

A Social Tariff

That works for Today and into the Future

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The Six Realities

TODAY

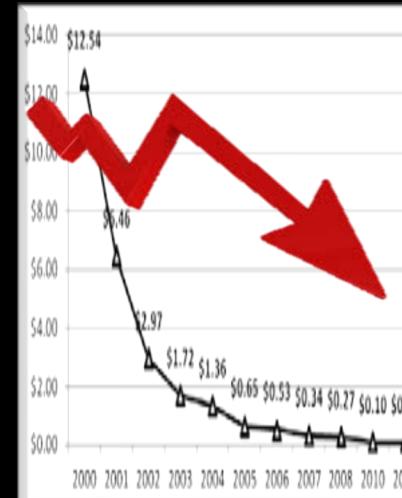
- **UNAFFORDABLE:** Energy costing a fortune and placing an unsustainable burden on customers
- **COSTS DROPPING:** Renewable energy reducing in cost – not related to Putin's Prices
- **PRICE CAP INDISCRIMINATE:** Current Price cap benefits high users more than low users

TOMORROW

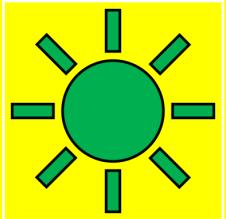
- **SYSTEM COSTS:** System costs rising significantly
- **REINFORCEMENT:** Network investment going up
- **LOW CARBON HOMES:** New assets needed in every home – heat pumps, EVs etc



Story of Data

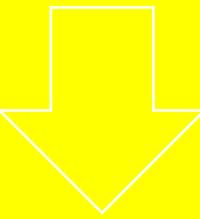


Today's Answers

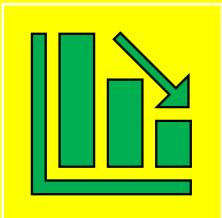
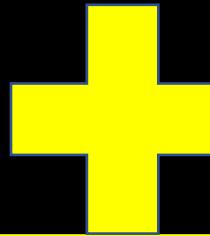
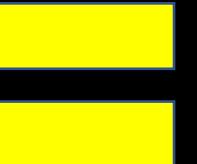


BENEFITING ALL:

Decouple renewable prices from fossil fuel prices



IMMEDIATE COST REDUCTION & ACCELERATION OF DECARBONISATION
50 – 60% of electricity costs reduced increasing with more renewables, accelerating decarbonisation



LOW CONSUMPTION

USERS: Deliver a very low rate for the essential service reflecting the normal to low consumption



