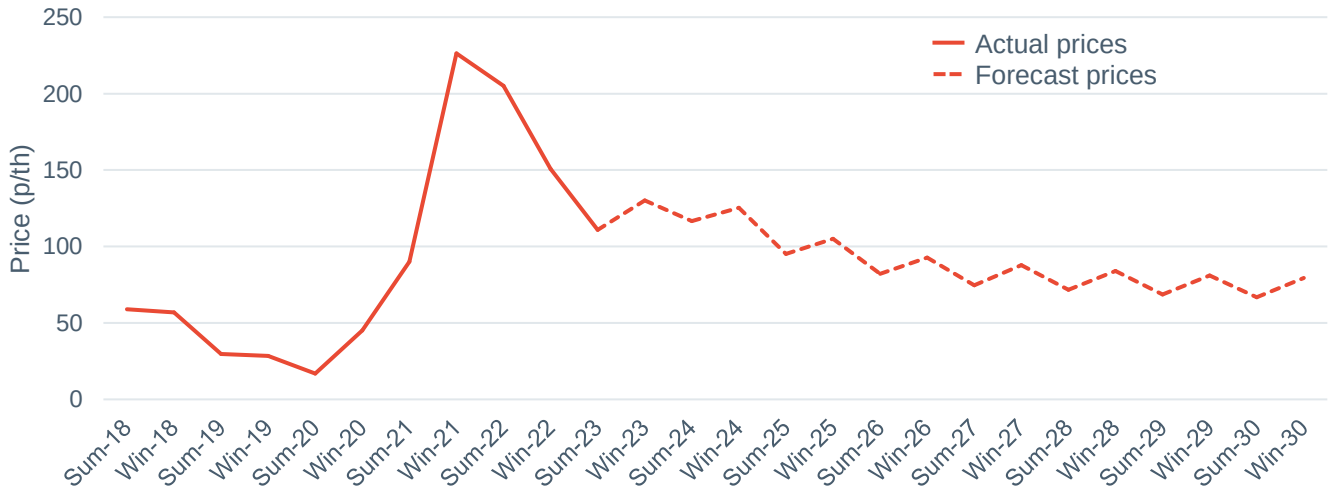
The longer term outlook for gas is uncertain. German gas demand is currently reduced by circa 15% from pre-pandemic levels to cater for the challenges in diversifying away from Russian gas supplies, with German industry taking the brunt of this reduction. How and when this demand returns are subject to debate. In general European demand for gas is likely to permanently reduce parallel to a rising focus on electrification, although this could be offset by increased demand for gas in other markets, including China.

Weather plays an important role in gas consumption and availability. Wind, rainfall and temperature will impact gas demand levels and how tight the supply-demand picture outturns. While this is not expected to change significantly in impact on long term prices, it can have significant bearing on prices in the short term each winter. For example, mild temperatures and steady wind across Northern Europe would minimise reliance on fossil fuels for heating and power in a given period.

Figure 6 shows our forecast annual average power price out to 2030 from our latest Benchmark Power Curve (BPC). This is based on comprehensive market and asset-level power price modelling that delivers long-term power price forecasts. The assumptions made in this forecast are that:

- Net Zero ambitions from the Climate Change Act are delivered by 2050. The model has a carbon target it must adhere to when planning capacity and running generation
- Security of supply is consistent with government targets, by dispatching generation in cost order to meet demand
- Every option aims to achieve lowest cost possible to minimise system costs
- All coal fired capacity is closed by 2024
- The Government target to procure 50GW of offshore wind by 2030 is achieved.

Figure 6: Average actual and forecasted gas prices per fiscal year (broken down by summer and winter seasons)

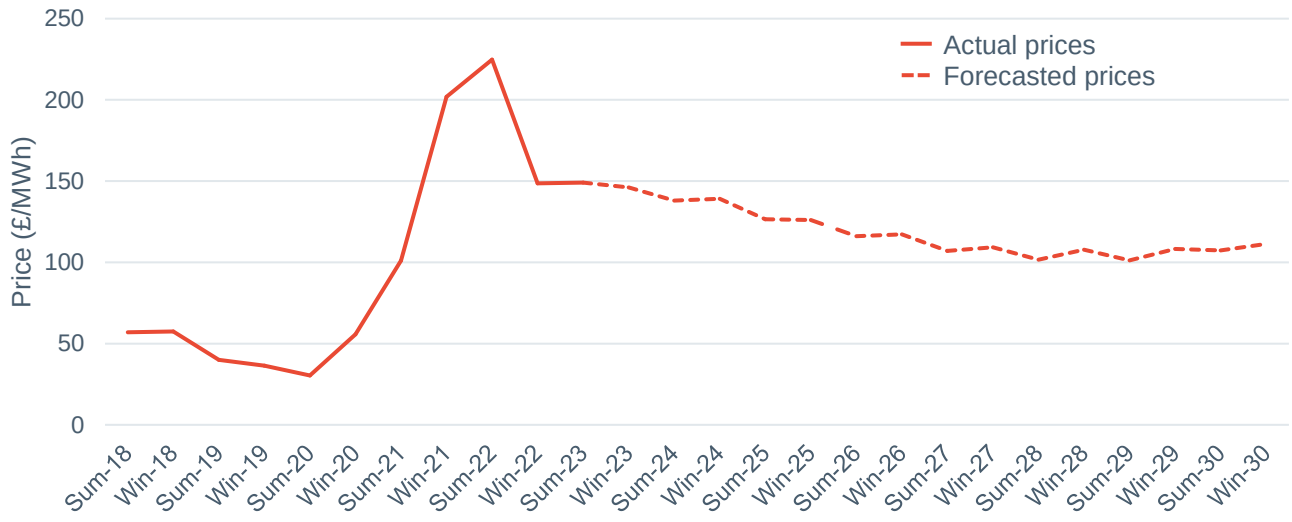


Source: Cornwall Insight Benchmark Power Curve

Electricity prices are expected to remain above 2020 values for the rest of the decade. There has been a policy push from the UK Government to electrify heat, transport and industry in response to net zero targets which will increase Britain's demand for electricity. However, Britain's goals to deploy renewables alongside EU goals, are expected to reduce the reliance on gas to produce electricity. With policy to increase renewables capacity and reduce carbon emissions, the demand growth is met predominately by low marginal cost generators, which do not have to pay carbon prices, and as a result, power prices do not significantly increase.

Electricity prices are expected to drop in the mid-2020s as higher marginal cost coal-fired plants retire, and new offshore wind turbines are built to meet the government's 2030 wind generation target. The zero marginal cost of wind turbines, due to there not being a cost to fuel turbines, means that when they are generating, prices tend to fall and electricity prices become less impacted by gas prices.

Figure 7: Average actual and forecasted power prices per fiscal year (broken down by summer and winter seasons)



Source: Cornwall Insight Benchmark Power Curve

As well as coal-fired plants retiring, Britain's combined cycle gas turbine (CCTG) power stations are coming towards the end of their lifespan with some being converted to open-cycle gas turbines (OCGT) through the mid-2020s. Converting CCGTs to OCGTs allows them to operate more flexibly in a market. Older nuclear power plants are also expected to retire from operation reducing generating capacity further. However, when Hinckley Point C's reactors are commissioned (expected in 2026-27), nuclear capacity will increase again.

Another large change to the energy generation mix is the increasing use of battery storage to underpin flexibility and balancing services. Longer duration flexibility options are expected to be relied on during times when low carbon power is unavailable.

Outside of Britain, there have been increased commitments from the European Commission to deploy renewables as part of the *European Green Deal* to reduce the impact on gas and electricity prices as a result of the invasion of Ukraine.

As we approach 2030, the deployment of low marginal cost generators is met by demand growth from the electrification of the economy, increasing production of green hydrogen and increased power exports to Europe, resulting in the levelling of prices above pre-pandemic levels.

3.4. Regulatory horizon scan

The regulatory framework in Britain's energy market is comprised of complex industry codes that outline the responsibilities and requirements for effective operation of the energy system and functioning of the market. Companies operating in the energy sector are typically required to hold licences to ensure compliance with these regulations. The supply licence, in particular, aims to protect customers and ensure fair treatment.

