

Will a future supply offer be ‘energy in a box’?

Energy companies have been talking about ‘energy as a service’ for decades, but new offers are all about the hardware. Janet Wood spoke to two companies about their ‘box-fresh’ options

STEVE SHINE, ANESCO

Joining efficiency, generation and storage

Anesco has launched a new venture aimed at the domestic market. The ‘Anesco at Home’ package would address the whole home, adding insulation and other efficiency measures to raise the property’s energy rating and installing solar, storage, heat pumps (which would attract Renewable Heat Incentive support) and EV charging technology depending on the customer’s needs.

Chief executive Steve Shine told *New Power* his ambition was to take on 3-5% of the UK’s domestic properties within four years, saying that would be “game changing” for Anesco.



“We’ll partner with any brand name consumers trust”

Anesco’s software would log data on the customer’s generation and usage and manage the system according to predicted weather and usage, so that power is stored or used at times when grid electricity prices are high, and exported when the price is right.

Shine notes that all suppliers with more than 150,000 customers will have to offer an export tariff from December. The ‘smart export guarantee’ is “not a bad tariff, but why would you want to sell back to the grid?” Shine asks, saying consumers would be better off storing excess power and using it at peak times.

Nevertheless, Anesco does not plan to become a supplier, so customers will require a supply contract from another company so they can get both an export tariff and a supply where their own generation and storage is insufficient. The software would combine with an auto-switching service (Anesco has signed an agreement with Flipper, now owned by Wessex Water) so the user would be switched automatically whenever it is beneficial, using data collected by the system to pick the right tariff (and export tariff). “It’s part of our maintenance package,” he says. That connection will be operating by October. He also expects ultimately that the Anesco system will be able to bid its aggregate customer flexibility into National Grid markets.

Shine claims that the ability to switch suppliers was very important. Customers want to avoid signing long term contracts with existing suppliers, he believe. That is why, to roll out the approach, Shine wants to partner with other organisations that have a customer relationship. He names DIY outlets, supermarkets and appliance providers such as Dyson among the possible

partners. At the moment, he says, Anesco “is not a customer brand. We’ll partner with any brand name consumers trust.”

Shine is also about to sign a supply agreement with a smart meter contractor; he says meter suppliers have found it hard to get leads to increase their installation rates, but

SOCIAL COMPETITOR

Competition on a battery and solar offering is hotting up. Social Energy has taken on Evercore to run a funding round seeking £50 million in investment.

The company has partnered with Duracell and told Solar Power Portal it had already installed 500 batteries. As well as battery storage units, Social Energy’s platform will eventually be compatible with electric vehicles and air conditioning. It also has BEIS funding to explore interaction with domestic hot water using water tanks.

Anesco will have those so it is an attractive partner.

Anesco at Home marks the first time the company has directly targeted homeowners. Eventually Shine wants local authorities and housing associations – with whom Anesco has worked for many years to install ECO energy efficiency improvements – to roll out the solution at large scale. At first, however, he recognises that the capital cost involved in individual house surveys, bespoke energy efficiency installation and the cost of PV, batteries, heat pumps and chargers means that well-off households are likely to be the main buyers initially. They will see the investment pay-off in 8-10 years, he says, and he believes “there will be products around to finance it”, including ‘green’ mortgages.

But Shine does anticipate a large roll-out among several groups: those with PV panels; those off the gas grid, especially if they use LPG or oil for heat (he can’t see a future for gas boilers); and those with PV or EV already. “We have a million solar installations already, there is no reason why they shouldn’t benefit,” he says.

According to Anesco, households in a recent trial with all the technologies installed saw a 40% reduction in their energy bills. RHI payments offset the remaining costs. They also reduced their carbon emissions by around 60%. [NP](#)

Why would you want to sell back to the grid?

CHRISTIAN FEISST, GREENCOM NETWORKS

Focusing on the flat rate for customers

In February, software company Greencom Networks’ energy information brokerage platform took on a new investor in British Gas parent Centrica. In May, the company won further funding from Innogy, just a month after Greencom acquired a startup company, Shine, that was born in Innogy’s Innovation Hub.

The company has the GB market firmly in its sights, chief executive Christian Feisst agrees when *New Power* speaks to him at the recent Eurelectric Summit, and he has some suggestions on how innovative propositions could be put together for customers.



Feisst says that Greencom does not see itself as an energy company but a software company. Summing up its platform offer, he says: “We provide software to utilities or makers of devices. We help those devices to digitally connect in order to make it manageable and create new business models, which could be a virtual power plant to utilise the flexibility of a battery or a heat pump.” That means optimising supply and demand by aggregating power generation and users. The result is new propositions for customers, like a flat bill, he says. “Instead of telling customers that you are giving them kilowatt hours, you give them solar PV, a battery, a power supply and a monthly cost.”

