## Workshop 2d:

Energy supply in social housing - making it stack up for customers and providers

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Room: Charlecote Room





# Energy supply in social housing

Making it stack up for customers and providers



## Background

- 1990s Deregulated Energy markets
- Local authorities tried
- Consolidation in the market
- International Companies
- The big six



## Issues – Energy Supply

- De- regulation
  - Split generation from supply
  - Supply low margin
- Supply costs
  - DNO, ECO, ROCS
- Energy investment
  - £200bn needed



## **Issues-Social housing**

- What have we been doing?
  - Social housing providers
  - "A blank sheet"
- What do you want?
  - Voids
  - Tenants



## The social housing conundrum

- Want to do something ....
  - Tenant costs
  - Fuel Poverty
  - Income
  - Control
- But
  - Financial risk
  - Reputational risk
  - The pain of FIT, RHI, ECO and Green Deal



## What does social housing want?

- Lowest tariff
- Best customer service
- Void energy issues resolved
- Generating income
- Being in control
- Have options for intervention
  - Unknown
     HA Energy Company



## What Are the Options?

- Do nothing
- Start small/gain confidence
- Deal with practical stuff
  - Voids
  - Tenant costs
- White label
- License Lite
- Full Licence
- Energy generator



#### What Have We Found?

- Housing providers want to do something
- There are major energy issues on voids
- The people are concerned about:
  - Investment
  - Risk
- People want to dip a toe into the water
  - Does it work?
  - What about tenants?



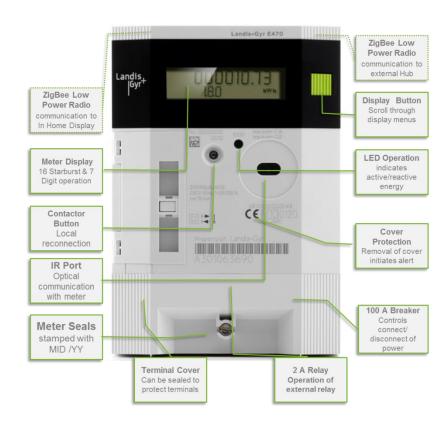
#### The most important issue

- Voids
- Tenant bills
- Pre Pay Meters
  - Obtaining Charge/Key Cards
  - Putting credit on charge/key cards
- Electrical testing and void repairs
- Void bills for landlord
- Chasing Energy companies for information
- Resolving and paying energy bills
- Having energy when tenants moves in
- Getting a good Deal



#### What role for Smart Meters

- Roll out in 2015
- Awaiting SMETS 2 spec
- Should make voids easier
- Will give residents data
- May give landlords data





#### A Case Study

- Housing Association
- Void energy costs
  - Stock of 30,000: 3 admin staff and a supervisor to ring round energy companies.
  - Large RSL with a system
    - Smooth properties still more than an hour, and most of that electrician time.
    - Difficult properties Hour and half for admin and 3 hours for electricians.
- Electric testing and electricians
- No system for prepay charge keys and cards
- Tenants complaints



## Re-letting, the energy issues: Voids process

- Electricity pre-pay meters
  - Needed for live electrical testing
    - No credit so no electricity
    - Debt on meter?
    - No key
  - Typical answers
    - Go to a shop and buy credit?
    - 'System' with TAG numbers?
    - Spend hours running around!
  - Issues
    - Time (administrators, electricians)



## Re-letting, the energy issues: Void bills

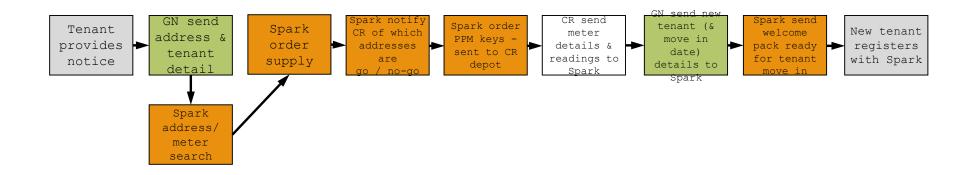
- Landlord is bill payer through void period
  - Large number of (hopefully) small bills.
    - Not so much the actual cost of these bills themselves it is the admin of these
    - Verification?
  - Typical answers
    - Just pay them all?
    - Query the big ones?
  - Issues
    - Time!