Ofgem can take action to amend the supply licence to deliver better outcomes, and there has been a growing level of intervention from government on pricing, including the introduction of bill support. While programmes to support the energy transition are already in train, and will impact pricing, government has also taken action to address volatility in the market. These range from short-term interventions to more

fundamental reforms, the impact of which is more uncertain and will be dependent on the approaches taken, the implementation timescales and the effectiveness of the changes.

3.4.1. Government energy bill support

As a result of the all-time high energy prices, a series of support schemes were offered by the GB government for both households and businesses. The *Energy Bill Relief Scheme* (EBRS) was announced by the government on 21 September 2022, ending in March 2023. The scheme was designed to support businesses and public sector organisations in Great Britain and Northern Ireland (NI) by providing a discount on wholesale gas and electricity prices to allow businesses to adapt to the increasing prices over winter. The original forecast for the cost of EBRS was £18bn however a *statement* published in June 2023 revealed that £5.5bn was spent on EBRS.

The EBRS came to an end in January 2023 after concerns about the budget available for bill support. As a result, scaled back support was put in place. The *Energy Bills Discount Scheme* (EBDS) was announced on 9 January and is a per unit discount running from 1 April 2023 to 31 March 2024, applying to eligible non domestic consumers. The support is offered as part of the new EBDS capped at £5.5bn. As part of the scheme, Energy and Trade Intensive Industries (ETII) will be able to apply for a higher level of support. The *list of ETIIs* was published on 9 January, including the top 20% of energy intensive sectors and the top 40% of trade intensive sectors. This includes libraries, archives, museums and other historical sites.

Figure 8: Energy Bills Discount Scheme prices

Fuel	Max. discount (ETII)	Price threshold (ETII)	*EBRS max. discount*	*EBRS government supported price*
Electricity	£19.61/MWh (£89/MWh)	£302/MWh (£185/MWh)	*£345/MWh*	*£211/MWh*
Gas	£6.97/MWh (£40/MWh)	£107/MWh (£99/MWh)	*£91/MWh*	*£75/MWh*

Source: DESNZ

Councils may be eligible for support via the EBDS, however, eligibility will be determined on a site by site basis. Local Authorities would have to declare that at least 50% of the use of the premises is for operations under an eligible sector such as libraries, archives, and museums.

Local Authorities that secured energy under purchasing in advance contracts were largely ineligible for the EBRS due to the time bound nature of the support, although in this instance they would have also avoided exposure to the extremely high market prices seen during this period.

3.4.2. Rebalancing policy costs

There are a range of policy levies that are funded through consumer bills. These include Renewables Obligation (RO), Feed in Tariff (FiT) and Contracts for Difference (CfD), and some precursor schemes. These are supported through obligations on, or cost recovery from, domestic and business electricity suppliers. They in turn recover these costs in the tariffs they offer their customers. These costs are not negotiable as part of an energy contract and are paid by all consumers.

Policy costs were initially allocated solely to the electricity bill, rather than split across electricity and gas, for three main reasons:

- Because the levies were paying for the decarbonisation of electricity generation
- Because all energy consumers in Britain take power, while only some take gas – particularly on the non-domestic side
- To increase the cost of electricity, and therefore make electricity-saving investments more economically beneficial

Since 2020, to support the government's pursuit of its net zero agenda, the government has suggested that it would look to reallocate green policy levies from electricity to gas. This would support the decarbonisation of heat through methods such as heat pumps, with the intention of levelising the operational costs of gas

boilers and heat pumps

- The *Heat & Buildings Strategy* set out an intention to make heat pumps "no more expensive to buy and run than gas boilers by 2030" and setting an intention to rebalance energy prices, including a "look at options to shift or rebalance energy levies…away from electricity to gas over this decade."
- This was also called for in HM Treasury's *Net Zero Review* in October 2021

In May 2023 fuel price rebalancing was highlighted as a way to incentivise the switch to electrification in *the Powering Up Britain report*. The report has indicated that the government is willing to consider rebalancing some or all of the existing low carbon levies from electricity to gas. This is intended to reduce the total cost associated with electricity (thereby supporting electrification of heat and transport) and increasing the cost of natural gas. The government has committed to outlining a rebalancing approach in 2023/24 with impacts seen in energy prices by the end of 2024.

For an organisation with an electricity-heavy portfolio, rebalancing policy costs from electricity into gas would result in lower electricity prices per unit. For organisations more reliant on gas, unit prices would be expected to increase and for organisations with a mixed portfolio, an assessment of the impact would need to be undertaken. Other options may be considered going forward.

3.4.3. Market wide half hourly settlement

The Significant Code Review (SCR) to deliver *Market-wide Half Hourly Settlement* (MHHS) was launched by Ofgem in July 2017. In its launch statement Ofgem set out that settling all customers using half hourly consumption data would expose suppliers to the true cost of supplying customers in any given half hour, increasing the incentives to help customers move their consumption to periods when electricity is cheaper or export when it is beneficial to the system, reducing the need for additional generation capacity and network reinforcement to manage peak system demand. Larger businesses are already settled on a half hourly basis, but the move to settle all customers could open up additional offerings provided by suppliers. Implementation is expected to be completed by December 2026.

3.4.4. The introduction of a hydrogen levy

In the *Energy Security Bill*, government has announced that from 2025 low carbon hydrogen production will be levy funded through the *Hydrogen Production Levy*. The levy is still subject to consultation; however implementation would add an additional cost to energy bills.

The Hydrogen Production Levy is expected to have no impact on consumer bills until after 2025. However, it could be beneficial to track the progress of any consultation to gather an understanding of what price increases could be likely in the future and when changes to energy bills could occur.

3.4.5. Review of Energy Market Arrangements (REMA)

The Review of Electricity Market Arrangements (REMA) is a workstream from DESNZ which aims to identify and implement the reforms needed in Britain's electricity market, to drive the necessary investment in and efficient operation of a secure low carbon electricity system by 2035.

DESNZ has put forwards a very wide range of potential long term reform options. The main options of reform proposed in REMA are:

- Splitting the markets – in which wholesale prices are split into two; one reflective or renewable assets/assets with limited operating costs and those driven by fuel costs
- Locational Marginal Pricing (LMP) and zonal pricing – in which the prices applicable for assets are split by location, producing different rates for assets in different areas
- Evolutionary reform of existing markets – incremental change to existing markets and processes, including the CfD, Capacity Market, and system operation

The retail market, and by extension, consumers are not included within the direct scope of REMA for reform. Instead, any consumer impacts from REMA will be felt through reforms in the wholesale market, which could have significant implications for energy procurement – either through changing wholesale prices, additional complexity, behavioural signals, or attitudes to the technology mix. Consultation on REMA is ongoing, and it is unlikely that any impacts will be felt in the short-term, as they are likely to require legislative change.

4. The TPI and the PBO market

4.1. Market Overview

Third Party Intermediaries (TPIs) give energy related guidance to organisations and can include, brokers, switching sites, public buying organisations (PBOs) and any other organisation that supports energy procurement.

Businesses use TPIs to source their energy contract for four main reasons:

- Independence – TPIs present offers from a range of different energy suppliers, and TPIs position themselves as independent from energy suppliers
- Complexity – the energy markets are seen by many consumers as complex, with specialist knowledge required to understand the main terms and charges that apply to non domestic customers. Energy markets are also volatile, and can require detailed explanation to understand large changes in bills or contract disputes
- Specialist resource – TPIs can offer quick and timely access to competing offers providing a choice for consumers. TPIs may also provide access to lower-priced offers than those available directly with a supplier. Some TPIs promote additional services alongside procurement
- Specialist assistance – TPIs often provide a named contact or team to handle any queries that arise. This can provide reassurance that any unexpected change or contractual change would be discussed

As customer needs have evolved, TPIs have expanded their services beyond procurement and contract negotiation. They have transformed into broader energy consultants, offering access to a range of additional services including (not exclusively):

- Procurement and tendering services
- Market Intelligence (pricing reports, industry news)
- Bureau services (invoice/billing, other)
- Risk management
- Usage/management monitoring and analytics (online interface, audit, other)
- Efficiency audits
- Flexible services (DSR, site optimisation, aggregation, other)
- Metering services
- Infrastructure development support (generation, lighting, building services)
- Water services (bureau, water usage)
- Water procurement
- Other business brokerage/procurement (telecoms, insurance, other), and
- Other business services (facilities management, other)

In addition, there are organisations which serve in a non-procurement intermediary capacity, providing a specific aspect of energy services, e.g. heat networks, which can be referred to as service companies. Collectively, these three groups of companies can be referred to as Agents.