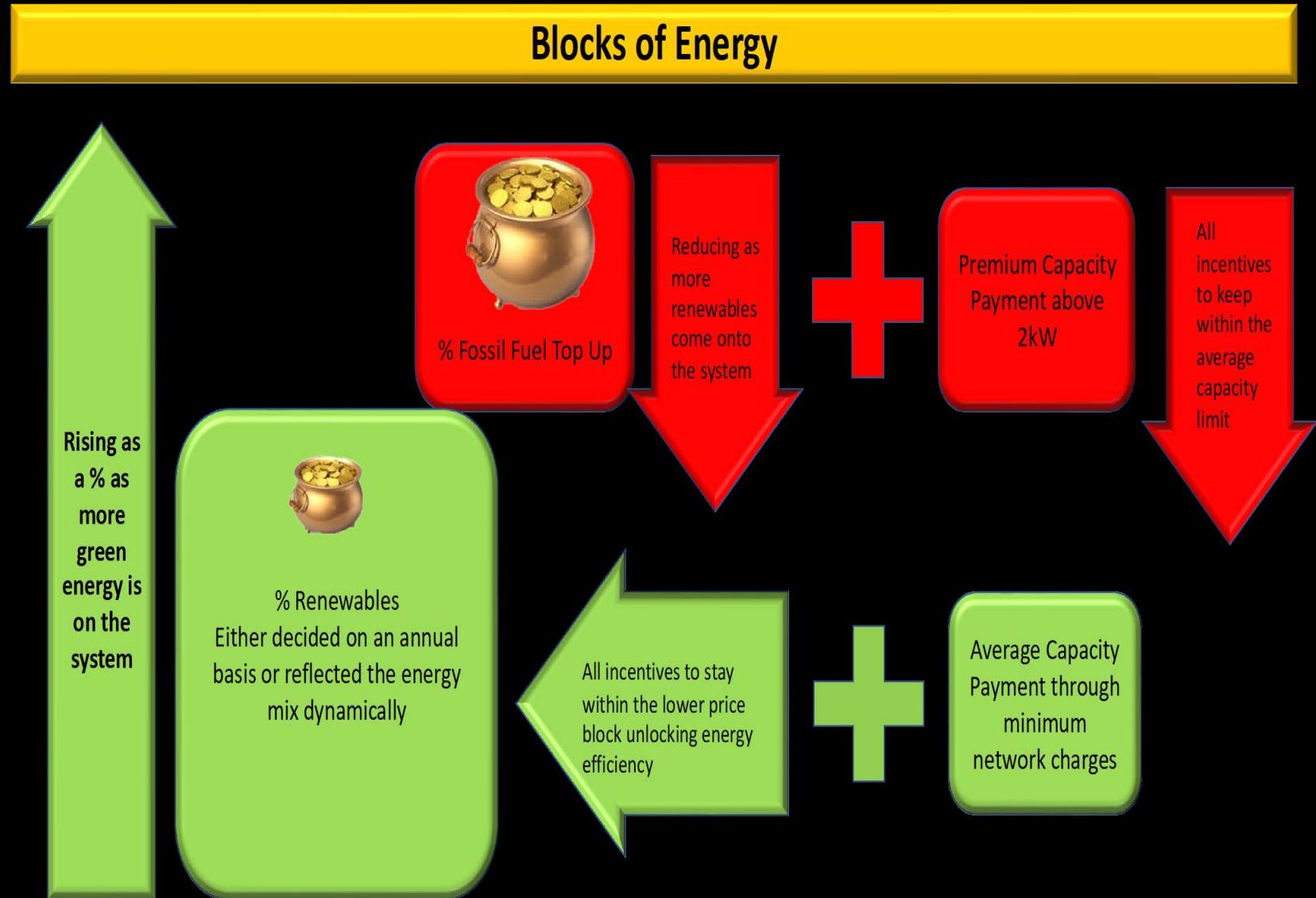
FAIRNESS

IMMEDIATE COST REDUCTION FOR LOW INCOME FAMILIES

Low users would have significant cost reductions & would drive all consumers to use less energy benefiting all

Decouple Renewables from Fossil Fuels

- 50 – 60% of all electricity coming from renewables
- Delivering 50% of the bill at a lower cost than Putin's Prices
- With more renewables % of lower price increases
- Incentives for suppliers to enter PPAs for renewables



Dubai Slab Tariff

- Lower cost for lower income families who use much less energy
- Higher consumption consumers supporting the investment required in system costs and networks
- Driving greater energy efficiency as all consumers will aim to stay below the bands
- Evidence showing that all consumption is reducing
- Provides Treasury with flexibility and control over the cost of living for the poorest by being able to flex the green tariff
- Provides the tariff structure for special cases to be allocated to the lowest tariff

Time Value

Once you go above the lowest tariff then you can the layer time values too but the core base tariff would be static at all times during the day

Consumption (kWh)/month	Slab tariff (fils/kWh)
G	0-2000
Y	2001-4000
O	4001-6000
R	6001 & Above

Low Income High Consumption Users

- **Pre Payment Meters:** Significant reduction on the standing charge
- **Energy on Prescription:** Health related energy consumption funded by the NHS – Energy System Catapult work with Worcestershire NHS
- **Pensioners Slab Tariff:** Pension Benefit recipients staying within the first slab
- **Disability Slab Tariff:** Disability registered customers staying within the first slab

Long Term Fairness

- Lower slab tariff for the essential service
- Not distorting the competitive market allowing for new business models to emerge to cater for all segments of the market
- Distributing the investment costs fairly with those with flexibility assets that can participate in the market and benefit from new markets not being double subsidized by current total socialization of all the costs
- Total Cost reductions to the system as behavior will drive customers to aim for the lower slab and business models will help drive this
- Demand Side Assets able to participate in all markets and support mechanisms



Capturing the Decarbonisation Prize



The Decarbonisation Dividend

We should be able to decarbonise the whole energy system while ALSO

Delivering Customer Benefits

- **Cost Dividend:** Capturing the benefits of the marginal cost of the commodity
- **Reward Dividend:** Unlocking the value and rewards of customers' actions and assets
- **Equality Dividend:** Democratising access to decarbonisation assets eg: electric vehicles, energy efficiency and zero carbon heat solutions

Modernising the Sector

- **Economy Wide Dividend:** Delivering more with less
- **Innovation Dividend:** Unlocking the value in new technologies
- **Digitalisation Dividend:** Investing in the brain of the system as much as the brawn

Accelerating Decarbonisation Investment

- **Decarbonisation Dividend:** Setting targets and mandates to deliver decarbonisation
- **Investment Dividend:** Strengthening the Market
- **Speed Dividend:** Accelerating support to deploy newer decarbonisation assets