His is not the only company to take this approach (see interview, this issue, with Steve Shine of Anesco) and Feisst clearly believes its time has come.

He speaks from experience – he was working at Cisco when the first smartphone was launched. At this point in energy, “it’s like telecoms when there used to be a cost for a call”, he says. But now power is approaching the point long passed by telecoms, where instead of a call (or kWh) breakdown, some people will be able to choose a fixed bill.

Other customers will have different priorities. For some people, “they really care about climate change or about local production [ie generation]”. The company’s technology enables ‘energy communities’ to be formed. Greencom already has an example of such a community in operation in Cologne, Germany, but Feisst is also excited by the idea of virtual communities. “Imagine Liverpool fans forming an energy community. They bundle their devices – some have heat pumps or solar PV – and you use it in a community – why not?” he says.

No regulator ever put forward an innovative business model

THE NEED FOR SPEED

Greencom is working with ESB in Ireland and utilities elsewhere in the UK, as well as Centrica, but Feisst expresses frustration over energy companies. “Often those utilities are not fast enough. That’s why we

acquired [B2C startup] Shine,” he says. He describes it as “a vehicle that is really a speedboat, so we can use it to demonstrate what is possible”.

Feisst explains: “Today we provide a technology platform to companies and those companies have to think about what they offer the customer, what is the business case, and so on.

“Often they have a hard time knowing what their future business model is. They know the power station is dead – that’s the big one,” but evolving away from it and turning to face the customer “takes way too long. So we decided to show them how it works and Shine is the vehicle for that.”

GOING RETAIL?

The company is essentially a retail utility with a tiny customer base, he says. Greencom will use it as a testbed or demonstrator, so it can create business models to hand over to its utility customers to ‘white label’, instead of giving them a technology and leaving them to work out the propositions.

“Imagine Liverpool fans forming an energy community.”

Feisst says: “Internally we are even thinking about a franchise model. It’s a blueprint; if it works why not franchise under the brand name Shine?” It may even be visible to customers. “Now it’s a B2C brand, but why not leverage that to create local ‘Shine communities’ in Germany, or the UK, or wherever?”

I ask about his local community groups. If they manage supply, when does a local network group become a distribution system operator? Feisst says never. “There will always a difference between the virtual and physical

network,” he says, because the DSO has to balance. But again, he expects a move towards the telecoms model when it comes to charging to use the grid. “Now we are moving more and more to a marginal cost of zero so it’s about financing the network.” He foresees an ‘access fee’ at some level, and “then you can start implementing new business models, because the cost of the infrastructure is paid by the access fee.”

“The UK’s six million storage heat units are essentially a battery”

Where would be the best areas for his new business models to be used? First, Feisst notes that the timing is right. “With extinction rebellion and Friday protests we have the right kind of interest and that’s valid all over Europe.” As for location, that depends on the assets available. There are some areas with more PV or more heat pumps. And he says: “The UK has six million of those dirty old storage heat units – that’s the biggest installation in Europe and it is essentially a battery. Why not use them as storage?”

I ask whether the GB regulatory framework would slow down his ‘speedboat’. He says the framework should never stop development.

“Obviously ... it can be improved, but you can still do things.” For example, on the flat rate offer, “there is a certain profile from the end customer that you have to bill, but no one is stopping you from having a flat rate power contract” he says. “You just have to do it – and don’t wait for the regulator. No regulator ever put forward an innovative business model.”

WHO ARE THE INNOVATORS?

When I ask who the innovators are, Feisst notes that we are seeing more electric vehicle companies entering the market, and of the consumers that buy an EV, 60-80% will also have PV, so they need a comprehensive offering. He says those EV companies are entering the market and are already in conversation with Greencom.

Feisst claims utilities are concerned about big oil and gas companies. His assessment is that “they have deep pockets, but they are not faster than utilities”. His expectation is that there will be “completely other players”. In the US, for example, Amazon, already offers power supply and a smart thermostat.

“Oil and gas entrants have deep pockets but they are not faster than utilities”

I ask if it is a radical change and he replies: “Maybe it is for utilities but that’s such a slow-moving industry. If you were in another industry people would say that’s nothing new.” Customers are moving much faster than their energy suppliers, Feisst says. “I would say they would be the driving force – but change will still come faster than people expect. I think in the next 5-10 years the industry will be quite different.”

What are the next steps towards that? His customers (which include Centrica) will announce new products for domestic customers this year, he says. “It’s pretty exciting because it is some interesting concepts. They really understand that they have to make that change now, because if they don’t [the customer side] will die, and they will become just a service provider.” ^{NP}