The non domestic TPI sector has seen a large amount of growth in the last eight years with market value doubling from £232mn in 2014 to £425mn in 2022. Much of the growth has been driven by the growing role of TPIs in the SME market, where they have increased their involvement in energy procurement and contract renewal. TPIs now negotiate around 41% of SME energy contracts (2022), compared to around

13% in 2014.

The larger energy bills of industrial organisations in the Industrial and Commercial (I&C) market means that there is a requirement for businesses to be more knowledgeable and engaged in the energy market. As a result, more businesses in the I&C sector engage in the market by using the services of TPIs. Consistently, there has been a high level of TPI penetration in the I&C market which is currently saturated, as TPIs negotiated 84% of electricity contracts and 77% of gas contracts in 2022.

There are perhaps as many as 4,000 entities providing TPI services in the British energy industry. The majority are individuals working with larger TPIs that manage their interface with energy suppliers. During recent years an increasing number of TPIs have been turning to aggregators in order to provide their customers with prices from the majority of suppliers (full-market coverage).

4.2. TPI Regulation

Although TPI regulation has been explored by Ofgem, TPIs operating in the energy sector are not directly regulated. TPI conduct is managed indirectly through the sales provisions on suppliers through their licences or voluntarily by TPIs themselves, through trade groups and voluntary codes of practices, such as the Utilities Intermediaries Association (UIA) and individual suppliers' codes of conduct.

This "regulation-by-proxy" is reflected in changes proposed by the energy regulator, Ofgem. Compliance would be managed through the supply licence standard licence conditions placing responsibility for ensuring standards by TPIs in non domestic markets. TPIs are obligated to inform microbusiness customers of any commission payment they receive from energy suppliers and obtain consent as per the Standard Licence Condition (SLC) 7A. The proposed introduction of a voluntary *Code of Practice for Non-Domestic Third Party Intermediaries* via the Retail Energy Code would expand a number of principles to all non domestic energy suppliers. A suppliers would be expected to ensure any TPI they engaged with acted in a transparent, accurate and fair manner, although non compliance would be difficult to police due to the voluntary nature of the code.

As of 1 December 2022, energy suppliers are prohibited from working with TPIs that are not signed up to an approved Alternative Dispute Resolution (ADR) Scheme. Currently, only one such scheme is in place, *facilitated* by the Energy Ombudsman. In a March 2023 letter to Ofgem the Energy Ombudsman noted "surprise[…] and delight" at the levels of engagement they have had from TPIs and that it is "clear that many in the sector are keen to improve standards and the professionalism of energy brokers and TPIs".

A small number of high profile cases of fraud and poor practice at TPIs has increased consumer appetite for robust governance and transparency across the energy market.

- Harcus Parker, a London-based commercial litigation firm, has launched legal action against several energy suppliers alleging that they have historically added commissions to bills for TPIs without customers' knowledge and without obtaining the correct consent. A second law firm, Leigh Day, is also known to be looking into this matter. An early example of this type of claim - *The Dark Blue Pig vs ENGIE Power* – was unsuccessful and resulted in the claimant (the customer) paying towards the defendant's (the supplier's) costs.
- A criminal case was brought against several parties associated with fraudulent trading and mis-selling at Business Energy Solutions Ltd and linked companies. In 2023 *Andrew Pilley was sentenced to 13 years in prison*, including an additional year for false representation based on posts on well known consumer websites which falsely purported to be made by customers and contained fabricated content.

Calls for improvements have come from a range of stakeholders, including *consortiums of energy users*. TPIs are seeking ways to help consumers chose reputable and reliable partners. One group of consultants, the Energy Consultants Association (ECA), set out to *challenge the 'Rogue Energy Brokers' narrative* in a recent article, and has called on Ofgem to investigate *reports of poor practices*.

4.3. The public sector and Public Buying Organisations (PBOs) market

In the public sector, a series of aggregated contracts have been procured through processes compliant with applicable procurement law, which are promoted through specialist agencies referred to as Public Buying Organisations (PBOs). PBOs are viewed as deep specialists with regard to public sector procurement, often

being owned by Local Authorities.

With some notable exceptions, central and local government organisations within Great Britain are able to select their procurement provider or undertake the function themselves, given compliance with the above. A number of specialist PBOs and public sector purchasing groups have evolved to meet these needs, alongside competition from TPIs.

A Local Authority is seen as a relatively low risk counterparty to an energy contract for licenced energy suppliers and TPIs, helping make them appealing customers. However, some private TPIs choose to not serve the public sector, or specifically Local Authorities. When interviewed reasons for not engaging with the public sector and/ or Local Authorities included; the resource intensive procurement processes, lower potential for profit margin, expectation of payment delays, lack of inhouse experience, or a perception that they would not be interested in innovative or non-low-risk products in which they specialised.

Many of the framework arrangements in the public sector mirror the aggregated contracts in the I&C market with users asked to:

- Commit to a contract for the PBO to purchase their energy for periods, typically matching the length of the supply contract that the PBO has set
- Delegate their authority for the PBO to nominate purchase prices on their behalf at any time during the life of the contract. The PBO may operate more than one contract for a fuel employing different purchase strategies from simple fixed price to complex flexible market structures. Users may periodically be offered a choice between these contracts by the PBO
- Pay all charges arising, including the PBO's fees, either direct to the supplier or in some cases to the PBO for transfer on to the supplier

The public sector's collective demand for PBOs has remained consistently high given the need to secure energy contracts in a manner consistent with the Public Procurement Regulations. In recent years it has also sought advice from PBOs to enable them to underpin their net zero strategies through the provision of energy services. There is also an implicit expectation within the public sector that PBOs should be used in the first instance for procurement.

PBOs can be segmented by service levels, into three categories:

- Basic service – this would include limited services beyond procurement, but is likely to include some form of supplier management and price validation
  - PBOs offering a basic service usually focus on lower fees and scale
- Typical service – this would include further services beyond the basic service, such as access to portals, regular meetings with customers and suppliers to review performance, and query management
- Premium service – on top of the typical service provided by PBOs, this would include much closer ties with customers. Additional services may be included, such as managing payments to suppliers, and analysis of customer sites Maximum Import Capacity

Figure 9: PBO segmentation

	Basic service	Typical service	Premium service
High volume >2TWh elec, >5bn th gas	Scottish Procurement	CCS	None
Typical volume 0.8 – 2TWh elec, 1-5bn th gas	WPC	TEC YPO, ESPO	LASER
Lower volume <0.8TWh elec, <1bn th gas	None	NEPO	WME

Source: Cornwall Insight analysis

TPIs accrued around £25mn in revenue from the public sector in 2022, holding steady from 2021 (£25mn) and up from £20mn in 2020. Cornwall Insight research indicates that 77% of public sector spend on TPIs is via PBOs. While this is a high proportion, it is on a sustained downward track as private TPIs win over customers, sometimes at higher commission rates. The tendency to use a TPI rather than PBOs is increasing in the education and care sectors as private TPIs look to target these sectors more.

The public sector's collective demand for PBOs and TPIs has remained consistently high given the need to secure energy contracts, but in recent years the public sector has also sought advice from PBOs to underpin net zero strategies.

4.4. Energy purchasing options

An overview of typical purchasing options available to Local Authorities is shown in Figure 10. Individual TPIs may have different names for similar products such as Purchase in Advance or Purchase Within Period, although they likely function in equivalent ways.

A typical TPI's approach to risk will prioritise creating a clear framework of control, ensuring any necessary delegated authority is granted by the customer and managed in line with best practice. The trading of energy is a complicated field, intersecting with strict financial and energy regulations, and potentially creating significant exposure to a customer. As such, in relation to energy supply purchasing options a TPI should offer a Local Authority,

- Transparency of process
- Underpin approach to budget certainty
- Development of a forward hedging plan
- Clarity in responsibility
- Formal review process
- Formal reporting procedures

We would not expect that any approach to risk management be mechanistic, as it should be responsive to market developments as required, whether in terms of increasing or decreasing the volumes that should be hedged, or bringing forward or postponing hedges.