#### Re-letting, the energy issues: Tenant experience

- If the energy process isn't smooth through voids this can impact on the new tenant.
  - Is energy available initially?
  - Resolving possible debt on meter and establishing 'clean start'.
  - Tariff for the new tenant
  - Customer service?
  - Typical answers
    - Leave it to the tenant?
  - Issue
  - Would just be so much better to have a good start and an ongoing low tariff

## Map the process: then fit the service





## Map the process: then fit the service

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Tenant provides NTQ	2 3	5 6	7 8	9	10	11	12	16 17 1	8 19 20	21	22 23	3 24	25 2		7 Move out day 28 Customer hands in keys to any housing office		29	32 33 34			1 42 43 4	4 45	46 4	New customer collects keys from local housing office & moves in.	41		45 46 47			54 55
NTQ entered on to system (BY WHO AND WHAT SYSTEM) & move out date set. Inform tenant that supply will be changed!		Property & customer details sent to Spark every Friday? Possibly twice aweek. Info includes address; move-out date & existing tenant details.														In c.86% of cases the ppm keys will have been sent to the Depot so the electrician just needs to put it in to the meter and that's it.				New tenant details and move-in date details sent to Spark every Friday? Need to theck timing! Move in details are best received at Spark as early as possible - happy to receive these on an adhoc basis (i.e. as they come in rather than in a weekly batch).										
		In time we hope to develop an automated system (which provider?) that transfers data without any need for any action by Guinness staff.														In the other c.14% of cases we revert to the existing system - electrician calls in with meter details etc	Admin chase TAG numbers - Electrician goes to shop etc													
		C:\Users\Arnout\ Documents\Adecoe															IF THE KEY IS MISSING (or other) CAN WE SET UP TAG SYSTEM IN THE SAME WAY?									Ш				
			Spark look up Address in the utility databases. Bulk are found by automated system (60%) in first couple of days, then manual after that. For PPNAS Spark initiate the process of taking on the supply with the existing supplier. For the first stage of the pilot credit meters follow current sytem (review this later). [ 1 100 pt receiving as days for the pilot credit meters of the pilot credit meters of the pilot credit meters follow current sytem (review this later).							ini iss ele PPI with	park itiate sue of ctricity M key	Spark initiate issue or electricity PPM key with PPMP		EPOT £5 of								Spark send or welcome pac ready for nev tenant. INSER COPY OF PAC	k v RT K		Spark register the new tenant as a customer.					
							Spark send list of properties back to Guinness - saying which ones are progressing - and where address details are not conclusive. Could be weekly or fortnightly.																							
							WHAT ABOUT GAS IN THE PROCESS? - just need to run through the detail - pretty much as electricity.																							



#### **Examples of costs**

- Void energy costs
  - Stock of 30,000: 3 admin staff and a supervisor to ring round energy companies (usually a more dispersed hidden cost).
  - Large RSL with a system for prepay
    - Smooth properties still more than an hour, and most of that electrician time.
    - Difficult properties hour and half for admin and 3 hours for electricians.
- Tenants
  - Most don't switch
  - 'Half' of tenants on prepay (very wide variation)
  - But two thirds of those on credit meter 'pay on receipt of bill' which is as expensive (or even more) than pre-pay!

## So how do you choose what to do?

- Identify the issues for you
  - Voids, tenants, income
  - Appetite for risk and investment
- Make sure your partner understands social housing
  - Client Management
  - Customer Management
  - Backroom processes
  - They will put in the leg work (see risk and investment
- Energy is no different from any other service
  - What it delivers for you and customers
  - Be an informed client



#### The Fundamentals

- Social housing should look at the options
- Don't make this any different from anything else you do
- Ask what your organisation and tenants need
  - Operational
  - Costs
  - Ambition
- Ask what is your ambition?
- What investment and risk?



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