Figure 10: High level summary of risk and opportunity associated with main purchasing options

Strategy	Summary	Advantages	Disadvantages	Comment
Purchase in Advance (PIA)	A flexible contract is effectively run as a fixed price contract, with all exposure fixed prior to the start of the annual contract period	Well-established approach Budget certainty Limited wholesale price exposure Limited ongoing management requirements	No benefit seen if wholesale market falls Year-on-year step changes in energy spend	Enables annual budget setting in a comparatively straightforward and transparent manner
Purchase Within Period (PWP)	Tranche purchasing of defined blocks undertaken in line with agreed trading strategy	Well-established approach Interim budget certainty Avoids peaks and troughs.	Price not known until final transactions made. Does not support annual budget certainty given seasonal trading and price setting Resource intensive, as requires ongoing monitoring of contracted position Difficult to retain in a volatile market	Difficult to retain in a rising wholesale market, noting that trading strategy should allow for exceptional or emergency purchases to mitigate potential risk
Flexible Set and Reset (FSAR)	Budget defence (largely fixed position) but with sell-backs used to improve this baseline position	Well-established approach Budget certainty	Price not known until final transactions made Does not support annual budget certainty given seasonal trading and price setting Resource intensive, as requires ongoing monitoring of contracted position and dedicated personnel May be incorrectly perceived as market speculation	Perceived to provide the best of both worlds in terms of budget certainty and being able to tap into falling market prices, although resource intensive
Price Certainty (PC)	Longer-term budget defence approach intended to budget certainty	Budget certainty Achieves budget certainty while Risk Policy and controls determine when or if exposure is taken to take advantage of a falling market	Retrospective reconciliation implies cashflow considerations to be managed Resource intensive, as requires ongoing monitoring of contracted position and dedicated personnel May be incorrectly perceived as market speculation Five-year trading horizon extends beyond the current wholesale market, therefore liquidity considerations may be an issue	Perceived to provide the best of both worlds in terms of budget certainty and being able to tap into falling market prices, although resource intensive
Change provider	Seek new suppliers and partners, exploring alternative offerings	Access to alternative support services which may be better aligned with the Local Authority's	Timescales involved in procurement, the tender process, securing contract, and the advance purchasing requirements would necessitate a	The procurement exercise is resource and time intensive, and may

Decreasing ability to offer annual budget certainty

Increasing complexity and resource considerations

	environmental objectives Alternative purchasing options may be possible which may allow for greater flexibility and/or budgetary control	decision up to approximately two years ahead of delivery Procurement process is resource and time intensive ensuring the Local Authority's exposure to risk is minimised, and may ultimately deliver marginal benefits	ultimately deliver marginal benefits against the Council's objectives

In response to market volatility, variations on the above strategies are emerging. These options can be similar, and are reportedly being offered to existing customers with a view to rolling out to wider base. We have not identified any universal features, but typically involve setting out more detailed pre-agreed triggers for purchasing and selling relating to volume and market trends.

The Local Authorities in the consortium described largely using PIA-type strategies, progressively purchasing volumes to meet forecast demand, under which the price paid is a volume weighted average of the prices at which the trades were made (the trade "strike price"). This tranche purchasing approach is intended to yield a volume weighted wholesale energy cost in line with the progressive purchasing of volume to meet forecast demand. Based upon controlling budgets and minimising costs, PIA does not contain an objective to outperform the market, and will usually be underpinned by a risk policy and associated set of metrics used to determine when and in what volume trades are made

Some Local Authorities will use PWP strategies as an alternative and as means by which to take advantage of wholesale market opportunities (falling prices). Wholesale market volatility is such that such an outcome is not guaranteed and that higher prices could in fact be incurred – as by its very nature the PWP strategy accords less budget certainty than its PIA counterpart, and may therefore be seen as higher risk.

Unmetered supply – e.g. for street lighting - is typically treated separately to metered supply points within a portfolio, and priced on a fixed basis.

Local Authorities may use different purchasing options for different parts of its estate, although the portfolio is managed to achieve the best possible outcomes for the whole organisation. Operational and costs efficiencies have been derived from combining the portfolio into a streamlined number of suppliers. Assessing the current market we would not anticipate any immediate commercial benefit from separating a combined portfolio, managing energy procurement through an increased number of different providers. As TPI offerings continue to diversify, benefits may emerge to support partial portfolio splitting in future.

On the assumption of economies of scale being present due to the size of the energy portfolio, isolating individual parts of the estate and tendering them separately may result in the loss of these and higher costs overall. In addition, the increased overall administrative costs and resourcing associated with dealing with multiple service providers must also be considered, as this may also result in a loss of overall benefit to a Local Authority.

There has been a growing emphasis on wider energy management, reporting, and efficiency considerations. This has resulted in the emergence of energy-as-a-service offerings from PBOs, private TPIs, and energy suppliers. These offerings encompass a range of services, including energy efficiency audits and support for on-site investment in generation assets.

While energy-as-a-service offerings have historically been compliance-focused - such as ensuring compliance with the Energy Savings Opportunity Scheme (ESOS) - there is an increasing recognition of the value in broader energy efficiency and auditing capabilities. The focus on energy use in homes and buildings includes energy efficiency, decarbonisation of transport, and the expansion of renewable energy provisions. An energy partner should be capable of supporting these objectives.

4.5. Decarbonisation strategies

The recent period of high and volatile energy prices have highlighted the importance of securing cheaper reliable energy supply from low-carbon sources. There are increasing pressures from stakeholders, and via legislation, for public sector bodies to decarbonise. Possible pathways for this decarbonisation of electricity include on-site generation, on-site storage, private wire arrangements, Corporate Power Purchase Agreements (CPPAs) and the use of schemes such as Renewable Energy Guarantee of Origin (REGO)

certification. Increased priority of decarbonisation objectives may result in different choices being made compared to prior energy procurement rounds.

The Mayor of London has set a target for London to be net zero carbon by 2030, and nationwide the government has required the electricity system be decarbonised by 2035. The United Kingdom has legally binding commitments to achieve net zero accross the economy by 2050. Individual Local Authorities have declared climate emergencies, and developed net zero strategies, which are expected to be dynamic documents that will be revised in response to changing opportunities and risks. The importance of energy efficiency, and decarbonisation of transport are recognised as key elements to overall strategies. TPIs and energy suppliers working with the Local Authority must be capable of supporting achieving these goals.

From a national perspective, energy procurement has often focused on renewable energy tariffs supported by REGO certificates. These tariffs demonstrate support for low-carbon energy and help fulfil mandatory and voluntary financial reporting requirements. Though this is not the original intention of the REGO scheme, REGOs have increasingly become seen as a mechanism to provide support to increase the build-out of renewable generation in GB.

REGO prices have increased over recent years, and we forecast them to remain at levels many multiples higher than historical norms as demand outstrips supply in the near and medium term. REGO costs vary by period, and trading method – e.g. spot prices vs sold with PPA agreements - and are subject to potential legislative reform which may result in significant changes to prices.

Alternatives to REGOs, such as Corporate Power Purchase Agreements (CPPAs) are a way for end-users – usually large energy users such as Local Authorities – to contract directly with generation to obtain power, stabilising the wholesale power price which they will pay.

CPPAs can facilitate long-term fixed energy price security with little or no upfront capital expenditure. Agreements are usually contracted for longer than five years, with 15 years as a typical period. Because most CPPAs use the public network, the pricing differential will be focused on the controllable wholesale energy component costs.

CPPAs can involve complex contract negotiations and are generally restricted to organisations with higher credit ratings. Contract negotiations tend to take from around six months to two years. Currently, a relatively small number of UK organisations have a credit rating suitable for a CPPA, with this proportion likely to further shrink if the macroeconomic outlook remains poor.

Some generators have chosen to engage with the volatile wholesale market in the near-term, seeking the benefits of record high prices rather than the security of lower longer term returns. However, the future outlook for CPPAs is thought to be positive. Available renewable energy generation in the UK is expected to outdo demand in the medium and longer term. This could potentially expand opportunities for parties seeking a CPPA. Many organisations are using high energy prices as an opportunity to revisit decisions to invest in energy efficiency measures, as the time to see a return on investment may be substantially reduced.

On-site generation allows organisations to reduce their dependence on energy supplied by networks and avoid importing energy at peak times when energy is most expensive. The main limitation of on-site generation is the need for suitable space and upfront capital. Space requirements vary between generation and storage assets and could be avoided by setting up a private wire arrangement where the assets are located in close proximity to the offtake.

Carbon offset markets are growing rapidly, but there remain questions on what constitutes a good quality scheme, in terms of longevity and permanence of removal, additionality, and avoidance of wider societal harms. Several suppliers are using offsets in green gas tariffs.

The national energy system context will likely see the use of renewable energy tariffs supported by REGO certificates included in a Local Authority's energy mix for some time, combined with the provision of energy-as-a-service offerings that encompass energy efficiency audits, and investment in additional renewable generation in some format.

Multiple PBOs and TPIs have described plans to provide PPA services. This could include securing individual CPPAs for customers in a more streamlined way, or basket purchasing but where energy purchases come via CPPAs. Although we find these plans credible, we have not identified any party who is providing integrated CPPA services, or a CPPA basket deal, "off the peg".

4.6. Structure and level of charges

PBO and TPI fees vary in structure and scale, with TPIs typically offering volumetric (p/kWh) charges, with a mixed approach observed from PBOs between volumetric and £/meter fees. Some TPIs and PBOs advised they could vary the fee structure depending on customer preference. The fee will also depend on the service offered by the TPI. While some focus on service, others focus on lower fees and scale. For example, CCS is by far the largest PBO, but is understood to have historically offered a more basic service compared to its competitors.

We note that while PBO and TPI fees typically represent a small (less than 2%) of the delivered energy cost, they are used as a benchmark for the respective organisations. However, given the total absolute cost associated with PBO and TPI fees (and the number of such organisations available from which to choose), their use as a comparator is appropriate.

This section sets out our benchmark fees for both TPIs (across different sectors) and PBOs (which focus almost exclusively on the public sector). It also provides commentary on the structure of fees seen in the PBO market. TPI commissions and PBO charges are typically opaque, so benchmarks are sourced through our extensive regular research into the sector, including:

- Engagement with TPIs, suppliers and end users
- Analysis of public statements made by TPIs, PBOs and suppliers
- Analysis of procurement documents from public sector customers, such as councils
- Assimilating our wider market intelligence and research, testing this with informed parties, and taking on board feedback

Our benchmark commissions for TPIs used in this analysis are shown in Figure 11Figure . These commissions are for procurement services only (excluding additional services such as bill validation, supplier management and portfolio reporting). For TPIs, we expect these charges to be volumetric, as per the benchmarks shown.

We have highlighted “very small I&C” and “public sector” as the most relevant sectors, with “very small I&C” considered similar to the part of the public sector that would likely demand fixed contracts only.

Figure 11: Cornwall Insight benchmark TPI commissions – procurement only

I&C sector	2022 Electricity volume under control (TWh)	Electricity commission (p/kWh)	2022 Gas volume under control (TWh)	Gas commission (p/kWh)
Very small	17	0.15	30	0.05
Public sector	19	0.11	25	0.04

Source: Cornwall Insight analysis

5. Assessment of TPI market

Using the stated requirements of the Local Authorities we developed an assessment framework to evaluate the suitability of TPI offerings.

The majority of the ~4,000 TPIs providing generalised energy procurement and advisory services in GB would not be suitable for the Local Authorities. A good TPI for a Local Authority will have deep expertise, clear processes and knowledge of the energy industry, and an equivalent expertise in providing services to public sector organisations in order to meet additional criteria specific to Local Authorities.

5.1. Market inteligence

Cornwall Insight has been assessing TPIs for the purpose of producing a TPI Index since 2014. The Indexes identification and assessment of the leading TPIs, and how these companies have developed over time. Monitoring and engagement are based upon who we believe to be the most notable TPIs from our existing knowledge, supplemented by information from the public domain including TPI websites, Companies House, public sector tender notices, TPI marketing material, TPI terms and conditions, social media, customer feedback, the trade press and the Utilities Intermediaries Association (UIA). Where possible we have contacted TPIs to provide them the opportunity to comment on the information and amend where appropriate as part of the annual cycle of reporting and for the purposes of this report.

5.2. Assessment methodology

We used a three-step process to filter and evaluate the options. These steps involve creating a long list, creating a shortlist, and finally assessing and scoring the shortlisted offerings for suitability.

The Local Authorities provided a provisional Statement of Requirements containing 92 business needs which we developed using current market conditions for guidance. For reasons of space, this report includes abbreviated and simplified versions of the requirements that were used to assess the suitability of candidate TPIs. The long list of criteria is available as an appendix to this document.

A standard approach was developed to meet the overall needs of the Local Authorities. As a result some elements of the Statement of Requirements and individual customer characteristics were deprioritised or updated. The requirement for unmetered gas is not in the final assessment criteria for example, and references to now obsolete “LECs” and the “CRC” have been refreshed.

Some requirements are potentially subjective, such as the terms surrounding contract call-off. Where candidates meet all other criteria this is explored in the detailed third stage analysis.

References to OJEU and current procurement legislation are assumed to mean existing and planned relevant UK specific procurement legislation and rules as they are adopted - e.g. the developing *Procurement Bill 2022-23*.

5.3. Step 1: Compile longlist

Using our ongoing market intelligence, desktop research and additional information provided by Local Authorities, a long list of potential candidates were identified.

The number of TPIs in the market is vast with some estimating there to be more than 4,000 companies or individuals engaged in sourcing business energy contracts. The vast majority of these are individuals working from home and securing their energy products via one or more aggregators rather than directly from suppliers. In order to ensure the focus of this report remains on the main players in the market and avoids double counting of TPIs where contracts are routed to market through aggregators, our analysis focuses on TPIs that,

- Provide related services beyond energy brokerage
- Have been established/ operational longer than one year
- Are currently active in the market and not dormant companies.

Our analysis incorporated 137 TPIs serving customers with very large energy requirements. We sought to

identify TPIs that performed best against the Statement of Requirements. The longlist includes the following TPIs offering services suitable for large energy users.

- Accenture
- Affiliated Utilities
- Alfa Energy Group
- Amber Energy
- Ameresco
- Annex Solutions
- Apollo Energy
- Approved Energy Solutions
- Argyle Energy
- Armstrong Bell
- Arrow Business Communications Group
- Auditel
- Axiom Utilities
- Bespoke Utilities Ltd
- Bill Identity
- Bionic
- Black Sheep Utilities
- Blizzard Utilities
- Brownlow Utilities
- Business NRG
- Business Utilities UK
- Businesswise Solutions
- Carbonxgen
- Catalyst Commercial
- CEC
- Central Power (Bnorth)
- Clifford Talbot
- Concise Energy Brokers
- Consultus International Group
- Cost Advice Services
- Cost Reduction Services
- Crown Commercial Service (CCS)
- CUB UK
- Data Energy
- DB Group
- Direct Power Associates
- e2 services
- Eastern Shires Purchasing Organisation (ESPO)
- Eden Utilities
- eEnergy (formerly Beyond)
- EDW Technology
- EG Group
- Emcon Utility Management
- Energy Buyers Network
- Energy Contract Renewals
- Energy Cost Advisors
- Energy Exchange
- Energy ImPact
- Energy Management LLP
- Energy Plus Management
- Energy Renewals
- Energy Services (Business Power)
- Energy Support Team
- ENGIE Impact
- Envolve
- ESS Energy
- European Utility Consultants
- Eutility
- Expense reduction analysts
- Eyebright
- Fairnet Commercial Services
- Fidelity Energy
- Fortis Energy
- Great Annual Savings
- Green Energy Consulting
- Greener Solutions Group
- Ignite Energy
- Inenco Group
- Innovative Energy Consultancy
- Inspired Energy
- Ista Energy Solutions Ltd
- Jutton Associates Limited
- Kinect Energy Group
- Laser Energy Buying Group (Laser)
- LG Energy Group
- Logical Utilities
- Love Energy Savings (I&C Love Energy Solutions)
- Lumina Energy
- Manchester City Council
- Maxim Eyes
- Maxwell Grant
- Mitie Energy
- NFU Energy
- North Eastern Purchasing Organisation (NEPO)
- Northern Gas & Power
- Northern Utilities
- Novo Energy
- NUS Consulting
- Octego

- Open Energy Market
- Optima Energy Services
- Paragon Energy
- Professional Energy Purchasing
- Refresh Now
- Resolve Energy
- Safe Switch Utilities
- Sanctus Consulting
- Save on my Power
- Schneider Electric
- Scottish Procurement
- Senco Energy
- Smarter Business
- SMS Plc
- South Pole
- Stadia Utilities
- Start Energy
- Suffolk Vertas
- Sustainable Advantage
- Sustainable Energy First
- Taurus Utility Consultants
- Thames Utility Brokers
- The Electric Board
- The Energy Company
- The Energy Consortium (TEC)
- The Energy Desk
- The Energy Hub
- The Energy Network
- The Finance House
- The Green Energy Advice Bureau
- The Monarch Partnership
- Total Energy Solutions
- Touchstone Services
- Trident Utilities
- UPA Energy
- Utel Audits
- Utilico Energy
- Utilicomm
- Utility Advice Bureau
- Utility Alliance
- Utility Assist
- Utility Bidder
- Utility Team
- Welsh Purchasing Consortium (WPC)/Welsh Procurement Alliance
- West Mercia Energy (WME)
- Yorkshire Purchasing Organisation (YPO)
- Zenergi
- Zero Trace Procurement

5.4. Step 2: Develop shortlist

The shortlisting process is a necessary step to efficiently narrow down the pool of potential service providers and focus on a more detailed evaluation of the most suitable candidates during the final stage review. This allows for a timely review ensuring that the most promising providers are given further consideration in the selection process.

Measures used to determine which TPIs were included in the shortlist,

- The Local Authorities' Statement of Requirements included 26 pass/fail criteria
- Market research, including customer feedback and satisfaction surveys relating to supplier and TPI performance. Where providers offered very similar services, those with relevant differentiating services were progressed.
- Availability of a product with focus on public sector specific needs and tendering process
- TPIs providing services to Local Authorities in the consortium to allow for useful comparison of current and future services

The review at this stage is non-exhaustive, meaning that it does not encompass all the details and comprehensive evaluations that would be conducted in the final stage review when comparing service providers.

It is important to note that the shortlisting process is not necessarily a reflection of the quality of service provided by an individual TPI. The consortium's criteria are specific requirements and thresholds created to identify TPIs that meet their immediate needs. For customers with different needs, different TPIs may be worthy of further exploration.

Figure 10: The Local Authorities' Statement of Requirements include:

The organisation carrying out the energy supplier selection and managing overall service delivery is a central purchasing body (CPB) operated by another public sector contracting authority or by an 'agent' that has been appointed to act on behalf of public sector contracting authorities and has been selected in accordance with EU procurement legislation to act in such a capacity, either an OJEU process was followed or an 'agent' was procured from a suitable framework that has been established in accordance with procurement legislation.

Where the organisation carrying out buying and risk management activities is not a public sector authority or where it is a CPB but does not have an independent buying and risk management governance panel, the organisation should be signed up to the Ofgem TPI Code of Practice (or equivalent) and be Financial Conduct Authority (FCA) *accredited*.

Provide fully and partially flexible risk products with the ability to fix volumes over a series of purchases. Products must have direct and continuous access to the wholesale market and enable forward purchasing of between 6 to 36 months. Various trading instruments; seasons, quarters, months, day ahead market and spot indices by accessing live prices may be utilised to suit varying risk appetites and budget pressures, e.g. secure lowest price, minimise annual inflation, deliver target price(s) within an agreed tolerance to meet the varying portfolio needs (e.g. street lighting, landlord lighting).

Offer flexible products that are specific to the customer authority (subject to sufficient volumes) without the loss of aggregation benefits. Strategies should be scalable for individual customer authorities and/or sites, conceptual examples, 80% volume forward hedged to meet budget cap with 20% volume exposed to day ahead to take advantage of market opportunities, the ability to lock 40% of annual baseload at a specific price point (cap/collar) of its choosing.

Provide products with budget protections (such as capped product or stop/loss) and the facility to unlock/unfix the price of purchased energy and allow re-purchasing to optimise traded positions, ensuring that this activity is conducted in a manner that for local government would not be considered ultra vires.

Provide adequate systems, processes and resources including dedicated and appropriately trained/skilled/experienced trading, risk management and compliance teams working to clearly defined standards and performance metrics for core business activities.

Ensure the process of measuring, monitoring, controlling and reporting risk exposure is managed separately from those who generate the activities that bring about the risk, i.e. trade execution is separated from trade confirmations, trade recording, position valuation and risk management. Reasons and approvals for deviation and/or amendment to strategy, risks and issues logs are maintained to a high standard and to meet audit requirements.

Ensure all trades are executed in accordance with agreed risk management strategies and to deliver against target/stops. All necessary records of risk management strategy, purchasing tactics, authorisations, trade execution, dates, volumes, values and total volumes/values are regularly reviewed by compliance/risk team against the suppliers' records of purchases/volumes to ensure no discrepancies exist.

Provide risk assessments, trading updates, open positions, key market issues, authorisation, deviation, monitoring and audit reports including current performance information (against agreed benchmarks) to an independent governance panel.

Ensure a Governance Panel reviews and approves current and future buying and risk management strategies, including the development of appropriate products and setting of risk limits, tactics and market instruments. If a panel comprising customers is not in place, within the duration of the framework such a panel should be established.

Provide customer authorities with independently verified assessment(s) of the performance of the buying and risk management strategies against agreed market benchmarks and an assessment of performance in executing the strategy.

Utilise transparent pricing mechanism(s) for wholesale/traded and residual volumes and demonstrate the ability to validate these values against the energy element of the supplier's built-up (delivered) prices. For risk products where energy volumes are traded into the supply period, reconciliation process and values are clear to support monthly pricing, reference price reconciled in-month billing, periodic reconciliation for lump sum return/additional charging or recovery/return through future year contract prices on a pro-rata basis.

Aggregate customer authority volumes to a single portfolio, split into separate purchasing baskets according to defined risk management strategies, providing site specific pricing and preventing cross-subsidisation of sites. Each customer authority volume should be separately defined and accounted for within each risk product and within the overall aggregated framework volume. Agree with PSP and/or energy supplier the aggregated portfolio volumes, the declared contract volumes and structure of tradable blocks, split into separate purchasing baskets according to defined risk management strategies.

The energy supply frameworks comply with Public Contracts Regulations 2015, i.e. the types of energy supplies are clear, contracting authorities using the Framework are immediately identifiable in the OJEU, either named individually or identified as a recognisable class e.g. ‘London Local Authorities’ and were tendered by a Central Purchasing Body, operated by another public sector contracting authority or by a ‘Provider’ that has been appointed to act in that capacity on behalf of a public sector contracting authorities.

Monitor and meet all utility supply licence conditions and any other regulatory requirements and/or codes of practice (inc. voluntary) relevant to the supply contract, e.g. production of HMRC compliant invoices, issuing of supplier statements, meeting minimum read frequency/safety inspections of all meters, installation of mandated metering/upgrading. Ensure that any regulatory aspects that must be discharged by the customer are identified and effectively communicated.

Ensure KPIs covering core services described within the SLA(s) and/or framework are reported to customers at both framework and contract operation levels. A robust and effective monitoring, management, rectification and reporting process is in place, which ideally includes auditing of performance standards by an independent party (e.g. Local Authority delivery team) for transparency and assurance.

Supplier must disclose fees for all/any services, including any that it pays to the TPI to the customer authority upon request (at a reasonable frequency and within reasonable timescales).

Twelve TPIs participated in interviews at this stage, supplementing established market information. When evaluating service providers we include information gathered via confidential surveys with stakeholders across the energy value chain. Respecting confidentiality is vital in maintaining trust with respondents and ensuring unbiased feedback. Conversations identified avenues of enquiry for the interview process and topics for the TPIs to engage with, and ultimately helped determine those best placed to provide services, reducing the longlist.

We can report high levels of engagement from the majority of TPIs during the initial research period. TPI representatives answered questions about their services in interviews and emails. Where supporting information was made available – for example via contractual terms and conditions, marketing collateral, email confirmation – higher scores were awarded. Some TPIs did not provide additional information where asked, possibly due to this process not being part of formal procurement activity and not being prioritised.

Where the TPI did not have a framework arrangement in place, or did not meet material pass/fail criteria in the Statement of Requirements, the offerings were examined to capture any innovations or potential outperformance factors that might be relevant to Local Authorities or illustrate market trends.

As noted elsewhere in the report, and stated during the interviews, a TPI not being included in the shortlist is

not a criticism of their products of services. In many cases the reason for non-progression to the shortlist were relatively minor, particularly where several TPIs offered very similar products.

Example reasons for non progression,

- Example A – Was assessed to match well for bureaux services and data-led offerings, lacked robust experience in aspects of public sector procurement
- Example B – Unable to commit to direct award option for duration of contract period
- Example C – TPI acknowledged products and strategy were undergoing change ahead of relevant supply period, leaving them unable to commit to public sector specialism continuing, unable to confirm future risk management approach at this time
- Example D – Provides service very similar to another provider, with less developed approach to supporting relevant decarbonisation strategies
- Example E – Reduced billing options - e.g. no consolidated billing option as standard
- Example F – Framework holder communicated limited interest in expanding beyond specific regional or sectoral focus

5.5. Step 3: shortlist results

Of the TPIs and products assessed LASER services were shown to mirror the Statement of Requirements most closely.

Three alternative options have been included. They do not match the Statement of Requirements as well as the LASER package. Local Authorities seeking something different to the core requirements may wish to explore these alternative options.

A summarised version of the assessment criteria based on the Statement of Requirements is included here for reasons of space. The assessment utilised the long form business requirements.

Regulatory compliance

- The energy supplier selection and service delivery will be carried out in accordance with relevant procurement laws, energy regulations, supply licensing conditions, HMRC requirements, TPI Code of Practice (or equivalent), UKETS (as relevant).
- Social value assessment in supply award process (10%)
- Experience with public sector compliance

Product options

- Four-year energy supply frameworks
- Gas, half-hourly & non-half hourly electricity, and unmetered electricity supplies (UMS)
- Price risk management
- Separate contracts and liabilities for customer
- Options for 'green' energy, PPA Inc. sleeving, interim contracts, fixed price
- Onsite generation and demand response
- Pass-through costs
- Renewable tariffs
- Direct award possible
- Promote innovation, partnerships

Contract details

- Statement of services
- Framework Terms and Conditions
- Report KPIs at framework and contract levels
- Adequate financial protections

Cost transparency

- All costs and fee details available to customers Inc. fees from supplier to

broker	• Pricing accuracy verified via independent audits	• Trading fees transparency
Contract operation		
• Dedicated customer service team with defined SLAs, effective monitoring and reporting • Managed, tracked queries • Escalation and dispute resolution processes	• Service credits • Clear processes and documentation for contract duration • Secure online platform for accessing information and submitting meter reads	• Communication & education • Flexible invoice options • Consumption and supply data contract & portfolio • Appreciation of public sector standards and ways of working
Energy purchasing options		
• Fully and partially flexible risk products • Fix volumes via multiple purchases • Continuous access to live prices on wholesale market(s), Day Ahead, spot indices • Forward purchasing 6 to 36 months	• Seasons, quarters, months • Suitable for customers with different risk appetites and budget pressures, e.g. secure lowest price, minimise annual inflation, deliver target price(s) within an agreed tolerance • Aggregate customer	volumes into a single portfolio with separate purchasing baskets based on defined risk management strategies • Optimise portfolio volumes for benefits such as access to wholesale markets, load shaping, and minimising balancing risks
Trading controls		
• Sufficient controls for systems, processes, KPIs • Independent auditing of trades	• Dedicated teams for core business activities Separate risk management to trade execution	• Governance panel oversight • Regular reporting to customer
Information accuracy		
• Manages customer authority schedules • Accurate and complete pricing • Aims to minimise rebilling - e.g. prompt address updates • Facilitates contract	renewals and site additions. Distributes contract price schedules within 30 days of contract commencement • Standardised information exchange processes - e.g. change of tenancy • Standard reports for	contract operations • Manage integration or removal of customer sites/volumes with appropriate strategies to minimise risk • Reviews and updates estimated annual consumption quantities
Credit and debt management		
• Offers flexible payment terms and methods, including prompt payment discounts,	BACs, direct debit, and cheques. • Effective debt management processes,	including regular information on debts, credits, and payments • Repay customer

authority credit balances promptly according to payment terms
- Address site-specific invoice payments and debt recovery, with clear communication to the customer authority
- Collect and reconcile customer authority rebates, offering various options for distribution
- Ensure transparent and timely adjustments to energy costs - e.g. FIT contributions - with reconciliation and information reviewed before issue

Onsite activities

- Works with customer agents e.g. facilities management
- Ensure compliance with industry standards for meter reading frequency
- Provide comprehensive metering services, including installation, maintenance, and removal of meters and associated devices, with accurate billing following installation.
- Transfer and accept read data between suppliers, meeting relevant codes of practice
  - Deliver meter read data to customer at their preferred frequencies through web-based platforms or regular email reports
  - Manage site works programs, from application to completion, with dedicated project managers coordinating all aspects of the work
  - Easy options for minor works such as AMR installations and infrastructure upgrades

Additional services

- Provide annual energy consumption data at the site level to support carbon reporting and comply with relevant schemes and regulations
- Identify gas meters with an annual consumption close to 73,200 kWh that haven't been read to minimize CRC costs.
- Offer energy efficiency and management services, including consumption benchmarking, site surveys, emissions trading schemes, and monitoring and targeting services with recommended action plans.
- Provide bill validation and energy operations services, including checking unit rates, consumption, meter reads, half-hourly data, and identifying cost avoidance opportunities
- Enable compliant procurement of energy efficiency, renewable energy, and decarbonisation services through a pre-procured framework of providers
- Ability to provide prior input into TPI/supplier system developments
- Other

5.5.1. Primary option – LASER

Established in 1989, LASER Energy is wholly owned by Kent County Council (KCC) and procures energy for public sector bodies as a Central Purchasing Body (CPB).

LASER Energy	
Owner	Commercial Services Group Ltd (company number 05858177, owned by KCC)
Profits	£1.4mn (2022)
Total contracts	>200 public sector contracts >1/3 of Local Authorities
Total volume	7.5 TWh
Total meters	~85,000
Employee numbers	>150
Revenue	>£500mn energy, £1.5bn group

Summary			
Regulatory compliance	Strong recognition of compliance requirements and risk appetite of public sector bodies	Trading controls	Trading position report Market reports (Monthly) Multi party governance board, customer representation
Product options	Electricity - NHH, HH, UMS Gas - NDM, DM Frameworks – inc direct award,	Information accuracy	Supplier bill validation – non exhaustive No bespoke option for invoicing format
Contract details	Statement of services, SLAs, KPIs,	Credit and debt management	Can bill to site Invoice portal HMRC registration, billing efficiency
Cost transparency	Fees Trading and position reporting	Onsite activities	LED lighting Site services framework
Contract operation	Manage supplier engagement SLAs, managed tracked queries	Additional services	Net zero roadmap ESG services Water Owns solar farm EVs
Energy purchasing options	Purchase in Advance (PIA) Price Certainty (PC) Purchase within Period (PWP) Flexible Set and Reset (FSAR) Developing additional services, *Flex+ is*	Social Value	Up to £130k p.a. for customer nominated initiatives, can be locationally based Included in supplier award

	live, generation sleeving, more PPA focused services

Commentary: During this market research several PBOs and TPIs brought up plans to introduce products that were intended to be "more like LASER's", or noted that they had recruited former LASER employees, supporting the perception LASER are seen as one of the established providers others needed to beat.

Several TPIs described planned services that would likely outperform the current LASER services, but as they were unestablished or unevidenced they were scored acordingly.

5.5.2. Alternative option A – CCS

The UK Government's procurement body, Crown Commercial Services (CCS), has actively traded energy since 1998. Offering a simplified service, the CCS is the UK's largest procurement organisation with well established framework services acting on behalf of the public and third sectors.

CCS	
Total energy contracts	1,104 customers (2022-23 supply year)
Total volume	22 TWh
Employee numbers	36 focused staff
Revenue	£2.1bn

Summary			
Regulatory compliance	Strong recognition of compliance requirements and risk appetite of public sector bodies	Trading controls	Trading position report Weekly supplier engagement External Risk & Governance Committee (ERG) includes Local Authority representation
Product options	Electricity - NHH, HH, UMS Gas - NDM, DM Frameworks – inc direct award to previously nominated supplier	Information accuracy	No bespoke option for invoicing format
Contract details	Statement of services, SLAs, KPIs	Credit and debt management	Can bill to site Invoice portal
Cost transparency	Fees Trading reporting	Onsite activities	Site services framework
Contract operation	Manage supplier engagement SLAs, managed tracked queries	Additional services	All government procurement Carbon reduction guidance PPAs, export agreements and Balancing Services accommodated Peer to peer (P2P) energy trading platform
Energy purchasing options	Locked – similar to PIA, L6 has 6 month buying window, L12 10 month, L24 22 months Short Term Variable and Long Term Variable (LTV) similar to Purchase within Period (PWP) – SVT 18 month purchase window, LTV 42 months Fixed price options Developing additional services, *PPA focused services are pending*	Social Value	Included in supplier award

Commentary: CCS are confident that their fees are the lowest in the market, charged on a per meter per year cost, collected monthly.

CCS is by far the largest PBO and is understood to offer a more basic service compared to some of its competitors.

5.5.3. Alternative option B - Inspired Energy

Established in 2000, Inspired Energy is the top performing private TPI in the Cornwall Insight TPI Index for providers of I&C services. Presented here as an alternative to the PBO options that more closely align with the SoR.

Part of Inspired PLC, positioned as “the UK’s leading commercial energy & sustainability advisor” with a focus on energy, ESG and software solutions.

Inspired PLC	
Customers	2,900
Company number	07639760
TPI CoP signatory	Yes
Directors	David Cockshott, Paul Connor, Mark Dickinson, Richard Logan, Sangita Shah, Dianne Walker, Peter Tracey
Total volume	>20TWh
Total meters	>50,000
Employee numbers	506 (2022, energy procurement)
Profit	£14mn (2022, adjusted, group)
Revenue	£88.8mn (2022, group)
Cornwall Insight I&C TPI Ranking	First place

- **Company developments**

Inspired PLC is listed on the FTSE AIM (INSE). In recent years it has acquired a range of TPIs to “strengthen” its position in software-enabled services. The TPI acquired Businesswise Solutions, General Energy Management and LSI Energy. The TPI received London Stock Exchange’s Green Economy Mark in 2020 in recognition of its environmental and strategic advice, service and support to customers. In July 2020 it successfully raised £31.3mn in order to expand via further acquisitions, subsequently acquiring the remaining 60% stake in Ignite Energy, having acquired an initial 40% in August 2019. The Group launched its ESG disclosure service division during 2020.

Key services breakdown
Pricing reports and industry news
Energy & environmental accounting services
Procurement & risk management services
Optimisation services
Water services
Site services
Public sector procurement
Net zero carbon solutions
ESG disclosure Services
Other: forensic cost audits, renewable energy projects, demand side response, environmental and sustainability reporting. ESOS, metering solutions

5.5.4. Alternative option C - Inenco Group

Inenco achieved a high ranking in the Cornwall Insight TPI Index for services for larger energy users. Presented here as an alternative to the PBO options that more closely align with the SoR.

Inenco Corporate forms part of the Inenco Group Limited that serves both SME and I&C markets. The company is one of the longest established energy consultancies with a heritage stretching back to 1968. The Group is wholly owned by ICG, a leading private equity investor.

Inenco Group	
Customers	8,000
Company number	02435678
TPI CoP signatory	Yes
Directors	Stephen Cargill, Gareth Knight, Daniel Simon
Shareholders	Inenco Holdings Limited (100%)
TPI CoP signatory	TPI CoP
Total volume	>20TWh
Total meters	140,000
Employee numbers	251-500
Revenue	£10mn-£20mn £5.4bn energy under management
Cornwall Insight I&C TPI Ranking	Second place

- **Major developments**

In June 2022, Inenco received a “Highly Commended” Award at the BusinessGreen Leaders Awards under the Net Zero Strategy of the Year category. It was also shortlisted under the Net Zero Initiative category at The Energy Awards in April 2022. At the beginning of 2020 the Group also announced that it had become officially carbon net zero by utilising a carbon offsetting scheme endorsed by the UN World Food Programme and had achieved ISO 14001 Environmental Management accreditation

Key services breakdown
Procurement & utilities trading
Environmental sustainability strategies
Decarbonisation planning & implementation
Bill validation
Risk management services
Energy management / usage
Water management

Other: site optimisation, demand side response, renewable generation, energy legislation, energy monitoring & targeting, utility revenue recovery, ESOS, CCA management, CRCCHP, environmental sustainability, metering, SECR, pricing and industry news, compliance

Sample customers: Sainsburys, Compass Group, Stagecoach, Ibstock Brick, JLL

6. Recommendations

This research has shown LASER's service proposition is most closely aligned to the Local Authorities' Statement of Requirements. The fully managed service attracts higher fees than their procurement only support, but most closely reflects the requirements of the SoR. Where other Public Buying Organisations (PBOs) offer similar services, no overall packages were identified that would be likely to offer a material benefit to Local Authorities already being served by LASER.

Private TPIs offer alternative services to those offered by PBOs. Two high scoring providers with active Framework arangements have been included to illustrate the range of services available in the rest of the market for any Local Authority interested in services that differ to those established in the Statement of Requirements (SoR).

Should a Local Authority wish to move to a new partner consideration should be given to lead time required for a change of provider, and the internal resource requirements that would be necessary, as part of any wider risk assessment.

- Alternative option A – CCS

  A PBO, the UK's largest procurement organisation and principal buyer for the UK Government. Historically dominant for energy purchasing, offers a simplified services compared to LASER's fully managed service. If a Local Authority moves from a fully managed service, to a more simplified services, they may need to consider what additional internal resource would be required to deliver to their energy strategy.

  Indicative charges are per meter HH £240, PC 01 and 02 £5, PC 03 and above £24, gas > 0.5GWh £240, gas <0.5GWh £36

- Alternative option B – Inspired Energy

  The top performing private TPI in Cornwall Insight's assessment of brokers offering services to large energy consumers (TPI Index). Inspired were undergoing a tender award during the period, inhibiting some aspects of research, although substantial deviation from historical approach and performance was not expected to be an outcome.

- Alternative option C - Inenco Group

  Highly placed in Cornwall Insight's assessment of brokers offering services to large energy consumers (TPI Index), and undergoing a growth focused on public sector bodies. Inenco have described a range of approaches to risk and portfolio management that could be compatible with a portfolio undergoing substantial change during the contract period.

Public sector entities contracting with a private sector TPI is a well-established practice, provided that the company in question can demonstrate its compliance with public procurement legislation.

6.1. Future market trends

The research has revealed a TPI industry in the process of responding to the energy transformation. The majority of TPIs communicated an inherent understanding of their role to support customers navigating the challenges and opportunities presented by national and organisation-level decarbonisation goals.

TPIs were invited to describe innovations as well as products under development, with many noting plans for introducing services that cater to emerging net zero needs. Particularly noteworthy are initiatives centred around CPPAs. Assuming these products reach the market, they will likely herald further divergence of offerings which could lead to heightened competition and an expanded array of options for Local Authorities. However, while these product descriptions appear promising they will need to be fully evaluated when live.

The extreme wholesale gas and electricity price volatility seen in 2021, 2022 and 2023 has resulted in enduring changes to some TPIs risk strategies. Several TPIs described processes that would allow faster changes to their trading approach and non-fixed price products.

Where TPIs expressed a view on supply contract volume tolerances, the expectation was that they were more likely to be enforced by suppliers in the coming period, even if there had been a laissez faire seeming approach historically. This was described as being as a result of tight supplier margins and difficult trading conditions in recent years in the non domestic supply space. Compounding this risk over the upcoming period is the expectation that energy efficiency measures will reduce demand, along with budget cuts and increasing access to onsite generation and CPPAs/Private Wire arangements leaves Local Authorities more likely to need flexibility in volume

As the energy market becomes more complex, the importance of trust will only increase. The initial steps towards energy supply regulations by Ofgem will likely be followed by refinement of the rules as the generation and demand side markets mature. A strong reputation fosters credibility among customers, suppliers, and other stakeholders. TPIs who have a proven track record of integrity, transparency, and ethical practices will be rewarded with enduring and mutually beneficial relationships.

This research highlights that TPIs are actively adapting to the energy transformation, with increasing focus on supporting customers through decarbonisation challenges. Many TPIs are introducing innovative services, particularly around CPPAs, which could lead to increased competition and options for Local Authorities; however, these new offerings need thorough evaluation as they appear to ensure they meet the organisation’s needs.

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